

# RAYBORN CONSULTANTS

*Legislative & Insurance Consultants*

## Memorandum

To: Clients  
Date: September 16, 2011  
Subject: Draft Responses to Questions re F.S. 627.351(6)(a)(6)

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On behalf of my clients I reached out to Citizens Property Insurance Corporation and asked the Corporation to respond to several specific questions as listed below regarding the implementation of Senate bill 408 which, among other changes, amended the Citizens statute to add the following paragraph:

**For any claim filed under any policy of the corporation, a public adjuster may not charge, agree to, or accept any compensation, payment, commission, fee, or other thing of value greater than 10 percent of the additional amount actually paid over the amount that was originally offered by the corporation for any one claim. F.S § 627.351(6)(a)6**

There are several general principles that apply to all of the responses offered by Citizens and impact each specific response.

- All claims are handled based on the specific facts and circumstances of the individual claims, the applicable policy language, relevant statutes, case law and regulations.
- Citizens' claims handling procedures are under continual review to insure compliance with current law, statutes and regulations.
- Citizens continues to discuss the impact of the amendment, and other insurance code amendments, with staff, counsel, regulators, and stakeholders.
- Construction of SB 408 amendments and potential modifications of existing practices may require judicial guidance.

**Question 1:** What constitutes an offer or an original offer, must this offer be in writing and when can this offer be given?

**Citizens' Response:** Citizens evaluates and adjusts all reported claims to determine the amount of the covered damages. During this process, Citizens gathers information to determine the amount of the undisputed covered damages and communicates this amount to the insured. This communication generally constitutes the original offer and need not be in writing.



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**Question 2:** Does one offer cover the entire claim? Would an offer for dwelling then preclude a separate offer for contents?

**Citizens' Response:** Claims are evaluated and adjusted under each of the coverages available under the policy. Payment is determined separately for each coverage. As such, the amount of the covered damages under Coverage A Dwelling would not include the amount of covered damage under Coverage C Personal Property. The amount of undisputed damage under each coverage is communicated as a separate offer to the insured.

**Question 3:** Does offer only apply if tendered prior to public adjuster contract?

**Citizens' Response:** Generally, no.

**Question 4:** What about insured's that have had public adjuster representation in the past and who want representation from the beginning of the claim and are wanting to pay a fee for the services?

**Citizens' Response:** The relevant statues control the amount and timing of public adjuster fees. The statute does not give the insured an option to pay a fee outside the terms of the statute.

**Question 5:** What's Citizens position on a public adjusters services on a potential claim that has been filed by an insured and then Citizens denies the claim?

**Citizens' Response:** In the event Citizens denies a claim in its entirety, the original offer would be zero dollars.

**Question 6:** Does the language on lines 1558-1563 of SB 408 apply to supplemental claims?

**Citizens' Response:** Generally, yes. The statute allows Citizens to make an original offer in a supplemental claim on items of damage that were not previously included in the claim.

**Question 7:** Will this language be printed in all new Citizens policies?

**Citizens' Response:** Policy forms, subject to approval by the Office of Insurance Regulation, will be modified to reflect the recent changes, as necessary. At this time, Citizens does not anticipate adding policy language regarding public adjuster fees.



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**Question 8:** RCV / ACV option, how will it be offered through Citizens? (In response to Citizens request for clarification of this question, several additional questions were poised regarding how application of the RCV / ACV legislative changes would affect premium calculations, and whether Citizens has any documentation on the issue.)

**Citizens' Response:** Coverage A Dwelling claims are adjusted and paid according to the statute which provides for claim payments above the actual cash value as the repairs are made or the property is replaced. Citizens does not anticipate it will submit policy forms for OIR approval to implement an ACV loss payment limit for personal property.

**Question 9:** How will the sinkhole pre-inspection work with Citizens in the sinkhole prone counties?

**Citizens' Response:** Citizens Agent Technical Bulletin, ATB #005-11, August 10, 2011 describes the sinkhole inspection process. The ATB is available on the Citizens web site.

