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Sinkhole Settlement to Save \$30 Mil in Legal Costs

ORLANDO, FL – Following weeks of negotiations, Citizens Property Insurance Corporation and more than 300 policyholders have reached agreements that will allow homeowners to make critical repairs to protect their families and their neighbors without spending more time in court.

A global settlement reached between Citizens and a Florida-based law firm will allow homeowners to receive professionally recommended repairs while avoiding an estimated \$30 million in potential litigation expenses, Citizens' General Counsel Dan Sumner told Citizens Board of Governors Wednesday.

"I'm confident this decision represents a new focus by all parties on getting appropriate repairs completed instead of battling in court," said Sumner.

Under the settlement, Citizens will pay for underground repairs as recommended by a professional engineer, who will monitor repair work and order any additional underground repairs deemed necessary. Policyholders will be allowed to choose a contractor from a pre-approved list. Citizens also will pay for any additional above ground damage caused by the sinkhole repair.

Citizens will pay the law firm \$2 million for legal fees and expenses already incurred. Under the global settlement, Citizens has agreed to pay \$10,000 for cases in the early stages of litigation and \$5,000 each for cases in which discovery has begun but litigation has not yet been filed..

"This agreement was made possible through the efforts of our coordinating counsel, which has had great successful in requiring that claim payments be used to repair sinkhole damage and having that position upheld in court," said Chris Gardner, chairman of the Citizens Board of Governors.

Gardner said the settlement will provide closure to property owners by helping them repair and protect what for many is their most valuable investment. Local communities and future buyers

Chris Gardner, Chairman, Orange County • Gary Aubuchon, Lee County
Juan Cocuy, Palm Beach County • Don Glisson, Jr., St. Johns County • James Holton, Pinellas County
Tom Lynch, Palm Beach County • Freddie Schinz, Okaloosa County • John Wortman, St. Johns County
Barry Gilway, President/CEO and Executive Director

also will benefit from increased property values and the knowledge that professional repairs have been completed.

The sinkhole settlement is one of many efforts being spearheaded by Citizens coordinating counsel, which is overseeing Citizens' legal efforts on sinkhole, water damage and other litigated claims.

"I'm confident that policyholders and Citizens will continue to benefit from the streamlined resolutions made possible by coordinating counsel as we expand its scope to include nonsinkhole litigation, which represents the bulk of our pending litigated claims," Gardner said.

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In 2002, the Florida Legislature created Citizens Property Insurance Corporation (Citizens), a not-for-profit alternative insurer, whose public purpose is to provide insurance to, and serve the needs of, property owners who cannot find coverage in the private insurance market.

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