

**CITIZENS PROPERTY INSURANCE CORPORATION**

**SUMMARY MINUTES OF THE  
CONSUMER SERVICES COMMITTEE MEETING  
Thursday, December 3, 2015**

The Consumer Services Committee of Citizens Property Insurance Corporation (Citizens) convened telephonically on Thursday, December 3, 2015 at 10:00 a.m. (Eastern Time).

**The following members of the Consumer Services Committee were present telephonically:**

Freddie Schinz, Chair  
Bette Brown  
James Holton  
Phil Zelman

Greg Rokeh  
Sha’Ron James  
Steve Bitar  
Christine Ashburn

**The following Citizens staff members were present telephonically:**

Barry Gilway  
Barbara Walker  
Kelly Booten  
Candace Bunker  
Jay Adams  
Marsha Watson  
Kara Hicks

Jennifer Montero  
Brian Weaver  
Sara Golding  
Sue Register  
Adam Marmelstein  
Jeremy Pope

**The following people were present telephonically:**

Charles Elmore  
Laura Andrews  
Greg Wilke  
Dave Newell

## Call Meeting to Order

MS. WALKER: Chairman Schinz, would you like for me to begin your meeting with a roll call?

CHAIRMAN SCHINZ: Yes, ma'am, I would very much like to have a roll call.

MS. WALKER: Thank you. Chairman Freddie Schinz?

CHAIRMAN SCHINZ: Here.

MS. WALKER: Governor Bette Brown?

GOVERNOR BROWN: Here.

MS. WALKER: Governor Jim Holton?

GOVERNOR HOLTON: Here.

MS. WALKER: Greg Rokeh?

MR. ROKEH: Here.

MS. WALKER: Phil Zelman? Sharon James? Sharon James? Phil Zelman? Chairman, I believe you have a quorum and I believe Sharon James is on the line. She may be having an issue un-muting her line at the moment, but she is on the line.

CHAIRMAN SCHINZ: Okay. Well, thank you very much. I would like to welcome everybody to the Consumer Services Committee meeting this morning and a belated happy Thanksgiving to everybody and look forward to seeing everyone in Orlando next Monday, I mean, next Wednesday. Now that we have a quorum I would like to go ahead and go to item one right away and look for a motion to approve the prior meetings' minutes.

GOVERNOR HOLTON: I move to approve the prior minutes. Jim Holton.

GOVERNOR BROWN: I will second it.

CHAIRMAN SCHINZ: We have a motion to approve and a second. Is there any questions or any discussion? Without any discussion those are so moved. The prior minutes have been approved. And now I would like to go ahead and go to item number two in your book and turn this over to Christine.

CHRISTINE: Good morning, Mr. Chairman.

MR. ZELMAN: Mr. Chairman, this is Phil Zelman. I am joining the meeting.

CHAIRMAN SCHINZ: Thanks, Phil, so glad to have you here.

MR. ZELMAN: Thank you. Sorry, Christine.

CHRISTINE: No, it is okay, Mr. Zelman. Good morning. Good morning, Mr. Chairman and members of the committee. I appreciate your time today.

We are excited. At our last meeting we provided you with an initial action plan for our communications program aimed at reminding customers and educating our customers and agents about the importance of them calling Citizens first following a claim so that we can have a timely response and control costs and provide the best service to get them back to whole as quickly as possible.

We are excited to provide you an update today that involves our first piece of recommendation which is significant and as I said, very excited about. Behind the executive summary you will see we are launching as the first component of this campaign a call Citizens First ID card, insurance ID card for our customers. It is not as fancy as it could be in the sense that we chose to go cost effective, but also a route that will allow us to control where this item shows up in the renewal or new business packet, and what you are seeing in front of you will be in the renewal and new business packets behind the address page and in front of the dec page which shows their premium due. So that really does allow them not to miss it.

The goal of this of course is to provide folks with an easy go to card like you have for your auto policy so that in the event of a loss they know exactly how to call us, who their agent is, what their policy number is and what information they need to have available to report a first claim and when do to it and to remind them that even if they are not sure of the extent of the damage to go ahead and let us know so we can get the ball rolling. These cards will begin mailing for new business in the February systems release. Later February new business dates, and of course, because renewal packets go out so many days in advance of an actual renewal date it will be for effective dates for renewal business beginning in the late April to early May time frame. We are very hopeful that this will help us get in front of some of the issues we have seen that can cause, additional costs in the claims system, and I know many of you on the Board have heard a lot about this with respect to the water issues we are seeing and the escalating costs.

