

CITIZENS PROPERTY INSURANCE CORPORATION

**MINUTES OF THE
MARKET ACCOUNTABILITY ADVISORY COMMITTEE MEETING
Tuesday, March 15, 2016**

The Market Accountability Advisory Committee (MAAC) of Citizens Property Insurance Corporation (Citizens) convened at Sheraton Orlando North hotel in Maitland, FL on Tuesday, March 15, 2016 at 11:00 am (EDT).

The following members of the committee were present:

David Newell, Chair
Skip Boylan
Gordon Jennings
Dennis Martin
Nestor Rivero
Brian Squire
Greg Rokeh

The following members of the committee were present telephonically:

David Altmaier
Phil Zelman
Steve Roddenberry

The following members of the Board of Governors were present:

Juan Cocuy

The following Citizens staff members were present:

Barry Gilway	Michael Peltier	Jay Adams
Barbara Walker	Kelly Booten	Jennifer Montero
David Woodruff	Candace Bunker	Andrew Woodward
Cindy McVay	Joe Martins	Dan Sumner
Thomas Popko	Bruce Meeks	John Rollins
Violet Bloom		

The following Citizens staff members were present telephonically:

Ariel Shami	Bonnie Gilliland	Brian Weaver
Janice Watts	March Fisher	Mark Casteel
Marsha Watson	Mona Markell	Sue Register

The following people were present:

Lisa Miller - Lisa Miller & Associates
Fred Strauss - Holborn Corporation
Rick Patterson - Raymond James

Call Meeting to Order

Roll was called.

1. Approval of Prior Meeting Minutes

A motion was made and seconded to approve the September 29, 2015 minutes. All were in favor. Motion carried.

Opening Comments

MR. BITAR: Good morning, Chairman Newell and esteemed committee members. For the record this is Steve Bitar, Chief of Consumer and Agent Services. Tomorrow you are going to hear some opening comments from Barry Gilway, our President and CEO with regards to just the condition of the Florida marketplace. Many of you are agents and represent agent associations. So I am sure none of this is going to come as too much of a surprise, but I wanted to just provide some intel that we have gained recently just to get on the record to make sure that everyone is on the same page. We actually conducted a survey of our agent roundtable agents as well as our top 250 submitting agencies. So these are the agents that are writing the most business, if you will, at Citizens. Just to get a feel for a lay of the land, market conditions, not seeking any specifics company, from a company perspective, but just to understand what is happening in the Florida marketplace. As you know, Citizens currently sits at approximately 486,000 policies. We put out a press release in January. We hit our historic low ever in the history of Citizens at 484,000 policies. So for us this is definitely a period of time that is promising, but at the same time we need to look to the future and figure out what can we do to continue to depop, understand what is happening in the marketplace and truly return Citizens to the insurer of last resort. So with that we wanted to make sure that we have our finger on the pulse of what is happening. Conducted the survey and just asked six very quick questions and just some of the highlights from those six questions that we were able to ascertain. Sixty percent of the respondents, and we did have a 20 percent participation rate, 60 percent of the respondents are aware of private carriers taking action to tighten their new business requirements. So we are hearing from the marketplace that a lot of the companies that were historically writing a lot of the new business in this state are tightening and they are really scrutinizing a lot of the new business that is coming into their businesses. So for us that definitely rings some bells and makes us think twice about the volumes that we should anticipate as we proceed through this year. As you know, the summer months are not usually times of high depopulation for Citizens. So we are already expecting some activity there, but to know what is happening in the marketplace is definitely something to keep in mind. The other interesting metric that we were able to get was 55 percent of the agents that responded have shared that they are personally being impacted by private carrier non-renewal activity. So in addition to looking at the new business that is being highly scrutinized and a lot of the tightening that is happening from a capacity perspective, many companies are actually taking

action and non-renewing policies that are currently on their books. So again, this is just something noteworthy. We are using our agency staff in the field to truly understand what is happening in the marketplace and to keep our goals and actions ahead of what could be impacting Citizens from a depopulation perspective and from a repopulation perspective quite frankly. So we just wanted to bring this to your attention just that you are aware, and like I said, I am sure none of this comes as a surprise to many of you, but I think it is important to at least note that in the work that we are doing to try to make sure that we are aligned with what is happening in the marketplace.

