

Lawyers, adjusters behind ‘ridiculous’ water claims, Citizens CEO says

Posted: 5:08 p.m. Tuesday, Oct. 27, 2015

By [Charles Elmore](#) - Palm Beach Post Staff Writer

ORLANDO —

The CEO of Florida’s biggest insurer called abuses of water-damage claims in South Florida “ridiculous” Tuesday as opponents geared up to fight what they called a misleading bid to curb consumer options.

Up to 93 percent of water-damage claims in Miami-Dade County are now represented by an attorney or public adjuster, said Barry Gilway, CEO of state-run Citizens Property Insurance Corp. He spoke at a Florida Chamber of Commerce insurance summit in Orlando with a heavy focus on 2016 changes insurers want legislators to make.



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Water damage claims, not post-hurricane repairs, were the focus of debate at an insurance summit in Orlando on Tuesday. PHOTO BY: [... read more](#)

“It’s ridiculous,” Gilway said. “You can’t manage your business on that basis. Something has to be done.”

Others not at the conference warned of efforts to “low-ball” consumers and limit their choices.

“This is a set-up done at the urging of the insurance industry to help push a bill the industry wants that would eliminate an insured’s ability to assign benefits to contractors,” said Fort Lauderdale attorney Gary Farmer. “The industry knows that without the experienced billing department for the contractors representing the insureds’ interests, they will be able to low-ball consumers and save millions in claims payouts.”



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Water damage claims, not post-hurricane repairs, were the focus of debate at an insurance summit in Orlando on Tuesday. (Chris Matula/The [... read more](#))

Similar bills have died the past few sessions, Farmer said, “but they are going to come back again this year and use this Citizens rate hike as justification.”

Citizens officials make the case that third parties are abusing the system and driving up costs for ordinary customers. The average cost of water claims, such as from a broken pipe, has jumped from \$7,800 to \$14,000 in about two years in Miami-Dade, they said.

“What we are talking about is a problem that directly swings the premium from a decrease to an increase,” said John Rollins, the chief risk officer for Citizens.

During rate proceedings, Florida insurance consumer advocate Sha’Ron James also questioned other possible factors in the rate increase. One is whether the company’s spending of hundreds of millions of dollars annually on offshore reinsurance — back-up coverage from private companies it did not buy five years ago — had left the company “over-reinsured.”

Despite a decade without hurricanes and a slight overall rate decrease the previous year, Citizens asked for a 2016 rate hike of 3.2 percent, including 4.6 percent in Palm Beach County. Water-damage losses were the primary reason company officials emphasized. Regulators approved the request with minor tweaks.

The industry turns again to the state legislature after setbacks in the courts.

The First District Court of Appeals denied Ormond Beach-based Security First Insurance Co.’s motion for a rehearing. The company sought a change to its insurance policy language that it said would have created greater protection against misuse of the assignment of benefits agreement.

“Unfortunately, there is nothing left that we can do to move our request forward in the judicial system,” said Melissa Burt DeVriese, Security First general counsel and director, in a statement Tuesday. “We must continue to tackle this issue by educating Floridians, industry representatives and state legislature.”

The ruling said “it is for the legislative branch to consider this public policy problem, not the courts, at this juncture.”

Slimmer Citizens considers changes aimed at ‘abusive’ water claims

Posted: 5:06 p.m. Tuesday, Dec. 8, 2015

By [Charles Elmore](#) - Palm Beach Post Staff Writer

State-run Citizens Property Insurance Corp. remains on pace to shrink to near 500,000 customers by year’s end, but its board will [consider on Wednesday changes](#) pitched as keeping it from getting soaked in 2016 by abusive water claims in South Florida.

The board will vote on proposed changes in policy language and other actions designed to stem the flow of water damage claims, particularly in Miami-Dade, Broward and Palm Beach counties. That often means water from a busted pipe.

On Tuesday, the company’s actuarial and underwriting committee approved a series of recommendations for the board to consider. For example, Citizens would change its contracts with customers to “introduce a special coverage amount” between \$2,500 and \$5,000 for emergency services and temporary repairs before Citizens is notified of the claim.

If blessed by the board, the proposed changes would be submitted to the state’s Office of Insurance Regulation for approval.

Citizens officials [insist the claims are being inflated](#) by third parties, including contractors, adjusters and attorneys. They say that is a big reason overall rates are going up — by 3.2 percent statewide in 2016, and 4.6 percent in Palm Beach County — despite a decade without a direct hit from a hurricane. Citizens slightly cut rates the year before.

Opponents say this is a battle insurers have been losing in the Legislature and the courts, and it’s really about trying to limit payouts for consumers and those who represent them. Citizens has taken a lead role in an attempt to “low-ball consumers and save millions in claims payouts,” as Fort Lauderdale attorney Gary Farmer put it in October.

Citizens CEO Barry Gilway said at an industry conference this fall that more than nine out of 10 water claims lately in Miami-Dade County have been represented by a third party, calling it “ridiculous. You can’t manage your business on that basis. Something has to be done.”

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Debate growing around shrinking Citizen's insurance

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Palm Beach Post

Slimmer Citizens considers changes aimed at 'abusive' water claims

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Citizens Approves Policy Language Changes to Tackle Water Loss Issue

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Lakeland Ledger

Citizens Property Insurance seeks changes for water claims

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Citizens nearly under 500,000 insurance policies but worried about 'out-of-control' Miami-Dade water claims

<http://miamiherald.typepad.com/nakedpolitics/2015/12/citizens-nearly-under-500000-policies-but-worried-about-out-of-control-miami-dade-water-claims.html>

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Citizens Property Insurance seeks changes for water claims

<http://www.miamiherald.com/news/business/article48890230.html>

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Citizens blames water claims, but reinsurance proves costly

<http://www.mypalmbeachpost.com/news/news/citizens-rate-hikes-above-10-may-be-needed-for-wat/npgJZ/>

Saint PetersBlog

Spike in claims sparks talk of rate hike, policy changes at Citizens Property Insurance

<http://www.saintpetersblog.com/archives/247082>

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Regulator OKs removal of additional 75,000-plus insurance policies

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Citizens approves policy changes to stem water damage claim costs

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Citizens Insurance nearly under 500,000 policies

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