Additional components to this campaign will be launching in the next several months. A media tool kit, an agent information and education kit. FAQs that will include a copy of the policy identification card, a claim reporting brochure that we in the future will also probably put in the renewal and new business packet as an additional pamphlet insert similar to the mobile home package. Access to where my premium dollar goes, info graphics and the claims' life cycle brackets that we are using on the website currently. And then I am excited to share today that one of the things we are researching and of course we want to do it in a very cost effective way in a targeted manner an area where we see a lot of delay in claims reporting. We are looking at and will bring back to you at a future meeting the potential to do some targeted, use of magnets so we are doing it in a cost effective manner, because as we have gotten feedback from stakeholders, Citizens stakeholders everyone jumps right to refrigerator magnets and I think Chairman Schinz and Governor Holton, both of you have brought those up in the past. So we are going to move forward with getting some options, what our options are on that and try to find a cost effective way to use magnets for our customers. We are excited about this project so far. I am really thrilled with how quickly this ID card has come together and with IT support to get this done into the system quickly for us. And, of course, this program will also be the program that helps launch the contract and repair services program that claims is working on for the first quarter, and then of course later the voluntary manage repair program that will be the later component of that program that Jay Adams and his team are launching.

I am happy to answer any questions that any of you may have on this project.

CHAIRMAN SCHINZ: Christine, this is Freddie Schinz. I have one question for you. On the magnets that you guys have been researching, when do you think you will be prepared to give a report to the committee and to the BOG?

CHRISTINE: Chairman Schinz, I think that we can absolutely have information to you at the March meeting, and quite frankly if developments occur between now and then we can make the committee aware via e-mail very easily.

CHAIRMAN SCHINZ: Okay, thank you very much. Any other questions for Christine?

MR. ZELMAN: Mr. Chairman, it is Phil Zelman.

CHAIRMAN SCHINZ: Hey, Phil. Go ahead.

MR. ZELMAN: Christine, on the preferred vendor program, I know it is not quite your area, but is there a time frame that the claims department has set up on that?

CHRISTINE: Yes, my understanding and actually we were just checking on it for our project timelines with the communications campaign, is as of now I believe that procurement is ongoing, but the intent would be to take those vendors, whoever is selected to the Board meeting in March, thus allowing us to launch, launch the announcement of the vendors in them, following the March meeting, probably in the April, May time frame per Jay updating me this week.

MR. ZELMAN: Okay, thank you.

CHRISTINE: You are welcome.

GOVERNOR BROWN: Christine, it is Bette Brown. How are you?

CHRISTINE: I am doing great, how are you?

GOVERNOR BROWN: Great. I have a question. It seems like the agents should have more of a role, should play more of a role in making sure that the customers call them or Citizens first. How can we incense the agents or what we can do to make sure that agents are educated and onboard with this? They should be the first line of defense, shouldn't they?

CHRISTINE: That is a great question. We are doing -- I mentioned the agent information kit, but we are partnering with Carl Rothman and Steve Bitar's teams to, especially with our top agents, our larger agents that have a larger books of business to really encourage them to educate their customers and be part of the solution. And I am going to let Steve jump in if he wants to here but we do absolutely have an opportunity in the system for agents to help provide us a first notice of loss and I am going to stop there so I don't misspeak and if Steve wants to add he is welcome to. Steve?

MR. GILWAY: This is Barry Gilway. I believe Steve is actually having communication problems. He is just coming over to my office to join.

CHRISTINE: Okay.

MR. GILWAY: With Adam and Jeremy. So I agree with you completely, Governor Brown. I think the issue that we are facing here and I know I am repeating a lot of information that, you know, we have been sending out publicly. The fundamental issue is about 90 percent of these water damage claims from Miami, from Miami-Dade, 86 percent overall from the state actually never come into Citizens. They don't go to the agent and they don't go to the company. They come in directly to a public adjuster, through a public adjuster or through an attorney. So they come in through representation. So you are absolutely right, Governor Brown, that the issue really is not just getting the agent involved in the education because I

completely agree with that, with that point. The issue is trying to get in front of the initial communication of these claims so that the first time we hear about these claims is not three and six months later, you know, a directive from an attorney after the claim has been -- after the repairs have been made and we are trying to adjust the claims after the fact with a simple photo. But I am going to turn, Steve Bitar has joined me and I am going to turn it over to Steve to comment on the, you know, on the possible additional role of the agents in this communication process.