CHAIRMAN NEWELL: Thank you, Steve. Thank you. Steve, any questions from the committee so far?

MR. ZELMAN: Dave, can you hear me? This is Phil.

CHAIRMAN NEWELL: Yes, Phil.

MR. ZELMAN: Okay, I just want to make sure that you know I am on the call.

CHAIRMAN NEWELL: Okay. Thanks for joining us. Do you have any questions for Steve so far?

MR. ZELMAN: No, no, not at all.

CHAIRMAN NEWELL: All right, let's recognize Carl Rockman under tab two.

2. Agent Training Update

MR. ROCKMAN: Thank you, Mr. Chairman. For the record, this is Carl Rockman, Director of Agency Services. I would like to provide you with an update of what is happening in the agency space. Page 1 of my presentation will detail the metrics that we present to you at each MAAC meeting. We again continue to see the drip downward in total agent and agency population. And if you also draw your attention to the agency segmentation section you will see again, we see a dramatic drift in the size of the agencies that are carrying Citizens. Our Tier one agencies, for example, at the beginning, at the end of 2014, we had 15 agencies that had 2,000 or more Citizens policies in force. As of the end of this year, we have nine. So you can see that continuing drip downward being less dependent on Citizens is a good thing. It means the private market is seeing those risks happen. The most, the thing we are most pleased about though is the tier five. If you look at the number of agencies that have 49 or less Citizens policies that is our fastest growing segment. So again this reflects the private market PIF moving to the private -- the Citizens PIF moving to the private market, but also agencies becoming less dependent on the Citizens book of business. Page 2 and page 3 are just graphic representations of those same trends. We will

continue to monitor those. Obviously, as Steve reflected, any kind of change in market condition is generally going to show up in our submissions, and we are obviously monitoring that to try to forecast any changes in our PIF count.

Page 4, I want to provide some visibility to our agency management space. Obviously, going back a couple of years the MAAC committee was influential in Citizens building out a agency management system. I wanted to recognize the six folks that are actually in the space right there. You can see their bright shiny faces on page 4, but more importantly what this page reflects is this year we are now able to provide agency management support down through our tier four agencies and up to the top of tier five. We are very pleased about that. We feel right now we have the infrastructure available to reach out to those agencies, to provide appropriate support, for all of the things that Citizens does as an agency, including Clearinghouse, depopulation, our new technology platform and more importantly, as we are about to get into our new agreements. We want to make sure the appropriate support is delivered and these folks are engaged every single day with agencies helping them with what they can do to help manage the Citizens' experience in their agency. Reflective of that is page 5. At the last MAAC Committee I was asked to bring some visibility to a survey that we do. It is great that our agency managers are out there engaging agencies every day, but we want to make sure that what they are doing out there is effective. So we will survey agents that they visit after the visit and ask for levels of satisfaction on the visit to make sure that we are delivering appropriate service and support. The questions are listed in the center of the page and you can see that the overall results are reflected and generally very positive. We do a combination of an e-mail survey and a phone survey. Both of those surveys are showing me at least that directionally we are in a good spot. We have a couple of areas to improve upon, but generally the results are overall positive. Coming into the end of Q-1 and the beginning of Q-2 we are going to be focusing the survey on a couple of additional areas. One, technology support. We want to make absolutely sure that our agency managers are delivering appropriate support on policy center on the Clearinghouse and on our new agency management platform, Manage My Agency, which will allow the agents to credential their staff and help us mitigate some of the risks that we face out there. So the agency managers will be working on that with agency selectively and we will be surveying behind that. Before I get into the next page any questions on the agency segmentation or agency management?

CHAIRMAN NEWELL: Any questions? People on the phone as well?

MR. ZELMAN: No.

CHAIRMAN NEWELL: Okay.

