

Reinstatement of Disciplinary Process for Binding Violations

June 27, 2016

Citizens is reinstating the performance standards and disciplinary process for binding violations that are issued on new-business applications submitted on or after July 1, 2016.

In accordance with Citizens' *Agent Appointment Agreement*, Citizens had implemented standards and a progressive disciplinary process whereby agents would be subject to discipline based on repeated binding violations. (See ATB #021-13.) This process was temporarily suspended in 2015 to allow agents to become familiar with PolicyCenter[®]. This process is being reinstated as follows.

What is a Binding Violation?

Binding violations occur when Citizens is bound to a new risk in violation of Citizens' underwriting guidelines, or when premium is collected on a risk that has been submitted to Citizens unbound for review, prior to Citizens' acceptance. It is important that you and your office staff are aware of and avoid the following categories of binding violations:

1. *Circumventing the Document Submission Process*: Uploading of any documentation that is incorrect, incomplete or unacceptable for the document indicated.
 2. *Ineligible Risk*: Submitting insufficient documentation to establish that the risk meets Citizens' eligibility requirement (no offer of coverage or the 15-percent rule).
 3. *Uninsurable Risk*: Submitting an application for a risk that is uninsurable as defined in the Personal Residential Multiperil (PR-M) and Personal Residential Wind-Only (PR-W) manuals.
 4. *Premium Posted on Unbound Risk*: Posting of a premium on an unbound new-business application prior to Underwriting's review and approval, regardless of the final determination of eligibility or insurability.
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How do Binding Violations Aggregate?

Citizens will use a progressive, four-step disciplinary process for binding violations, based on individual agent violations (not at the agency level) relative to the agent's submission volume within a 12-month rolling cycle:

If the agent submits:

1.

Citizens will issue:

2.

Citizens will impose:

3.

Citizens will impose:

4.

Citizens could:

30 or *fewer* submissions

A *warning notice* if the agent receives more than three performance violations

A *30-day suspension* if the agent receives three or more additional performance violations in the six months after the warning notice

A *90-day suspension* if the agent receives one performance violation in the six months after completing the 30-day suspension

Terminate the agent's agreement if there are any subsequent performance violations within 90 days after completing the 90-day suspension

31 or *more* submissions

A *warning notice* if the agent receives performance violations in 10 percent or more of their submissions

A *30-day suspension* if the agent receives five or more additional performance violations in the six months after the warning notice

A *90-day suspension* if the agent receives three or more performance violations in six months after completing the 30-day suspension

Terminate the agent's agreement if there are any subsequent performance violations within 90 days after the 90-day suspension

How to Avoid Binding Violations

In PolicyCenter, upload correct and complete documentation in the submission's *Required Documents* section, and review the *Risk Analysis* screen for any deficiencies and/or potentially elevated risk exposures. Log into the *Agents* site to access these additional resources for further details:

- *How can I avoid binding violations?* FAQ (Also known as *Search Frequently Asked Questions* and Knowledge Base) [Answer ID 2547](#)
- PolicyCenter webinars (upcoming and recorded) in the *Training* section
- Modules and job aids in the *Training* section
- Personal lines underwriting manuals
- [New-Business Submission Checklist](#) in *Personal* > *PR-M* or *PR-W* > *Spotlight* > *Resources*

Binding Violation Notifications

Citizens will send the agent of record a notification of each binding violation via a PolicyCenter activity.

Citizens will email agency principals each Monday with a list all of the binding violations for the agency from the previous week. If there are no violations to report, the agency principal will not receive an email.

Disputing Violations and Disciplinary Action

Log into the *Agents* site to access these resources:

- *How can I dispute a binding violation?* FAQs [Answer ID 1210](#)
 - *Disputing a Binding Violation* job aid on the *Training* page
 - *How can I appeal the binding violation disciplinary action?* FAQs [Answer ID 3277](#)
 - [Disciplinary Action Appeals Procedures](#) in myAgency > Agent Compliance > Spotlight
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Notes

- Late submissions will not be tracked at this time, but may be at a later date.
- Nothing in this communication shall be construed to alter, amend, modify or replace Section VI.B.3.b. of the agent and agency agreements. Citizens may impose disciplinary action as a result of any circumstance set forth in the agreements, including any material violation of the agreements or items incorporated therein.

If you have questions, email agent.outreach@citizensfla.com.

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