



Task Force on Citizens Property Insurance Corporation Claims Handling and Resolution

Minutes of August 1, 2007

Teleconference Number (888) 808-6959 Code: 4132880
Tallahassee, Florida

Call to Order

The sixth meeting of the Task Force on Citizens Property Insurance Corporation Claims Handling and Resolution (Task Force) was called to order by Chairman Milligan at 10:00 a.m. on August 1, 2007, via teleconference in Tallahassee, Florida. Roll was called by Vicki A. Twogood. The following members were in attendance: Chairman Robert Milligan; Senator Mike Fasano; Heather Carruthers; Tim Loftin and Representative Julio Robaina; Mike Lancashire and Michael B. Twomey, Sr. were not in attendance. The Chairman declared a quorum.

Legislative Charge and Overview

Chairman Milligan read the excerpt of House Bill 1A, which created the Task Force and established the legislative charge. Chairman Milligan advised the Task Force its first report was provided to the Legislature on July 1, 2007. The Task Force is moving to Phase II of the legislative charge.

Minutes

The minutes from the June 28, 2007 meeting in Tallahassee, Florida were read. Chairman Milligan made a motion for the minutes to be approved and allow staff to make clerical changes, if needed. Representative Julio Robaina moved to approve the minutes and the motion was seconded by Senator Mike Fasano.

Citizens: 2004/2005 Open Claims – Update – Mediation, Appraisal and Litigation

Mr. Curtis Hutchens, Assistant General Counsel, Citizens Property Insurance Corporation (Citizens) provided the Task Force members with the status of the 2004/2005 hurricane claims as of July 30, 2007. Since June 18, 2007, 41 percent of the claims in mediation have been closed (120 out of 290); 22.5 percent of the claims in appraisal have been closed (334 out of 1,482); 6 percent of the claims in litigation have been closed (48 out of 789); and 61.8 percent of supplement and other claims have been closed (476 out of 769). All combined, 29.3 percent of all claims have been closed (978 out of 3,330).

Representative Robaina expressed his concern that claims are being over paid just to close the claims due to Task Force pressure. Mr. Loftin reassured the Task Force that claims are being settled fairly for all insureds without regard for the Task Force. Mr. Hutchens confirmed that claims are being reviewed on an individual basis in an effort to resolve each claim. Chairman Milligan stated claim settlements should be right and just for both the insureds and Citizens. Chairman Milligan stated Citizens has made an excellent step forward and the Task Force is looking forward to the next update report which is due via e-mail on September 1, 2007. Heather Carruthers asked if an acknowledgement letter or release is mailed after a settlement is made for the insured to sign to prevent reopening of the claim. Mr. Hutchens stated this is obtained on all mediation claims and the settlement is final on appraisal claims. They do not use this in the normal course of business or on supplemental claims. Representative Robaina asked if this issue of a release or no release on the checks should be addressed by the Task Force or through legislation. Chairman Milligan advised that Tim Loftin will provide the Task Force with an update at the October 5, 2007, meeting.

Citizens: Independent Adjusters - Update

Mr. Bill Steelman, Director of Quality Assurance and Claims Training, Citizens Property Insurance Corporation, provided an update on Citizens Independent Adjusters Training and Action Plan. Phase One of Citizens plan required the Independent Adjusting (IA) firms to train 3,000 (50%) of the adjusters committed to Citizens by July 31, 2007. Thirty-nine of the firms exceeded their goal and trained 4,116 adjusters and are committed to train the remaining 1,884. Phase Two, Citizens has begun Computer Based Training (CBT) to certify all adjusters. The first of five classes is available online at Citizens Adjuster webpage. Citizens comprehensive training program consists of 14 Learning Management System (LMS) classes, is set to go live on September 17, 2007.

Heather Carruthers asked if field adjusters damage estimates being over-ridden by in-house claims examiners is being addressed. Mr. Steelman advised this is a training issue, field adjusters have authority to determine the amount of the loss. The claims examiner has the responsibility to ensure the damage estimate complies with policy provisions. Ms. Carruthers inquired about payment for mitigation to prevent further damage. Mr. Steelman advised an advance can be given. Chairman Milligan asked what amounts are advanced. Mr. Tim Loftin advised that up to \$5,000 can be paid at the Mobile Emergency Response Vehicles (MERVs), and if the loss is greater, payment can be sent via overnight mail.