MR. ROCKMAN: Okay. Page 6 is really an introduction to our next agenda item. Obviously we are seeking approval today for new agency and agent appointment agreements. In support of those new agreements I wanted to present to the MAAC today our plan to appropriately roll out the communication information inside of those agreements. On 04/16, pending approval of

the agreements, we will be launching a communication program that will announce that the new agreements are available, that we are seeking the agencies to acknowledge those agreements and we will be monitoring that acknowledgment throughout from 04/16, up to 07/01. In conjunction with just announcing that new agreements are available, we are planning on some specific education around both the agreements, but specifically the technology requirements inside of the agreements. As we work with our association partners there was significant conversation around the technology space inside the new agreements. We wanted to make sure that not just updating the agreements to reflect the new standards, but also to make sure that agencies of all levels understood what we were seeking, and that we offered appropriate support in the space is the intent of this education. So we are going to be doing three things. One, the blue line below we are going to be providing online education to agency principles and agents around some features of the new agreement, but more importantly, the technology requirements. We are going to make this, we are going to make this education mandatory. It is going to be about a 45-minute experience, but we think it is so important that agencies get directed into that space so they clearly understand what the intent of the changes are and what they can do to manage them inside their agencies.

Along with that we are going to be providing Webinars. These Webinars are not mandatory, but they are intended to support the agreement roll out and the things in the technology space that might get their attention. Outside of live Webinars we are also going to be offering, starting in June, a live experience where we will come out, we will hold presentations, we will address questions. We are going to do this in conjunction with our annual compliance program that always gets a lot of attention and a lot of attendance, but we will tack on additional education around technology in cyber security in those sessions and we believe that they will be met with a lot of support and adoption. We are already getting a lot of interest in hosting those events through our association partners, and look for those to take place in June. Again, the overall intent here though, seeking approval for agent and agency agreements is we, upon approval, we will be putting those in motion but intend to communicate that they are out there on 04/16, but in our agreement language agencies have 60 days to acknowledge their understanding. So we really want that to roll from 04/16, to 07/01, to give a generous amount of time for everybody to have time to review it, acknowledge it and understand it. Also for us to appropriately educate around it. So just to give the MAAC the final say on where we are going with the timing of it, I think 04/01, to announce it, 05/01, to 07/01, is the agreement time period, and then as of 07/01, agencies will need to acknowledge their understanding of the new agreement or that what they have done is they have chosen to say that they are not accepting the new agreement in which case there wouldn't be one in place with those agents or agencies.

So I wanted to bring some visibility to this because this is obviously essential to the approval of the agreements and I wanted to address any questions you might have about this strategy specifically or what our intent might be.

CHAIRMAN NEWELL: Any questions?

MR. ZELMAN: Dave, this is Phil. I do have a question.

CHAIRMAN NEWELL: Go ahead, Phil.

MR. ZELMAN: Carl, just going back briefly to the training for the agency principles and manages, et cetera, when is that going to be held?

MR. ROCKMAN: Phil, our intent is to put the online education effective 05/01. So the online mandatory experience would be available from 05/01, to 07/01. Then we are going to compliment that with Webinars as you see in the exhibit and then the classroom training would begin in June. But essentially the base level of knowledge we want folks to acknowledge their understanding on would start 05/01.

MR. ZELMAN: Thank you.

CHAIRMAN NEWELL: Carl, for the record this is Dave Newell. You mentioned mandatory. What -- what does that really entail? What kind of things will agents be looking at when they go in that site?

MR. ROCKMAN: Essentially we are building the education around the written information security plan that is part of our agreement. When we worked with our association partners there was a lot of concern about what a written information security plan implied, is there a common understanding around it. So what you will see, Chairman Newell, is our entire education is around the components of a written information security plan, the people, the technology and the process part of that plan, and look for this online experience to be able to deliver what an agency or agent would be required to do to meet the expectation of a plan, okay. We anticipate the training probably taking between 45 minutes to an hour. We realize it is not going to be an eight or 10-hour curriculum. We do intend on putting them in digestible chunks. But we do believe that it is so important that agents acknowledge not only the agreement, itself, but also their understanding of this very important space so we can make sure we are off on the right foot with all of the changes, and obviously, if they have questions about the agreement or questions about the education, the purple box at the top also talks about my agency managers being engaged. The other part of this is they are going to be working with their assigned agencies to make sure that they are working on the agreement, acknowledging it and addressing any questions. So look for us to be incredibly proactive in that space as the agreement recognition period launches and we are looking to make sure that everybody gets through it with a common understanding of what we are looking -- what we are looking to do.

CHAIRMAN NEWELL: All right, follow up, Carl. Is this going to be a self-study and how will you monitor compliance?