MR. BITAR: Good morning, everyone, thank you for that, Barry. I think Phil on the phone will agree with me. Agents want to be involved in the claims process. So for us we have done everything we can to try to empower them on that side. In addition to giving them the ability to file claims when calls come into them directly, we also when a claim comes in we actually send an e-mail notification to agents so they are aware on the front end as soon as we are notified that there is a claim on file so they can get involved.

But beyond that, Barry is absolutely right, a lot of times we don't find out about the claim until it is way too late in the process. And so for us, what we are trying to do, as Christine said is try to get more of an educational campaign out there and assist agents in getting the word out to the consumers that they can contact their agent first or contact Citizens and Christine's campaign feeds into that, and I think the agents are very cooperative, want to be involved and want to be able to assist. So for us, you know, what I have seen has been most successful is when agents take it into their own hands and customize communications directly to their policyholders letting them know that they want to be involved in the process. That takes that level of service to the next level and as part of our campaign we can help to create those communications and those templates that can be downloaded by the agencies and sent out on their letterhead to their customers to try to get involved on the front end and be able to help with this whole process. So we will definitely tackle that as part of the campaign that Christine is overseeing.

MR. ZELMAN: Steve -- Mr. Chairman, it is Phil again, if I can add to what Steve just said. I think the process really needs to begin at time of sale, is when the insured needs to be educated as to how to handle a claim and that is in most cases probably not being done, because the agent is only concerned about making the sale, not about what happens at time of claim. So I think that is part of the educational process that maybe needs to be added in, Steve.

MR. BITAR: I think that is a great idea, Phil. To be honest, we can even build that in. And again, keep in mind, this ID card for instance will be issued at point of sale when the dec page and the new business packet is sent to the customer. It also does have the agent's phone number on it so we are trying to get there. But I agree, you know, when there is a face to face opportunity between the agent and the customer to expect that expectation when it comes to the claims process, we can probably create some tools there that maybe get printed out with the application to allow the acknowledgment and the awareness of the claims process and the agent's desire to roll. So we can definitely work on that maybe in the agent roundtable to come up with some specific come opponent's in the future upcoming campaign to really make sure that we get there. So I agree, I think that is a lost opportunity if we don't take full advantage of it.

CHAIRMAN SCHINZ: This is Freddie Schinz. Steve and Christine and Barry, I have a question. Is there not a mechanism that we can put in place to have a mandatory workshop for the companies that we have an alliance with and for them to have a workshop with the agents so that they can be educated so when an agent goes ahead and has a call for an insurance policy that they let those policy owners know that they need to call Citizens first and this is the easiest way to settle a claim quickly and efficiently. And more especially to go ahead and have an intense effort in the tri-county area where we are experiencing the most claims at this point in time.

MR. GILWAY: Governor Schinz, Barry Gilway. It is interesting that you recommend that. Jim Holton and I were in a meeting with the Governor just two days ago, and one of his recommendations and he took it

out of the -out of his book in terms of how you manage a lot of the medical claims, you know, from his history. And one of the strong recommendations that he made are very consistent with the recommendation you just made, and that in fact he shared with us some detail as to programs that are available that frankly would allow, you know, calls to multiple customers in various areas. I have not had a chance to discuss that with Steve Bitar yet, but I, you know, I will staff him on the Governor's recommendations and I agree. We agree, you know, with everything you are saying. I think anything we can possibly do that, you know, makes the customer more aware, whether it is through the agency mechanism or whether it is through Citizens to get them to, you know, advise and counsel the insured to call, you know, Citizens first, absolutely, you know, it can have an impact. So I think it is a good recommendation and we will look very, very hard into that.

CHAIRMAN SCHINZ: Thank you. Do you think that by the next BOG meeting, the next committee meeting and also during the interim I will be glad to work with staff is that we could have some type of plan for a proper protocol on how this can be implemented?

MR. GILWAY: Absolutely. I am with Steve now. He is shaking his head vociferously.

CHAIRMAN SCHINZ: Thank you, Steve.

