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Citizens Board approves policy language changes

MAITLAND, FL – Citizens Property Insurance Corporation's Board of Governors on Wednesday approved a slate of policy language changes that will protect consumers while addressing rising costs of nonweather water loss claims and related litigation that continue to drive premiums higher.

By unanimous vote, board members approved proposed policy changes to boost incentives for policyholders to participate in Citizens managed repair program while better ensuring that customers who choose not to participate have adequate funds to make permanent repairs following a nonweather related water loss.

“We must address the abuse related to nonweather water claims while always ensuring every single Citizens policyholder has access to full coverage,” said Chris Gardner, Chairman of Citizens Board of Governors. “Rather than simply restricting coverage, our proposed solution seeks to protect our customers and provide customer-friendly options.”

If approved by the Office of Insurance Regulation, the policy language changes would limit payment on nonweather related water losses – a broken pipe, a leaking water heater – to \$10,000, including \$3,000 for emergency water mitigation services. The changes would take effect August 1, 2018.

Policyholders who take advantage of Citizens Managed Repair Program will not be subject to the policy sublimits. They would have the ability to choose from among a group of qualified, local contractors participating in the program whose work is warrantied for at least three years.

The language changes, however, would directly benefit policyholders who choose not to participate in Citizens Managed Repair Program by ensuring that at least \$7,000 is available for permanent repairs and reducing the potential for litigation, which can cause lengthy delays.

Most policyholders will not be affected by the policy changes because the costs for emergency water removal and permanent repairs on a nonweather water loss typically do not exceed \$10,000.

In 2017, Citizens launched its Managed Repair Program and established a \$3,000 limit on water mitigation services that could be exceeded if approved by Citizens. The flexible provision has had the unintended consequence of increasing the potential for litigation. Under the new language, additional water mitigation exceeding the \$3,000 limit would be completed by Citizens managed repair contractors at no cost to the policyholder.

“We believe this is the most customer-centric approach to address the abuse and anticipated rate increases tied to nonweather water claim abuse,” said Steve Bitar, Citizens Chief of Consumer and Agent Services. “Again, our overriding goal is to ensure that every Citizens customer has choices and access to full coverage.”

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In 2002, the Florida Legislature created Citizens Property Insurance Corporation (Citizens), a not-for-profit alternative insurer, whose public purpose is to provide insurance to, and serve the needs of, property owners who cannot find coverage in the private insurance market.