MR. ROCKMAN: Great question. We intend on delivering it through our learning management system. So think of it as an online learning module that the agencies and agents would take. They will roll through the module, they will acknowledge at the end that they have completed it, then we will get notice that it has been completed. So along with this part and the agreement acknowledgment we are going to be tracking throughout the month of May and June agent adoption of these two elements of our plan and reaching out to those agents that may be running out of time, may have missed a memo. We certainly don't want anyone to not be in a good standing with us by 07/01, because of a lack of understanding of these things, but we are going to be launching 05/01, with approval of the new agreements, this specific plan, but it is an online learning module. If you wanted to come to the live class you could also certify in one of our live classroom experiences should you choose to do that in June and meet the requirement.

CHAIRMAN NEWELL: Okay. This is an inside joke for some of us in the room, but can you advance ahead, you know, like you start it and then all of a sudden you go to the 44th minute of the presentation, or is there a process that you go through in order to complete the –

MR. ROCKMAN: We will have rigor around the monitoring of agents advancing, I can assure you. We want high integrity in our LMS agreement, and I am sure it is there.

CHAIRMAN NEWELL: Well, I mean, it is needed information so you would hope they would complete the process, you know.

MR. ROCKMAN: Absolutely.

CHAIRMAN NEWELL: You know, so.

MR. ROCKMAN: Absolutely.

CHAIRMAN NEWELL: All right, any other questions from the committee?

MR. RIVERO: I have a question.

CHAIRMAN NEWELL: All right, Nestor.

MR. RIVERO: This is Nestor Rivero. At the beginning I understood that you were saying the mandatory was going to be only for the agency principle. Are the agents also going to be mandatory, because that will be a good point?

MR. ROCKMAN: Great question, Nestor, yes. Both parties to the agreement will have necessary education. So agency principles will take it, along with appointed agents.

3. Agency Agreements and 4. Agent Appointment Agreement

CHAIRMAN NEWELL: All right, I think we are done there, and I think now we are going to go to tab three, which is the agency agreement, and we will, before we get started I just want to say a couple of words. Again, Dave Newell for the record. You know, it is like anything when we went through this process a few years ago. Nobody wants to reopen an agreement, nobody wants to reinvent the wheel, but Citizens found themselves in a situation where they had no choice. Certainly those in this room and those on the phone have had opportunities to engage in that process, to voice their concerns, to address things that they felt their particular agents association, you know, may have difficulty with and Carl has pointed out one of those things which is some written guidelines. But technology component is really the -- the issue here. That was needed. I will tell you those that pay attention, NAIC has now come out with a document that they are looking to move forward at the state level through the Insurance Commissioner. So this is something that is going to be here for a while. I suspect other carriers may file suit with what some of these changes. Time will tell on that, but at the end of the day from my perspective and our group's perspective Citizens has been willing to listen. We have certainly made some recommendations. As they say, you know, we agree to disagree on some things, but the agreement now is in a posture where agents and agencies have to move forward and look at those and pay attention to those requirements. And so just from my perspective, our perspective, the working relationship, the things that we were able to do, the meetings that we had and certainly the conversations that we had was good on both sides. So I want to thank you all for that. Any other opening comments before we get Steve to go through from the committee?

MR. ZELMAN: I will just ditto what you just said, Dave, this is Phil Zelman. Citizens has come a long way. I think the agent association has also in dealing with these situations. In trying to work together it has been a tremendous, tremendous asset to the industry. So that is what I have to say just following your comments.

CHAIRMAN NEWELL: Okay, thanks, Phil. All right, we are going to recognize Steve Bitar.

MR. BITAR: First off let me thank you for your opening comments. They align very closely with what I wanted to say, so I thank you very much for that. I think that it shows the level of the partnership that has existed through this entire process that goes back almost a year quite frankly. So again, we appreciate the partnership that we have had and all of the meetings that have led us to this point. Today just to kind of set the stage for items three and four on the agenda today, what we plan on doing is, of course, as you know, we have shared with you behind tabs three and four, sections A, B, C and D. You have in tab A summary of the changes from the current agreement to the new proposed agreement. You have a red line version, you have a clean version and then you have a copy of Exhibit 1, which is noted in both agreements. The first agreements in tab three relate to the agency agreements, and the tab