MR. BITAR: You are very welcome. Great idea.

MR. GILWAY: It is hard by the way to understand or to differentiate between his normal activity and what I just described. In any event, Mr. Chairman, we will absolutely respond to that and I think at the next, you know, we can give you updates as the Chair for the Consumer Service Committee as we move forward and then we will give you a more thorough update at the next Consumer Service Committee.

CHAIRMAN SCHINZ: Okay. I would appreciate it if you would keep me informed. Okay, any other questions on tab two?

GOVERNOR HOLTON: Freddie, Jim Holton. Just to add to what Barry said, we had a very good meeting with the Governor's Office. He reinforced the idea of magnets. He said that was very successful in his business when he was in the private sector, and of course a larger incentive here is once we get the managed care the voluntary program online and ready to go, the financial incentive of maybe giving a premium discounts will further, you know, dovetail into asking policyholders to call Citizens first prior to making a claim because obviously if they agree and get a discount to participate in a manage repair, they are going to do that.

But prior to that happening I think there are a number of these things like magnets, public service announcements perhaps, targeted ones to call Citizens, having call centers so the people from the Miami-Dade area can call into familiarize themselves with how a claim is made and what the proper procedure is and what is in the best interest of them and Citizens can be had. And the other one suggestion that I think that we need to think about is to have a very targeted campaign, probably in south Florida that directly ties all of this litigious activity going on by a handful of water claimants down there and let people, ordinary Citizens, policyholders know that their rates are going to go up as a result of this. I think that has been effective and Governor Scott mentioned that the campaign, when the Governor's Office and the Legislature took on PIP reform in Florida that you had to really spotlight how the normal kind of middle class family was hurt by a lot of these over litigious claims and excess costs associated with going to PAs or attorneys. So I think that that is something on the educational level we can maybe do some targeted messaging down in south Florida to get that notion across.

MR. GILWAY: Governor Holton, this is Barry again. I completely agree and just for the record, the information provided as part of the rate hearing clearly shows that if the frequency and severity of loss of

these water damage claims in south Florida were consistent with the rest of the state instead of having the average consumer suffer the disadvantage of an additional 10 percent rate increase this year, which is the recommended rate increase for south Florida, they would actually be receiving a 10 percent decrease in their rates. So what we have here is a situation where, you know, roughly 80 percent of the consumers are paying a very, very, very steep price for this out of control litigious environment, you know, particularly in south Florida, and it is not just south Florida, you know, frequency over the last 12 months has increased from 4.5 percent to over nine percent in the rest of the state also. So this is a -- this is an issue that is spreading from south Florida across the state, so I agree with you.

CHAIRMAN SCHINZ: By the way, this is Freddie. I want to thank you and Jim first of all for taking time out of your busy schedules to go up and meet with the Governor on behalf of Citizens. You need to be commended for that. And I echo Jim's recommendation that Barry's and the Governor's is that I think it is very important that we take, have Christine and Steve look into some kind of way where we can fast forward not only having these mandatory workshops with the agents, but also to do some type of campaign, especially zeroed in our problem area which is the tri-county area, and then also to go ahead and have it covered on the entire state, to have some kind of campaign so that the people who do have Citizens insurance are aware of the fact. And echo what Barry just said, that your premiums will increase if this continues to happen and it needs to be based, I think the nucleus needs to be the, in quotes, call Citizens first. So I think that is something that we need to take a look at and look at it real hard and we need to fast forward it.

CHRISTINE: Mr. Chairman, this is Christine. If I might just to wrap all of this up. Sharon Golding, who is my project manager on the call Citizens first campaign is working with all of the impacted business units. The executive summary you have before you is clearly a very high level and all of the components that each of you have mentioned are absolutely in the plan, starting with the agent tool kit which was intended to Phil's point to help give the agents tools to talk about this at the point of sale. And so we are more than happy to provide a greater amount of detail. As you know and as I said, we just kicked this campaign off in September, but we have been having meetings with the impacted business units and of course with the launch of the vendor program, that is going into what I call phase two and the major piece. The agents are a critical component of this, public education and time is absolutely and the rate impact are all going to be part of this campaign. We look forward to sharing more detail with you, and I am sorry that we did not include all of that. I was most focused on a high level summary, but all the great ideas that have been talked about here today are a part of it and Sarah is taking vociferous notes as this conversation goes on. So we will be back in touch with more detail but all of -all of these things are in the works and we look forward to hopefully some measurable results sooner rather than later in what we are seeing in the claims reporting.

