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Citizens to begin educating policyholders on critical upcoming contract changes

TALLAHASSEE – Important policy changes are coming for Citizens Property Insurance Corporation policyholders beginning July 1 as the state-backed insurer takes steps to better connect with and protect customers early in the claims process while controlling costs that threaten to raise rates.

The Florida Office of Insurance Regulation recently approved a set of focused policy contract changes for Citizens regarding loss reporting, use of emergency services, and the nature of permanent repairs. Regulators approved the contract changes to address abuses of the insurance contract that are needlessly reducing consumer control, complicating claims, and increasing rates, particularly in South Florida. This disturbing trend is now spreading to the entire state.

The [policy contract changes](#) ensure that the use of emergency services is reasonable, that Citizens has the opportunity to assess the damage before additional permanent repairs are made, and that permanent repairs properly address the cause of the loss. Specifically:

In case of a loss to covered property, the revised policy contract requires policyholders to take emergency measures to protect insured property from further damage. Emergency measures only include what is reasonable and necessary to secure the home and prevent further damage, and may not exceed the greater of \$3,000 or 1 percent of Coverage A limit, unless Citizens approves additional measures.

Second, to ensure that Citizens has the opportunity to inspect the damage and confirm coverage, the revised policy restricts when permanent repairs can begin. There may be no coverage for permanent repairs that begin before one of the following occurs: 72 hours after the loss is reported to Citizens, the loss is inspected by Citizens, or verbal or written approval is provided by Citizens. Note that these policy contract changes **DO NOT** require that a loss be reported within 72 hours

Chris Gardner, Chairman, Orange County • Gary Aubuchon, Lee County
Bette Brown, Monroe County • Juan Cocuy, Palm Beach County • Don Glisson, Jr., St. Johns County
Jim Henderson, Seminole County • James Holton, Pinellas County • Freddie Schinz, Okaloosa County
Barry Gilway, President/CEO and Executive Director

Finally, when a home system (such as plumbing) suffers damage that causes a loss, Citizens has clarified that it will cover the access required to replace the part or portion of the system that caused the loss. Access to repair or replace parts and portions of the system not affected by the specific covered loss will not be covered.

The revisions strike a balance between a policyholder's need to make emergency repairs quickly and Citizens ability to control costs for all policyholders. The changes are needed, in part, to curb abuses involving assignment of benefits (AOB), under which policyholders give third party vendors the ability to control their claims following a loss.

“Protecting our policyholders after a loss remains the focus at Citizens,” said Chris Gardner, Chairman of Citizens Board of Governors. “These changes will not affect our commitments to policyholders, but will help control costs, protect surplus and make sure we are ready when our customers need us most.”

Contract changes take effect beginning July 1, 2016. Existing Citizens policyholders will begin receiving notices later this month informing them of the coverage changes that will take effect when their policies renew. New policyholders will be informed of the changes when they apply for coverage.

Citizens is ramping up communication efforts about the upcoming changes through traditional media outlets and social media channels. Policyholders can also [Call Citizens First](#) at Citizens' toll-free claims hotline 24/7 at 866.411.2742.

It is critical as these changes take hold for insurance agents, home service providers, attorneys, and other stakeholders to provide accurate information to their members, clients, customers, and constituents. Such efforts make sure that policyholders remain in the driver's seat to protect themselves, their families, and their property following a loss.

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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.

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