four, of course, talks to the agent appointment agreement. Just to remind everyone, the current agreement that stands basically requires that we solicit and we are happy to do this on feedback from both the agent roundtable as well as the Market Accountability Advisory Committee. So that is our goal today is to continue to solicit that feedback as we have done over the prior months, and what we hope to walk out of today is at least acknowledgment of that feedback, support of that feedback as we move forward for the approval by the Board tomorrow. So with that what I would like to do is of course turn over to Carl and he can walk us through anything you might want to discuss, but I would point you to tab A, behind tab three, for a summary of the changes and we will be happy to walk through these, highlight anything you want to highlight, or quite frankly, take questions. I know you have had these for a while and probably have reviewed them. So, Mr. Chairman, we will be more than happy to proceed anyway you like.

CHAIRMAN NEWELL: Well, I think the best approach, because we have had these agreements for a while and I know many of the associations have worked through them. So does anybody have any questions pertaining to the agreements as they are -- as they sit now? Okay. I am getting a negative. So I don't know if it is necessary to really highlight anything at this point. Certainly if there is additional questions or follow up, I know you guys will certainly answer those.

MR. BITAR: Absolutely, Mr. Chairman, and if we may, we can definitely take a motion if you would like to recommend approval to the Board. I would be more than happy to bring that up tomorrow that we did at least take a motion of the MAAC committee.

CHAIRMAN NEWELL: Right.

MR. BITAR: And that we do at least have support to move forward and request approval, so.

CHAIRMAN NEWELL: Okay.

MR. BITAR: If that is appropriate I would be more than happy --

CHAIRMAN NEWELL: Yes. Do we hear a motion to go ahead and approve?

MR. ZELMAN: Dave, this is Phil. I will be pleased to make a motion to -- to the Board that the MAAC committee has approved both the agency and agent contract as they have been proposed today.

CHAIRMAN NEWELL: All right, do I hear a second?

MR. BOYLAN: Second.

CHAIRMAN NEWELL: Okay, there is a motion and a second to approve the documents. Any questions? I just had one. The agreements go out, I assume, electronically?

MR. BITAR: Yes.

CHAIRMAN NEWELL: How are you acknowledging receipt and is there some kind of, you know, doc you sign or something?

MR. ROCKMAN: The acknowledgment will all be done electronically, that will be explained when it goes out. We will have a tracking mechanism but also our commitment is to follow up with agents that may not see it the first time. There will be a rigorous follow up process to make sure that agents don't miss a deadline or that we don't lose anybody before.

MR. BITAR: This is Steve Bitar for the record. Just to remind everyone, we did this back in 2013, we did roll out the electronic acknowledgment. We do need affirmative acknowledgment of the agreements, but if I remember correctly we had reminders that went out at 45 days, 30 days, 20 days. So there will be lots of electronic communication back and forth to ensure compliance and it is all done electronically.

CHAIRMAN NEWELL: Okay. We got, we have a motion and a second on the floor. All those in favor?

(Chorus of ayes.)

CHAIRMAN NEWELL: All those opposed? All right, the motion carries.

MR. BITAR: We thank you, Mr. Chairman, Carl especially thanks you. So I think that completes this section of the report.

CHAIRMAN NEWELL: Well, I think we can move to tab five now, right?

MR. BITAR: Yes, we can.

CHAIRMAN NEWELL: Clearinghouse update.

MR. BITAR: Absolutely, and Adam is going to join us and provide the update for the Clearinghouse and depopulation.

5. Clearinghouse Update

CHAIRMAN NEWELL: Good morning.

MR. MARMELSTEIN: Good morning, Chairman Newell, good morning. Good morning. I will dive right in, Clearinghouse update. We were last here in December, obviously, Adam Marmelstein for the record, and so this will be our first update of the year, and sometimes you need to start looking forward by taking a quick, a quick look back. So if you will turn with me to the second page, there is a summary of 2014, 2015, and 2016, and we would like to keep things sort of new and fresh when giving these presentations. So we have broken it out this time by new business and just shown H-03 which was the first product to go on to Clearinghouse, and it was way back in 2014. I know it seems a lot sooner than that, but the interesting line here is the orange bar graph that shows that over the three years, two plus years that Clearinghouse has been active with H-03s, the rate at which policies have been rendered ineligible for entering Citizens has grown at a clip of about 30 percent each year. So right now at the beginning of 2016, we are standing at about 12.7 percent, which means that percentage of policies, quotes that come in to Clearinghouse are rendered ineligible. They are finding not only matching offers, but offers that are no more than 115 percent greater than the Citizens policy price. So big success there. We have talked previously about what should the expected rate be, and the fact that about 70 percent of the policies' risks, I should say that come in the door, are unlikely to find a home in the private market because of the risk characteristics. So seeing now at the beginning of 2016, 12 percent are finding a home in the private market is -- is a testament to things going on in the private marketplace and how well Clearinghouse is performing its intended function. So 2016 is off to -- off to a roaring start.