CHAIRMAN SCHINZ: I appreciate that. If you guys wouldn't mind putting it on full speed ahead I would greatly appreciate it.

CHRISTINE: It is a top priority, absolutely.

CHAIRMAN SCHINZ: Thanks.

GOVERNOR HOLTON: Chairman, I have one follow up question, Mr. Chairman and I completely agree with your assessment that timing is very urgent now and with Christine's responsiveness. And just a quick question to staff, kind of following up on this magnet idea and some of the direct contact with our policyholders in the tri-county area. Do we have the budgetary contract authority within a certain limit to do that the sooner the better, or is that something that we need to be kind of bogged down with, with budgetary policy?

MR. BITAR: I can take that one. This is Steve Bitar. You know, it is all going to come down to the quote and how targeted we want this approach to be quite frankly, Governor Holton. So let us take that back, depending on what the -- what the costs would be and where we want to start, we could get two to three quotes. We should have the budget to be able to cover it. I have applied magnets previously for other campaigns and I do feel that we would be able to bring it in for a landing, if you will, depending on how many people. And to be honest with you, you know, prior campaigns that we have sought to deliver have been based on 1.2 or 1.3 million policyholders. Fortunately we are not there anymore and especially if we focus on the tri-county area we should be able to bring in some quotes that come in where we could probably send out some magnets that would get the message out there, but again, let us take that back. I do believe as long as we follow all of our purchasing guidelines and get the right number of quotes we should be able to do it within the current confines that we have before us.

CHAIRMAN SCHINZ: Okay. Very good.

CHRISTINE: If I could interject, we actually have four measures. If you will recall, we did, we have already done solicitation for proposed card members and many of them have been available. So we are -- that is recently, we have already started inquiring with each of those vendors who are already on board under contracts. So we will -- we will report back quickly and the only need for additional procurement would be if none of those vendors who are already contracted could provide the service, but we are confident that several of them have the capability. So I don't believe from a contracting issue we are going to of have an issue here, and in budgeting quite frankly, the chunk, most of the chunk of this cost will be likely be postage. So from a contract standpoint that is -- that is the federal government. So there is no, you know, we have got all of that worked out in these contracts to pay for that postage directly, not to the vendor.

CHAIRMAN SCHINZ: Thank you, Jim. Do you have any other questions for Christine, Steve or Barry or anyone?

GOVERNOR HOLTON: No, I am good. Thanks.

CHAIRMAN SCHINZ: Okay, good. If there is no other further questions, I think we are almost covered tab three already, but let's go ahead and turn that over to Christine again, please.

CHRISTINE: Mr. Chairman, behind tab three and absolutely there is a related component to the water losses for sure, you know, we, everyone asked, well goes how much of this is real water and how much this is fraud and as Barry has shared in meetings we have been having with stakeholders, you know, as we all know, insurance fraud is hard to report, but our SIU team, I would call them some of the best in the business for sure in Florida in partnering with Citizens insurance fraud.

So to complement their efforts for a number of years we have annually with the international fraud awareness people in November kicked off a very detailed campaign because of course our employees are really a first line of defense for us to identify, report and help stop fraud that they see, whether it is in the underwriting side or on the claims side or with agents. But we have actually launched a public information campaign with the same path line, fraud identifying report to help stop it. It is a multifaceted campaign where we are really going to work with traditional and emerging media and of course direct contact with consumers in the most cost efficient manner because much like when we talked about call Citizens first and those costs that are involved in the impact on rates, fraud is an absolute rate driver and we need to educate everyone in neighborhoods about when the neighbor gets a new roof because someone knocks on their door and they really don't have damage, that that impacts everybody when it comes to rate time. So we are excited about this campaign. We actually want to leverage full board, PSAs with like we will with the call Citizens first campaign and partner. We are exploring partnering with the NICB and the other resources that

are in the insurance and fraud phase to leverage their resources and the information that has already been put together by others in this space to really tackle what is just a devastating issue for really all insurers, but of course, Citizens, and making sure we make that tie with not only with rates but that everyone pays. We are in great shape right now financially thanks to no storms and the wonderful work that Jennifer and John has done in the reinsurance phase and that Steve has done in the depop phase, but guess what, you know, when the wind blows again every dollar we don't pay in fraud or we can get back when fraudulent activity occurs is more money in the coffers to pay storm claims. And of course if we are out of money assessments could occur someday again.

