

Resiliency Efforts in the Florida Insurance Marketplace

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What is Citizens?

Citizens Property Insurance Corporation was created by the Florida Legislature in August 2002.

We play a crucial role in Florida's property insurance marketplace by providing property insurance protection to Florida home, business and property owners who are entitled to obtain coverage through the private market but are unable to find coverage.

- Not-for-profit, tax-exempt government entity
- Funded by policyholder premiums
- Can levy assessments on most Florida policyholders if surplus is depleted in the wake of a particularly devastating storm or series of storms
- Operates according to statutory requirements established by the Florida Legislature
- Governed by a Board of Governors appointed by Florida's Governor, Chief Financial Officer, House Speaker and Senate President



A Resiliency Success Story

In 2018, Hurricane Michael barreled into Mexico Beach with 160 mph winds and a 7.7 ft storm surge, leaving a swath of near-total destruction in its wake.

Amidst the devastation, one home made national headlines, standing mostly unscathed amidst the rubble, a testament to the power of building homes able to withstand Florida's natural forces.



Built to standards exceeding the Florida Building Code, with an estimated ability to withstand winds of up to 250 mph winds, the “Sand Palace” features:

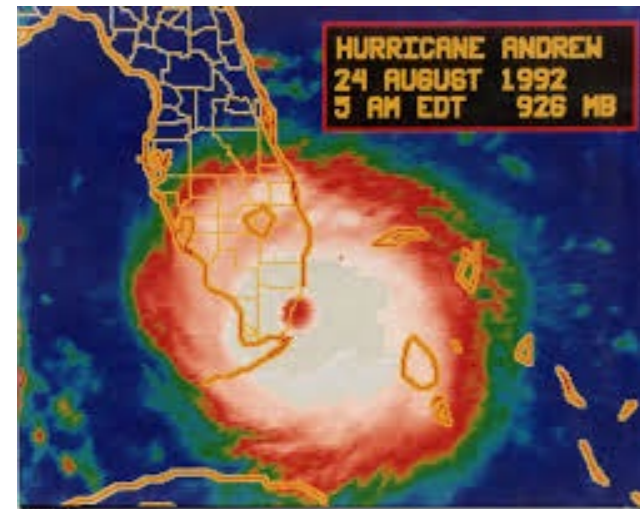
- 1 ft thick concrete walls and concrete bolstering of the corners of the house.
- Steel cables and rebar roof reinforcement
- Minimized roof space to prevent wind from lifting the roof off from underneath
- 40-foot pilings buried deep to withstand storm surge
- External features designed to tear free without ripping off other parts of the structure

Florida's Wakeup Call

The Sand Palace is a testament to the effectiveness of increasingly enhanced building code and mitigation incentives implemented in the wake of Hurricane Andrew.

Hurricane Andrew

- Pounded into South Florida in August 1992, with winds as high as 175 mph
- Caused \$25.3 billion (\$61.9b in 2020 dollars) in damage and 44 deaths
- Damaged 101,241 homes and destroyed 63,300 others, mostly in Miami-Dade County
- Damaged or destroyed 82,000 businesses and 32,900 acres of farmland



Hurricane Andrew was a wakeup call for Florida policymakers, property owners and insurers.

It began an ongoing effort that included resiliency planning, building code standardization and mitigation incentives to ensure that Florida's buildings and infrastructure can withstand Florida's natural forces.

Unified Building Code

Hurricane Andrew exposed the failure of Florida's patchwork of local building codes to provide and enforce meaningful protections for Florida's homes and buildings. In response, Florida began moving to adopt progressively strengthened measures and implement a uniform statewide standard.

- **1995** – Florida adopted the high-wind standards of the Standard Building Code for all Florida.
- **1996** – The Florida Building Code Study Commission was appointed to review Florida's system of local codes and make recommendations for modernizing the entire system. The 6-month study recommended a streamlined uniform family of codes, strengthened administration and enforcement, and enhanced compliance through education, training and discipline.
- **1998** – The Legislature created a single minimum standard building code enforced by local governments.
- **2002** – The Florida Building Code was adopted, superseding all local building codes.



The Florida Building Code

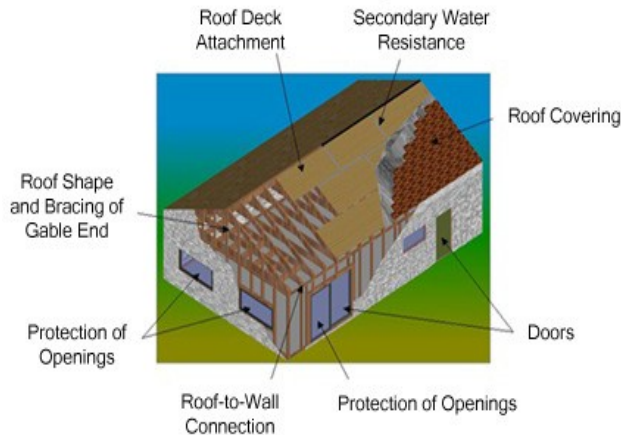


Established in 2002, the Florida Building Code draws upon national model building codes and national consensus standards, amended for Florida's specific needs.

- Updated every three years by the Florida Building Commission, which is a 27-member technical body of design professionals, contractors, and government experts appointed by the Governor
- Incorporates all building construction-related regulations for public and private buildings in Florida other than those specifically exempted by Section 553.73, F.S.
- Local jurisdictions can adopt more stringent administrative requirements

Home Hardening Credits

Typical Construction Features that Reduce Wind Damage and Loss



Efforts also have been made to educate current homeowners about the importance of home hardening and to encourage them to add features to their homes that have been proven to reduce windstorm damage.

