

Citizens reduces scope of planned managed repair program

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Citizens yanks more teeth out of proposed managed repair program.

Officials of Citizens Property Insurance Corp. are backing further away from last year's proposal to require customers to use pre-approved contractors for damage repairs.

Under the newest plan awaiting a Wednesday review by the state-run company's board of governors, a managed repair program would be offered only if Citizens chooses, and only for an accidental discharge from a plumbing system.

"The scope of the program is being reduced from its original form," Citizens spokesman Michael Peltier said Tuesday.

Proposed last year by Citizens President and CEO Barry Gilway, the program was intended to combat rising water damage claims costs Citizens has blamed on shady repair contractors and their attorneys.

Citizens officials unveiled the concept in September 2015: Rather than wait for customers with water breaches to solicit third-party contractors on their own, Citizens would create a program urging customers to call the insurer first. After inspecting the damage and any emergency measures taken to stop the flooding, Citizens would give the customer a list of approved contractors to choose from, and the contractor's work would be warranted and completed quickly.

Citizens' goal was to prevent third-party contractors from getting to homeowners first, having them sign over benefits of their policies, then submitting inflated claims and filing expensive lawsuits while standing in their shoes, so to speak.

Policyholders who agreed upon enrollment or renewal to let Citizens manage future claims would get premium discounts or credits toward their deductibles.

Gilway proposed rolling out the program on a voluntary basis in 2016 but warned it would have to be mandatory if enough customers didn't sign up. He predicted the program wouldn't work unless it was mandatory, but said securing that approval from the state Legislature would be "heavy lifting."

Citizens solicited proposals to run the program last fall and in March opened negotiations with Contractor Connection, a repair management service owned by Atlanta-based Crawford & Co.

By June, Gilway said conversations with private insurers caused him to rethink the concept.

Gilway "changed his mind to determine that a customer-centered program, not a mandatory one, would be the most successful approach," Citizens spokesman Peltier said Tuesday. In June, Gilway said customers would find it "almost impossible" to say no to the refashioned program.

Although a public relations campaign is under way urging policyholders to call Citizens first after a loss, "further examination" since June has resulted in more changes to the managed repair program, Peltier said.

Citizens now proposes to limit the program only to "water losses caused by accidental discharge from a plumbing system" in a single-family home, documents prepared for Wednesday's meeting show.

Policyholders would be asked to sign endorsements activating two options: a Managed Repair Program and an Emergency Water Removal Services program. Citizens would choose whether to offer the options to the customer.

"These endorsements are triggered upon Citizens' offer of the programs and the policyholder's acceptance and remain dormant if (the) programs are not used," one of the documents states.

No financial incentive — such as a premium discount or a deductible reduction — would be offered for participation.

However, Citizens would pay for emergency water removal and drying services offered to the customer and it would not be subject to the policy deductible or final coverage decisions, the document states.

Citizens, meanwhile, would get something it says it's often denied — the opportunity to immediately inspect damages. The company has said it receives "first notice of loss" long after many events, when bills are ready to be submitted, attorneys are hired and litigation is likely.

Customers offered services by pre-approved contractors would still be expected to pay for repairs up to the amount of their deductible, the document states.

Mike Rump, president of the Florida Association of Public Insurance Adjusters, which had criticized the idea of a mandatory managed repair program as unfair to policyholders, said Tuesday that the newest proposals "sound reasonable on face value."

"However, we are always concerned when a carrier's contractor comes out to make repairs because their loyalty inherently lies with the insurance company, not the policyholder."

Peltier said negotiations with Contractor Connection are ongoing. Citizens hopes to begin offering the programs on March 1, he said.