So we are absolutely focused on this and working with Joe Theobald who is at SIU to leverage all that we can to start to make people aware of the bad acts that have been going on around them and hopefully even get folks to be confident enough to report it to fraud reporting mechanisms that are in our state. And I am happy to answer any questions.

CHAIRMAN SCHINZ: Thank you, Christine. Any questions on the fraud awareness campaign for Christine? Thank you, with no questions let's go ahead and move to item number four, telephone payments. Jeremy, welcome.

MR. POPE: Yes, thank you, Chairman Schinz and also fellow esteemed committee members. My name is Jeremy Poe for the record, director of Consumer Services. This morning I am excited to share an initiative which is located in tab four of your committee materials today regarding us promoting enhancement to our self-service telephone platform. This mission of will has a goal of us to benefit our consumers directly by offering an additional payment channel. In essence what we are attempting to accomplish is to allow policyholders to make a payment via our automated service utilizing a checking account number and a routing number. We offer this functionality today through our Manage My Policy application and what we are trying to govern mimic that functionality so policyholders have another avenue to make a payment. Aside from arrangements established through mortgage and premium finance companies, policyholders have the following options to make a payment today. They can utilize again our Manage My Policy application which is a web based self-service tool. They can submit a check by mail, and they also have the option to make the payment through their local agency. When they make the payment through their local agency the agent is required to complete a payment authorization form. In addition to completing the form they have to keep that on file in their office for several years. Based on solicited feedback through our voice of customer program we have validated a desire from the policyholder population expressing an interest to have the ability to make a payment by phone.

If I could draw your attention to slide two included in your committee materials you will find some specific details related to our payment expansion efforts for consumers. We are currently on target to implement a soft launch this month allowing policyholders to make a payment through our automated service that already exists today.

Today's automated service simply gives out policy information but we will be adding options where payments can be made for personal lines policies. We are also going to enable staff if a policyholder calls and is speaking to one of our customer care representatives, staff will be able to transfer into the automated service if they find on the call they need to make a payment over the phone. We will not have staff accepting any account or routing numbers. We do expect, the reason we are doing a soft launch is to really measure the adoption rate before we partner with Christine's group in first quarter of next year for an agent communication. We really expect agents to help drive this payment channel in lieu of them actually making the payment in the office. This obviously will reduce the agent workload in their offices, and again allows the policyholders to make an immediate payment.

So we are excited to be able to implement this for our policyholders. They have asked for it, we feel we will have the support in the agent community once we roll this out and we look forward to providing any updates as relevant in the future. Chairman that concludes my update. I will be happy to answer any questions.

CHAIRMAN SCHINZ: Thank you for your report, Jeremy, and I am real excited about this soft launch as quick as we can get it going. Does anyone else have any questions? Okay, no questions, let's go ahead -

GOVERNOR HOLTON: Freddie, one question, Jim Holton. I assume the reason you guys have never looked into using credit cards to pay premiums is the extra cost associated with the card company?

MR. POPE: Chairman, absolutely. Chairman Holton, absolutely. There is some legislative, some legislative updates also that, you know, we cannot necessarily pass on that cost to the consumers.

GOVERNOR HOLTON: Right.

MR. POPE: So that is the reason why we have not moved forward with credit card payments at this time.

MR. BITAR: Unfortunately, this is Steve Bitar. We are unable to pass on those fees and build them into our rate structure and because of that it makes it difficult if we are going to offer credit card payments we have to basically absorb those costs and because of who we are it is just not financially feasible to do so.

GOVERNOR HOLTON: Yes, that is exactly what I assumed. Thanks for clarifying and making that clear. Thanks.

MR. BITAR: You are welcome.

MR. ZELMAN: This is Phil Zelman. Just to add to that. We do see companies that are adding on fees, admitted companies, for credit card payments. So my question would be, how are they getting away with it and how come you couldn't do the same thing?

CHRISTINE: The fees are limited by statute.

MR. BITAR: Correct.

MR. ZELMAN: Okay.

CHRISTINE: All of their costs.

