

Executive Summary

Board of Governors Meeting, December 4, 2024

Division of Administrative Hearings (DOAH)

Topic

Citizens requests spend approval of up to \$19,320,000 to fund its contract with the State of Florida Division of Administrative Hearings (DOAH) for a three-year period (2025-2027). The Board previously approved up to \$2,000,000 for calendar years 2023-24, with services commencing March 2024. Under the contract, DOAH provides alternative dispute resolution services for disputes relating to a claim determination by Citizens. DOAH provides a uniform and impartial forum to resolve disputes. Cases are heard by an administrative law judge and are typically resolved much faster than litigation through the traditional state court system. Either Citizens or its policyholders can demand dispute resolution through DOAH (although certain types of matters are not eligible for dispute resolution at DOAH at this time).

History

In July 2022, the Board of Governors approved pursuing a new alternative dispute resolution approach involving the use of DOAH to resolve disputed claims. Legislative changes were then enacted on May 26, 2023, which specifically allowed Citizens to adopt policy forms utilizing DOAH to resolve disputed claim determinations and to contract with DOAH to provide dispute resolution services. The endorsement that reflects these legislative changes was approved by OIR for new and renewal business with an October 1, 2023, effective date.

In December 2022, the Board approved Citizens' contract with DOAH for alternative dispute resolution services as set forth in the new endorsements. The Board authorized up to \$2,000,000 for 2023. In December 2023, the Board approved extending that \$2,000,000 authorization through 2024.

Citizens commenced dispute resolution through DOAH in the first quarter of 2024. Citizens anticipates a steady increase in the usage of the DOAH process through 2025, consistent with the capacity of DOAH to handle these disputes. The contract provides for compensation to DOAH based on cost of DOAH resources dedicated exclusively to property insurance disputes. Citizens estimates a total contract spend of \$650,000 for 2024.

The program provides benefits to both policyholders and Citizens. To date, litigated claims have resolved through DOAH on an average of 78 days, which is a year and a half faster than the average for claims litigated through circuit or county court.

This Consent Item requests approval for up to \$19,320,000 in additional spend across the next three calendar years. This includes estimated costs for upwards of 320 claims per month by the end of 2025 and for 2026 and 2027.

Recommendation

The recommendation is listed in the attached Consent Item.

Division of Administrative Hearings

 ACTION ITEM
 New Contract
 Contract Amendment
 Other _____

 CONSENT ITEM
 Contract Amendment
 Existing Contract Extension
 Existing Contract Additional Spend
 Previous Board Approval _____

 Other Extend Approved Spend

Action Items: Items requiring detailed explanation to the Board. When a requested action item is a day-to-day operational item or unanimously passed through committee it may be moved forward to the board on the Consent Index.

Move forward as Consent: This Action item is a day-to-day operational item, unanimously passed through committee or qualifies to be moved forward on the Consent Index.

Consent Items: Items not requiring detailed explanation to the Board of Governors. Consent items are contract extensions, amendments or additional spending authorities for items previously approved by the Board.

Item Description	Division of Administrative Hearings
Purpose/Scope	Citizens requests spend approval of up to \$19,320,000 to fund its contract with the State of Florida Division of Administrative Hearings (DOAH) for a three-year period (2025-2027). Under the contract, DOAH provides alternative dispute resolution services for disputes relating to a claim determination by Citizens. The program provides benefits to policyholders and Citizens. To date, litigated claims have resolved through DOAH in an average of 78 days, which is a year and a half faster than the average for claims through circuit or county court.
Contract ID	Division of Administrative Hearings Administrative Law Judge Services Contract
Budgeted Item	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Procurement Method	Not applicable. The Division of Administrative Hearings has express statutory authority to enter into contracts with governmental entities, including Citizens, for dispute resolution services.
Contract Amount	A total amount not to exceed \$19,320,000 across 2025, 2026, and 2027.
Contract Term	Renewed annually.
Board Recommendation	Staff recommends that the Board of Governors:

Division of Administrative Hearings

	<ul style="list-style-type: none">a) Authorize the payment to DOAH not to exceed \$19,320,000 from 2025-2027 for alternative dispute resolution services under this contract; andb) Authorize staff to take any appropriate or necessary action consistent with this Division of Administrative Hearings Consent Item.
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