As of 2003, homeowners can qualify for wind mitigation discounts on their homeowners insurance by documenting these features through a wind mitigation inspection.

Qualifying Features

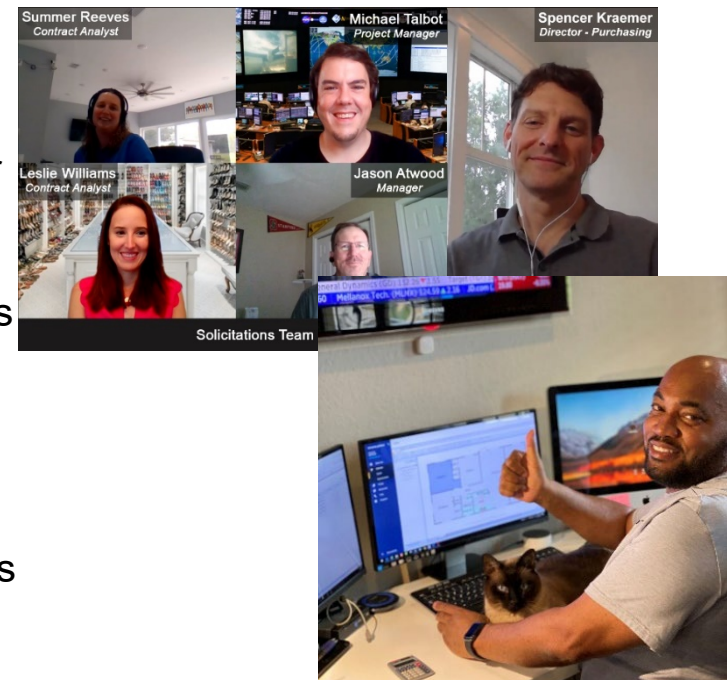
- Doors and windows rated to withstand wind pressure and projectiles
- Storm shutters/panels that protect windows, doors and other openings from wind, rain and projectiles
- Roofing materials/coverings rated to resist high winds and water intrusion
- Attachments for walls/roofs specially designed to withstand high winds
- Homes built or updated in adherence with the 2002 Florida Building Code

How Citizens Prepares

Citizens works year-round to strengthen and prepare its workforce, systems and physical assets to ensure our ability to respond quickly and effectively to potential catastrophes.

Year-Round Business Continuity Measures

- Workforce optimized for remote work
 - All employees have laptops and network access to ensure continuity while traveling or following a disaster
 - Disaster go-bags and wireless hotspots issued to key personnel
 - Year-round part/full-time alternative work arrangements
- Disaster recovery processes for systems, contracts and operations
 - Regular disaster recovery and catastrophe response exercises
 - Off-site backup servers in multiple geographic locations
 - Claims call center vendors in inland states
 - Leased contingency space
 - Scalable contingent workforce contracts
- Member of the State Emergency Operations Center Team



Although these measures were implemented to ensure our ability to respond to natural disasters, they also have proven invaluable to ensuring business continuity during the COVID-19 pandemic.

In March 2020, Citizens swiftly transitioned its workforce to work remotely in response to the COVID-19 pandemic. Protocols were established to allow facilities to remain open for employees performing essential on-site business services.

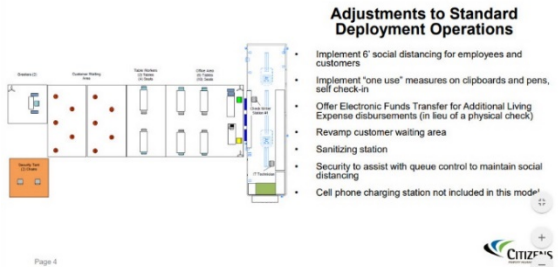
The quick transition was made possible by Citizens' year-round disaster contingency planning and an established alternative work arrangement policy.

Additional Remote Workforce Procedures

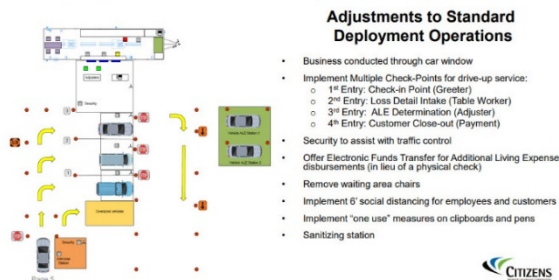
- Microsoft Teams
- Equipment transfer for home offices
- Training and Human Resources support
- Socialization of best practices for remote work and employee management
- Policyholder communications encouraging policyholders and vendors to transact business through digital channels in lieu of mail and phone



Modified Footprint



Deployment with Drive-up Servicing



New protocols were established for vendors, adjusters and catastrophe response teams to ensure worker and customer health and safety:

- Flexible Catastrophe Response Center (CRC) deployment scenarios:
 - Outbound calling campaign for impacted policyholders
 - CRC sites redesigned to allow for social distancing
 - Drive-up CRC sites
- Virtual (contactless) adjusting services
- Enhanced safety protocols for in-person adjusting
 - Field adjusters issued personal protective equipment
 - Implementation of pre-site visit health screening/policyholder attestation procedures
- Notification procedures (phone and email) in the event of potential exposure

Preparation is Key

Whether you're a company or homeowner, the key to resiliency is preparing for the worst when the skies are clear.

Preparations take time and money, but they can be the difference between weathering the storm or losing everything.

Citizens Is Ready, Are You?