CHAIRMAN SCHINZ: Excuse me. Anyhow, this is Freddie. Phil, to echo what you said and Jim, I was thinking along the same lines. I am glad you brought that up about the credit card. Our local tax assessor if you want to go in and pay your tag or your property taxes, anything, you can pay by credit card but they tack a fee on to it and there is -- there is a big little bracket right there that says how much they charge for it. So that is, you know, a government run business in the state. So I think it is something that we may want to look into and see if there is some kind of possibility where we can do that.

MR. BITAR: I will be happy to. This is Steve Bitar. I will be happy to take this back. We actually have an opinion. We have done some extensive research on this and I will be happy to share that written opinion with the committee just so you are aware of the background, and if you see there is any opportunities. We have tried, trust me, to try to go down this path but I will be more than happy to share that information with the committee, maybe even provide an update at the next meeting just so you are aware of the

confines that exist. And we have had extensive discussions with our CFO on this to try to make it happen. It has been a desired request for many, many years and we have done some extensive research. We will be happy to educate you on that with all of that information and then take it up at the next meeting if that is all right.

CHAIRMAN SCHINZ: It sounds absolutely great to believe. Everybody good with that, I am sure.

GOVERNOR HOLTON: Yes, that is good, Chairman. Just as a quick clarification as well. Steve, am I hearing it will take a legislative change as opposed to an administrative change through OIR to do this or what -

MR. BITAR: My understanding is that there is statutory language that would need to change. So that is part of the opinion that was written up for us when we looked at it a couple of years ago. So I will make sure to provide that at the next meeting if that is all right.

GOVERNOR HOLTON: Absolutely. It wouldn't seem that onerous to get that through the Legislature, because I don't think it would be that hotly a contested issue if people wanted to do this.

MR. BITAR: Yes, I think for us the biggest concern has been that historically we do provide payment plan options which for instance, you know, the DMV, etcetera, a lot of governmental agencies don't really do that, but for us we do provide an option to be able to do a quarterly pay plan as well as a semiannual pay plan.

So we feel that we do have some other options that we are able to offer our customer base. And so, you know, for us implementing a credit card payment when a bulk of our policies quite frankly are paid by mortgage companies. When you look at the payment submission percentages it is very significantly weighted on the mortgage companies paying full pay and we don't see a significant percentage of policyholders who make their payments even from a quarterly perspective.

So for us, was the juice worth the squeeze to be able to implement credit card payments when the majority of our policies are being paid by mortgage companies in full? So that was another concern that we took into the analysis when we looked into this.

CHRISTINE: Mr. Chairman, this is Christine. If I might just to clarify regarding the need for legislation.

CHAIRMAN SCHINZ: Pardon me, Christine.

CHRISTINE: If I might to tack on to Governor Holton's question, and on to point out what Mr. Zelman said, that the law doesn't prohibit the passing through of fees. It limits the amount you are allowed to recoup, and as I understand it, the decision has been made by Citizens in the past for all of the reasons that Steve has mentioned, because I don't believe we can recoup the full amount of the fees that we would be charged was because so much of our bulk of business is mortgagee billed, we have not gone down those paths for a number of reasons.

So I don't believe it takes legislation to allow us to use credit cards and to charge fees, but those fees are limited by statute and when you see other carriers using credit cards it is likely if they are structured to take on the same fees that we are, they are eating some of those costs as a service to their policyholders. I just wanted to make that clear that it is not prohibited by law, it is just how much you are allowed to recoup.

CHAIRMAN SCHINZ: Thank you, Christine.

CHRISTINE: You are welcome.

CHAIRMAN SCHINZ: Okay, if there is no other questions we will just go ahead and move to tab five and jump into the depop update.