The next page talks about new business, the two products that were added subsequently to H-03s, DPs and H-06s. DPs were first. The numbers on the ineligibility side here continue to remain fairly flat, and quite candidly, fairly low. The primary reason for this is a lot of these risks are rental properties, some of which are condominiums and these policies aren't highly desired in the private marketplace. So the eligibility rate continues to be low there. The plus side is we rolled out H-06s in December. We sat here in December and said in a couple of weeks we are rolling out H-06 and we are very excited. It went in on time and on budget, and we have a few months, almost a quarter's worth of data for those and those are the two bar charts on the right hand side and it is off to a running start here. We are at about eight and a half percent combined from December through this point this year, which has been, I don't want to say it is a pleasant surprise because that would entail that we didn't know exactly what the rates would be, but we didn't know exactly what the rates would be. So nine percent has been a pleasant surprise. I figured it would be somewhere around five or six percent. These are condo policies, the private market likes it. There is a lot of competition in the private marketplace for these policies. There are right now four carriers on the Clearinghouse that are offering these policies. There are plans to add a few more as the year go by. So this rate will likely increase, so it seems highly possible that soon it will be matching the H-03 rate, and very, very positive.

The next set of pages are the other side of Clearinghouse. So Clearinghouse has two functions. One keep policies from coming into Citizens in the first place, find a home for them in the private market. And the second is to take the policies that are with Citizens and help them exit into the private market where they belong. The same format here, H-03s warrants its own page, and again we are seeing ineligibility rates continue to climb, but these are much smaller percentages. And of course the reason for this is primarily it is not the 115 percent of Citizens premium, it is equal to or less than. The red bar chart shows the number, the percentage of policies that are getting offers from private markets. So those offers are there on the renewal side, but the pricing tends to be more than the Citizens price, and therefore, the policies overwhelmingly tend to stay at Citizens. We have done the same thing on the next page, page 5, dwelling fire, again, smallish numbers but there are -- there is a market. It is just not within that 115 percent, not under the equal to or less than threshold, and H-06s, more good news here. The number of policies which have been rendered ineligible that we have managed to find homes for in the private market, the percentages were five percent in December, six and a half percent through the first quarter of 2016. So again, off to a rolling, rolling start there.

Lastly, pages 6 and 7, we are adding insurers. We added two more insurers in just recently in March, dwelling fire for Cypress Homeowners, for Southern Oak and Monark National and Federated will both add H-06 in the third and fourth quarters respectively. So again, hoping those H-06 rates will continue to build on the successes we see there. The last piece is what we are looking to do in Clearinghouse throughout 2016, which is to continue to drill down to the offers that are attractive, the risks that are coming in, the exact criteria that the carriers want and work with them to show them the risks that are available both trying to gain entrance in the ones that are currently in Citizens and continue to drive up these rates. So we are very pleased with the performance of Clearinghouse especially with, with H-06 off and running. Thank you.

CHAIRMAN NEWELL: All right, any questions for Adam on the Clearinghouse update? All right, no questions. Now we go into depopulation.

6. Depopulation Update

MR. MARMELSTEIN: Thank you very much. Depopulation, the first slide is the year-end review, 2015. It -- it speaks for itself 272,000 policies were assumed which means that 53 percent of the offers made by private carriers to our policyholders were accepted on the assumption date. The next slide compares 2014 to 2015, and what we see here is the number of requests made to the OIR actually was greater in 20 -- in 2015 than it was in 2014, but the number of policies actually selected by carriers was down about 27 percent. The number of policies that were assumed was also down about 35 percent, 416,000 in '14, 272,000 in '15, and this is -- this is no great shock to anyone here who has been following what has happened to PIF. Depopulation is becoming a victim of its own success, may not be the perfect phrasing, but if you will look at slide five, this is it in a nutshell. The red line graph shows the PIF count,

