

Update to Maximum Coverage Limits

November 12, 2019

Effective December 1, 2019, Citizens will revise Rule 208 of our underwriting guidelines and our related processes concerning maximum coverage limits established by law (see Florida Statute 627.351(6)(a)3). As a result, Citizens will revise declination activity and nonrenewal notice processes as explained below.

Dwellings with a replacement cost of \$700,000 or more and single condominium units with a combined dwelling and contents replacement cost of \$700,000* or more continue to be ineligible for coverage.

PolicyCenter[®] no longer will allow new business or policy changes above statutory maximums.

* Note: The maximum replacement cost limit of less than \$1 million continues to apply to risks in Miami-Dade and Monroe counties; however, the revised rule and processes will apply.

Policy Changes

PolicyCenter will block any policy change to increase coverage when the replacement cost exceeds the applicable maximum coverage limit, and it will display this message:

Maximum Coverage A limit is xxxxxx

Nonrenewals

Policyholder notices have been updated for clarity when the risk exceeds the limit due to application of the inflation factor. PolicyCenter will issue a nonrenewal notice that states:

Your policy is ineligible for renewal. Due to the annual inflation-based adjustment to your dwelling's value, the coverage limit for the upcoming renewal term exceeds Citizens' maximum coverage limit(s) based on replacement cost as established by law.

Currently, Citizens allows policies to renew for one term when the application of the inflation factor results in a replacement cost that exceeds the applicable maximum coverage limit. Effective December 1, such policies will be nonrenewed.

Notes

- No rate impact is associated with the rule update.
- The inflation factor does not apply to mobile homes, condominiums or contents policy types.

Resources

Log in to the *Agents* site to access the following resources:

- *Rule 208: Coverage Limits – Minimum/Maximum* in the underwriting guidelines. Select **Personal** → **PR-M** or **PR-W** and the policy type.
- *Coverage Reference Sheet*: Select **Training** → **Personal**.

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