MR. MARMELESTEIN: Very good, thank you very much, Mr. Chairman, and committee members, thank you for allowing me to present today. This is Adam Marmelstein, director of Market Services for the record. Seeing as how this is the end of the year I thought it would be a good time to look back on the depopulation process this year, both to bring us current with those numbers and also to provide an opportunity to compare and contrast the numbers from 2015 with those from 2014. 2014 numbers are provided to you on slide number two. 2015 numbers are on slide number three, and the November assumption just occurred. And I am happy to announce that the estimate was pretty doggone close. We assumed that there would be about 35,000 policies, there were in fact 33,995. So we are going to hold true to our estimate of about 273,000 for the year. And also the assumption rate for November was about 48 percent, which seems to be middle of the road for this year. It is also worth pointing out that November was the first month in which the policyholders in the offer letter also known as the opt out letter received the estimated premium for their Citizens policies and for the carrier that wished to assume their policy. So with only one month behind us and with some great number that is very much in the middle of the highs and the lows thus far this year I don't think we are in a position yet to draw any conclusions about the effect of that letter. So we are going to wait and see over the coming months and also talk to our agents and communicate with our policyholders to see exactly how this letter is influencing those decisions. There are a lot of variables that go into whether or not people take these offers, but we are delighted to be able to provide this very important piece of information to our policyholders. Page four is the first slide that talks about the year over year numbers. This is a very high level. This is all policy types. This is all months, all carriers and it is sort of interesting. I will draw your attention to the green bar chart which is the number of assumption offers that were made by our insurance partners this year. And you can see we are pretty much neck and neck through 2015 as compared to 2014. One line over is the projections for the number of policies assumed, and you can see that if these numbers come to pass there will be about a 65 percent difference between '14 and '15, which amounts to approximately 150,000 fewer policies assumed in 2015 than it in 2014.

Again, we can have a phone call about what these numbers are and why they are, but I thought it was worth pointing out that although the number of offers have remained the same, there appear to be fewer assumptions projected.

The following slide also weighs that out a little bit differently and it helps us target where things changed, and '15 tracked '14 very closely on slide five. And then, of course, you will all recall that 2014, November of last year we had an enormous assumption in of November. This year, much, much smaller, and we predict December will continue along those lines and that is why we will end up with slightly different numbers in '15 and '14. The following slide breaks into this a little bit month to month and the last slide provides some more projections and estimates for the remainder of 2015, as well as 2016.

So that concludes the depopulation update. Thank you, Mr. Chairman.

CHAIRMAN SCHINZ: Thank you very much. I appreciate your report, Adam. Is there any questions for Adam on these slides?

MR. ZELMAN: No.

CHAIRMAN SCHINZ: Thank you, and thank you again, Adam, great job. If there is no other questions, let's go ahead and move right into the Clearinghouse update. Adam, please?

MR. MARMELESTEIN: All right, thank you very much. This will be even briefer. Again, end of the year, let's talk year to date numbers. Very high level, the Clearinghouse has had another successful year. We have

seen approximately 9,000 policies deemed ineligible for Citizens. They have either not been able to come into Citizens because a private market offer exists or they have been able to be removed from Citizens' books and that represents approximately \$2.9 billion of coverage A averted through the Clearinghouse in 2015. Second is something new. We have talked about it before. Homeowners, I am sorry, HO-6 policies, condo unit owner policies will be added to the Clearinghouse on the 14th of this month. This will be for both new business being brought in, and also we will begin to pass existing HO-6 business through the Clearinghouse and that will be for policies with an effective, an expiration date of February 17th. So HO-6 will be on the platform before the year is out.

And that brings me to my final point, again, in the spirit of looking at where we were as compared to where we are. With the addition of HO-6, 58 percent of the policies, personal lines policies in force at Citizens are now represented on the Clearinghouse. New business will have to go through the Clearinghouse. Existing business will be run through the Clearinghouse for 58 personal lines business, and that is a doubling of where we were in September of 2014, when it was 29 percent. So in a year's time we have managed to effectively double the number of policies that are run through the Clearinghouse. Thus concludes the Clearinghouse update. Thank you very much, Chairman, committee members.

CHAIRMAN SCHINZ: Thank you, Adam. Thank you for the update. Is there any questions for Adam during the Clearinghouse update he just presented? With no questions, any new business? With no new business, first of all I would like to thank everyone for all of their efforts and the fine job that they have done and look forward to seeing everyone on December 11th. And the next CSC meeting is scheduled right now to be on March 10th, '16, at 10:00 a.m. Eastern time. Look forward to hearing from everyone there. And do I have a motion to adjourn?

MR. ZELMAN: Motion to adjourn.

CHAIRMAN SCHINZ: Is there a second?

GOVERNOR HOLTON: Second.

CHAIRMAN SCHINZ: There is a motion and a second. So moved. The Consumer Service Committee meeting is now adjourned. Thank you very much for everybody attending.

(Whereupon, the meeting was adjourned.)