policies in force count, back to January of '14, close to the million policy mark, all the way down to the right-hand corner, bottom right-hand corner, this is December of '15. To say it has fallen off the table I think hits it just about right. We are down as Steve mentioned earlier about half a million policies, not surprisingly, as that has been caused by depopulation. The blue line going from the bottom left-hand corner, this is a cumulative number, up to the top right-hand corner. But clearly when you go from a million policies to under 500,000 policies, there are fewer policies left to take and those policies tend to exhibit characteristics that make them slightly less desirable to the private market. So not surprising that 2015 saw fewer depopulations than 2014. And quite frankly, if you turn the page to page 6 you will see the first three months of 2016, and the rate at which policies continued to leave Citizens, compared year over year has also decreased slightly, and I expect that that will continue throughout the year. The last and final page is just giving an overview of two years and one quarter, and again the pictures show the tale, and we will continue to see in the summer slow months as we have historically. You can look at April, May, June, July, August, not much going on. The last quarter of 2016, we will undoubtedly see more depopulation activity than in the summer months, but I suspect it will be in terms of total numbers smaller than it was in '15 and 2014. Thank you very much. That is the depopulation report, Chairman.

CHAIRMAN NEWELL: All right, thanks, Adam. Any questions from the committee? Any questions from the committee in reference to the depopulation report? Just one question, I feel obligated to ask. But I just want to confirm that there is still a window of -- there is a depopulation date and then there is a window on either side of it where the consumer can opt out, just reconfirm that.

MR. BITAR: Yes, that is correct, as it currently stands the opt-out period is 30 days before the assumption and 30 days after the assumption.

CHAIRMAN NEWELL: Okay, lately there has been a little confusion about that amongst some and so --

MR. BITAR: And I will share, you know, we have entertained with the depop work group, there have been some recommendations that have come out of the depop work group about changing that. So that is something that we are looking at. We are nowhere near finalizing that by any means and we are still working with the OIR, but there is discussion quite frankly. If you go back to the historical reason for the opt out, you will recall that offers are coming in the process today from the companies, not from Citizens, and many times that offer comes from a company that the customer has never heard of. And so a lot of times they do nothing with that letter because they think it is a solicitation or an advertisement. They don't have a relationship with that company, they might have missed the assumption notice that happened, et cetera, and they don't really see it. So the 30-day pre and post was to give consumers the opportunity to weigh in. As we look at House Bill 931 that has moved forward to the Governor, and we look at some of the changes that could happen, there is the potential for the offers quite frankly if

the Governor signs the Bill to be sent from Citizens instead of from these companies with whom the customers don't have a relationship. So we are absolutely looking at that. I think there is a lot of positive things that have happened up to this point, adding the premium estimates to the letters, being able to make sure that customers understand exactly what it is they are signing up for. So we are entertaining all of that, and hopes of potentially maybe moving towards a different opt out structure but that is still being discussed, but we will keep the MAAC committee absolutely posted.

CHAIRMAN NEWELL: All right, any other questions? Greg?

MR. ROKEH: Chairman Newell, Citizens recently launched a new website, and I am curious from -- of the members of the MAAC who have -- are working in it, and your customers are working on it on a regular basis, any comments or feedback as far as how it is working out on a daily basis in using it? It seems from my perspective to be working out pretty well.

MR. BITAR: This is Steve Bitar for the record. If there is no feedback from the committee.

CHAIRMAN NEWELL: I will say something, but go ahead, Steve.

MR. BITAR: By all means, we launched the website, I believe in February and we have gotten very positive feedback. I think if you look at where we were and where we are today just from a functionality perspective we are light years ahead. The old website had no search functionality whatsoever. The new website not only allows you to search for content, you also are able to access our knowledge base which has commonly asked questions and answers. The information on our website is also customizable to the user. You are able to log in. So if you are a customer you can actually establish a user name and password that is linked to Manage My Policy and then you are able to access the website and find customer specific content as well as access your policy information. If you are an agent you log in and you have single sign on. In the old days agents would go to our website and then they would click into each of the appropriate systems and potentially have to log into each of those systems separately. We now have single sign on. So you would go to our website, you sign in as an agent, you are then the home screen becomes your agent community and then agents are able to work directly from that single site. So we have had a lot of great feedback. Minimal call volume quite frankly, to our call center, which was a nice surprise. We were planning for heavier call volume to be able to walk agents through using the website, but it is so intuitive that the feedback has been positive and most agents have been able to navigate it without needing any support from us. We did have some Webinars where we introduced the website to agents and those were attended, and I think they served their purpose quite well, because we have gotten nothing but positive feedback.

