



INSURANCE NEWS FOR REAL ESTATE PROFESSIONALS

NEW CITIZENS' RULES IMPACT OLDER HOMES, PLUMBING, ELECTRICAL & HOME BASED BUSINESSES

PUBLISHED BY MORRIS & REYNOLDS INSURANCE

FALL 2012



FOUR POINT FITNESS INSPECTIONS

Effective September 1st 2012 for new business and October 1st for renewals, Citizens is **implementing new inspection procedures on older homes.**

In order to ensure that the condition of the property is acceptable to Citizens and all major systems (electrical, heating, plumbing and roofing) are in satisfactory condition, a **four point inspection must be submitted with applications on homes over 30 years old.** Citizens has been requiring such an inspection on homes over 50 years old for many years.

The inspection must be completed **within the last 12 months** of the coverage effective date and performed by a verifiable, certified, Florida licensed inspector. The rule does not apply to tenant named insured, nor to condominium policies.

Citizens has created an *optional*, 4-Point Inspection – Personal Lines form, which includes instructions outlining the detail required for a complete four-point inspection. This form is not required, but we strongly encourage its use to ensure that all necessary information is provided.

The form lists the minimum information needed to verify the types, ages and conditions of a home's four major systems for determining eligibility with Citizens. A photo requirement is outlined at the top of the form. Also required are specific details and descriptions of all updates, hazards noted, etc. If this form is not used, an inspection company's form is acceptable as long as it contains the same information.

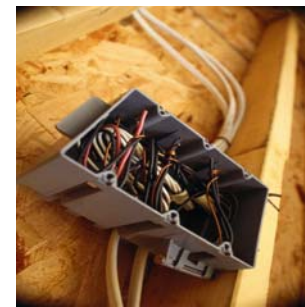
In the event the inspection reveals *unacceptable conditions*, the property is not eligible for coverage. Unacceptable conditions include; property in disrepair, with existing damage, heating systems in poor order and damaged roofs, amongst others. Excess & Surplus insurers can often provide basic coverage to such structures while repairs are made but Citizens, by rule, will not be an option.



NEW PLUMBING RULES

Also effective September 1st 2012 for new business and October 1st for renewals Citizens is implementing new rules for properties with the following **plumbing related conditions that are no longer eligible for coverage with Citizens including:**

- 1) Signs of active leaks or unrepaired water damage found by an inspection.
- 2) Systems in poor working order.
- 3) Systems with polybutylene plumbing.



NEW ELECTRICAL RULES

Effective September 1st 2012 for new business (October 1st for renewals) Citizens has new rules for properties with older electrical service.

- 1) Homes that have **single strand aluminum wiring** require an evaluation by a licensed electrician. The insurer will require replacement with copper or remediation documentation that either a Copalum or AlimiConn connector has been used.
- 2) New risks with **electrical service of fewer than 100 amps** are not eligible for coverage. In the instance of a mobile home, an exception can be made with a letter stating that the service is acceptable to the property, and such documentation must have been completed by a Florida-licensed electrician, journeyman electrician or building code inspector within the last five years.



14821 South Dixie Highway
Miami, Florida 33176



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HOME BASED BUSINESSES IMPACTED PERMITTED INCIDENTAL OCCUPANCIES COVERAGE REMOVED BY CITIZENS

Also effective September 1st 2012 for new business (October 1st for renewals) Permitted Incidental Occupancies (PIO) coverage no longer is available from Citizens.

This change affects policies with this optional coverage for property and liability associated with a **home business**.

Properties with incidental business exposures still may carry a small amount of Coverage Personal Property (Contents) coverage in the base-policy.

Please note that, as a result of this change, there is no business-related liability coverage written in any Citizens' policy. The PIO coverage endorsement will be removed from policies renewing October 1, 2012, and later.

Please also note that there are insurers that specialize in insuring home based businesses and that depending on the business, and its coverage needs, such insurers may actually offer better coverage or costs that were available from Citizens.

THE COMPANY WE KEEP FOR LAGRER HOMES

Morris & Reynolds has offered all forms of personal insurance protection and has specialized in helping real estate professionals close their sales since 1950.

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- Chubb & Son
- Chartis Specialty
- Fidelity National
- Fireman's Fund
- Florida Family
- Florida Peninsula
- Ironshore Specialty
- Lexington
- Lloyds of London
- Nationwide
- Mercury
- Olympus
- Progressive
- PURE
- RLI
- Sawgrass Mutual
- Security First
- Southern Fidelity
- The Travelers
- Tower Hill
- Universal Property & Casualty

CONTACT OUR EXPERTS TODAY

Whether you have a coverage question or need to bind insurance for a client's closing we can help. We are happy to help with inspection questions, exposure concerns or quotes you or your clients might desire. Our professional agent TEAM includes the following fine folks who are happy to help:

Lori Dones can be reached at Extension 136 or email at lori@morrisandreynolds.com

Kyle MacKendree can be reached at Extension 112 or email at kyle@morrisandreynolds.com

Ivan Martinez can be reached at Extension 139 or email at ivan@morrisandreynolds.com

Al Sigler can be reached at Extension 132 or by email at al@morrisandreynolds.com

Bob Reynolds can be reached at Extension 116 or email at bob@morrisandreynolds.com



MORRIS & REYNOLDS INSURANCE

The Reynolds family has been in the insurance business since 1910 in Miami and has operated its independent agency, now in its third generation of family ownership, since 1950. Morris & Reynolds represents and has access to the world's leading insurers for all forms of Personal, Commercial and Employee Benefit protection.

Contact us at any time. **305.238.1000.**



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