



Florida Voluntary Homeowners' Program Form Filing Explanatory Memorandum

BACKGROUND

In this filing, Heritage is proposing the introduction of a new form and changes to one existing form in the Florida Voluntary Homeowners' Program (HO-3 specifically). Given the turbulent state of the market, rampant with fraud and abuse, we are proposing changes that will control exploitation. A summary of the forms and changes are listed below.

SUMMARY OF FORMS

HPCHO₃ 09 SP 02 22 – SPECIAL PROVISIONS FOR FLORIDA (Existing – last approved 20-019972)

- Introducing language in REM specific to protecting and/or covering roofs
- Introducing language clarifying that there is no coverage without a breach or opening to the underlayment of roofs
- Adding no opening created clause and introducing language clarifying that there is no coverage for water that leaks under the slab unless it also causes direct physical damage to the foundation or interior
- Removing prejudicial language under Duties After Loss
- Removing ADR section in its entirety (see new form below)

HPCHO ADR 02 22 – ALTERNATIVE DISPUTE RESOLUTION ENDORSEMENT (New)

- The current ADR language is being removed in its entirety from the Special Provisions and being replaced with this stand-alone mandatory endorsement
- Adds arbitration, which was not currently in our previous policy
- Establishes what damages and coverages can and cannot be appraised
- Defines what must be included in an Appraisal Award
- Creates an opportunity for either party to terminate the appraisal or arbitration process
- Creates a requirement that insureds must comply with post loss obligations before appraisal or arbitration can be demanded
- Requires both parties to disclose their respective estimates and expert reports before being compelled to go to appraisal or arbitration

The proposed effective date for these changes is 7/1/2022 for New Business and Renewals. Clean and marked copies are included for your review.

We believe that this filing contains all the information necessary to make a decision that the forms as proposed herein are reasonable and comply with the laws of the state of Florida.