CHAIRMAN NEWELL: Well, Greg, on behalf of, you know, certainly the members I represent, it has been very positive. One that my position within FAI, I am on your site every single day. So it has been very good and easy to get in and out of, and like you say, the search feature is really the key to a lot of these websites, because it really narrows down your time of being in there looking and pecking around. And our members so far it has been very positive, so. Any other questions or comments?

MR. RIVERO: I have a question.

CHAIRMAN NEWELL: All right.

MR. RIVERO: Have you notified the clients or customers of this website so they can have knowledge that it can go in there? Any notification directly, not to the -- not to the agencies or to the agents, but directly to the customers explaining to them how to get in there, how to use it, because that, that not only, not only does it serve Citizens, it also serves us. We get so many questions and so much stuff, and if they are able to use the web.

MR. BITAR: Uh-huh.

MR. RIVERO: I am talking about now the customer it makes it a winner for both of us.

MR. BITAR: Absolutely.

MR. RIVERO: And for them, of course, the customers.

MR. BITAR: Absolutely, actually, in our invoices we advertise the website so that customers know that they can make their payments online. It directs them to the website where they can register for Manage My Policy and then get that whole experience. We have not sent out new communications about the new website, but we have also as always advertised the availability of our website, our envelopes with our logo also share www.citizensfla.com, to drive traffic to the website so that consumers will use it, and then we also advertise our invoices as well as our welcome packet that goes out to all new business reminding them that they can go to the website as well. So for us we absolutely want to drive traffic to the website because consumers can serve themselves. That also helps agents. What we find is a lot of agents quite frankly at the point of sale will sign up their customers for Manage My Policy. So it helps customers know from day one through that partnership with the agent that they can serve themselves. So it not only helps the agents but it also helps the customers, and we find it is very effective to do it at the point of sale.

MR. RIVERO: Okay, thank you.

MR. BITAR: You are welcome.

CHAIRMAN NEWELL: All right, Greg, a question?

MR. ROKEH: A quick follow up on that. Have you guys considered doing a push e-mail to your -- to your customers to notify them of the new website and give them an internal link or something to see if you can get them to go?

MR. BITAR: It is a great idea. We actually do capture e-mail addresses. It is optional, of course, in the new business process, but we absolutely can do that. So I will take that back and recommend it to the communications team and they may have plans already underway, but I will make sure to share it with Christine.

New Business

CHAIRMAN NEWELL: Okay, any new business before the committee today?

MR. SQUIRE: Mr. Chairman?

CHAIRMAN NEWELL: Brian.

MR. SQUIRE: Brian Squire. We are moving into the 2016 hurricane season. We have been very fortunate in years past not having anything come through the state of Florida but, you know, but one of the foundations on why this committee was created, you know, was the claims handling process, hurricane preparation. So for the next meeting, I know it is June 21st we will be in hurricane season however. Can we hear some information at the next meeting regarding, you know, the preparedness on Citizens' insurance?

MR. BITAR: We would be happy to do that. So I will take that back and I will work with Jay Adams and Christine Ashburn. We provided an update last year to the Board actually, and I think it would be great to update that and bring it back to MAAC in June to let you know where we stand. But I can tell you, exercises are already underway internally with regards to a mock catastrophe, et cetera, making sure that we are prepared and we will be happy to bring an update to the next meeting.

MR. SQUIRE: Thank you.

CHAIRMAN NEWELL: Okay. Do I hear a motion to adjourn?

MR. ROKEH: So moved.

MR. ZELMAN: Second.

CHAIRMAN NEWELL: All right, we have a motion and a second to adjourn. All those in favor?

(Chorus of ayes.)

CHAIRMAN NEWELL: All right, a great meeting, thank you everybody on the phone as well.

(Whereupon, the meeting was adjourned.)

EMERGENCY