Citizens is reviewing how best to establish a First Response Team and integrate it into the claims business model. When this review has been completed it will be shared with the Task Force. Citizens current First Response Team consists of 170 trained responders who have committed to deploy, serving in a variety of roles, following a catastrophic event. The newly developed field operations team will also be available, on the ground and Citizens has the capacity to deploy six Mobile Emergency Operations Centers for immediate needs of customers. Currently, Citizens Team Leads, who must have a minimum of 5 years experience, act as mentors to the field adjusters.

Citizens' plan requires a second response team who will be trained and certified prior to deployment. Currently, certification of completion of the training is provided by the IA firms; however, the LMS now being developed will record certification at the individual adjuster level.

Citizens has developed consistent claims forms, standardized letters and implemented a single adjusting platform. This will allow for one consistent estimate type/style with quality, region specific date.

Citizens has a consistent claims reporting and tracking system for all claims and requires all adjusters to immediately download all claims information and pictures to Citizens electronically on a daily basis to eliminate lost records and repeat inspections. Citizens continues to improve its electronic claims file system in an effort to minimize lost documentation. Policyholder, agents, adjusters or other related parties may directly submit information in an electronic format (e-mail or fax), which will be added to the electronic claim file. Citizens is also developing criteria for assigning authority to field adjusters to settle claims to relieve in-house bottle neck of claims.

Citizens: Insurance Agents Update

Ms. Susanne K. Murphy, Executive Vice President, Citizens Property Insurance Corporation, provided information on their Insurance Agents Update and Action Plan. In 2006, Citizens began developing their CBT program which is anticipated for deployment in the third quarter of 2007. All appointed agents will be required to participate in the program by taking a prescribed set of courses and certifying product knowledge before their appointment renewal. Agents can participate online or by attending training sessions in the field. All new agents will be required to participate in the program and gain certification prior to appointment. Failure to complete the certification program will result in suspension or denial of an agent's appointment, including the removal of policy administration system access and binding authority.

Ms. Murphy advised that Citizens Claims Tracking System (CTS) could be enhanced to include email notification functionality that would alert agents when their customers file claims so they may assist them. Current resource allocation to ongoing projects with higher priority would not make it feasible to accomplish the enhancement to the CTS for at least six to eight months. However, Citizens currently has an agent advocate that can provide an electronic spreadsheet of pending claims to agents upon request. Also, agents can familiarize themselves with the claims process posted on Citizens website to assist their customers in understanding the process and in setting expectations. Chairman Milligan asked if Citizens is planning to enhance their CTS for agent notification. Mr. Tim Loftin stated that agents encourage Citizens not to overburden them with emails; however, they would like to provide agents with limited access to their claims system. Chairman Milligan asked that this be kept on the front burner to see how this can be handled and discuss again at the October 5th meeting. Mr. Loftin stated agents want to be involved when there is a problem and they want to make information available to agents when needed. One problem in a catastrophic event is that many agents lose services and do not have access to email.

Ms. Murphy advised that requiring agents to contact policyholders before policy renewal to explain options, such as mitigation discounts, hurricane deductibles, etc. may not be practical or possible to implement. Agents should always communicate with their customers, but requiring each agent to contact each insured prior to renewal may be unduly burdensome. An alternative would be to provide, and in some cases, require, specific agent education on mitigation, coverage options, etc. to ensure agents are properly prepared to assist their customers. Citizens has made personal residential mitigation training available to agents and will be providing commercial mitigation training online soon.

Senator Mike Fasano feels agents should provide good customer service and contact policyholders on a regular basis. He does not think it problematic for an agent to contact their customers at least once a year. Senator Fasano would not expect Citizens to monitor that, but does expect agents to be told to do so. He feels it should possibly be considered for legislation or as a requirement by the Department of Financial Services (DFS). Ms. Carruthers, Representative Robaina and Chairman Milligan agree it is an obligation agents have and the Task Force should press on to ensure they are providing service for which commissions are being received. Ms. Murphy's concern is how this requirement would be enforced. Chairman Milligan asked that she give it some thought so this issue can be discussed at the October 5, 2007, meeting.

First Report – Other Areas of Interest

Chairman Milligan reviewed the Other Areas of Interest, the list of which was provided to the Task Force members and is attached to these minutes. Citizens will provide a written report via e-mail by October 1, 2007, of updates required from the list of Other Areas of Interest and provide a presentation on these at the October 5, 2007, meeting.

A Task Force Meeting will be held on October 5, 2007, in Tallahassee, Florida, to look at claims closures and legislative recommendations.

Chairman Milligan asked if there were any other comments from the Task Force. No further comments were offered and Chairman Milligan asked for a motion to adjourn. Ms. Carruthers moved to adjourn which was seconded by Senator Fasano.

Adjourned

