

CITIZENS PROPERTY INSURANCE CORPORATION

MINUTES OF THE CLAIMS COMMITTEE MEETING Thursday, March 12, 2020

The Claims Committee of Citizens Property Insurance Corporation (Citizens) convened telephonically on Thursday, March 12, 2020 at 10:00 a.m. Eastern.

The following members of the Claims Committee were present telephonically:

Jim Holton, Chairman Pro Tem
Blake Capps
Jon Palmquist
Jay Adams, Staff

1. Approval of Prior Meeting's Minutes (December 4, 2019)

Chairman Pro Tem Holton: Will Kastroll was unable to attend today. Chairman Rivard has asked me to be Chair Pro Tem for this meeting. So with a quorum present, I will go ahead and call the meeting to order.

Welcome everyone. Our first order of business is approval of the prior Minutes. Are there any corrections? None being heard, I will accept a motion to approve.

A motion was made by Governor Capps and seconded by Jon Palmquist to approve the December 4, 2019 minutes. All were in favor. Motion carried.

Jay Adams: For today's strategic update I would like to focus on results from 2019 and some associated trends we are seeing in the data. For 2019, we received 22,917 new First Notice of Loss claims with 46 percent of the volume for non-weather water and 23 percent from wind or hurricane as compared to 2018, where we received 29,340 First Notice of Loss claims with 36 percent of the volume from non-weather water and 34 percent from wind. The 2018 data contains many Hurricane Irma and Hurricane Michael First Notice of Loss claims which dilutes the overall non-weather water percentages. The interesting fact here is that prior to the Florida Specialty insolvency in October, Citizens was at its smallest size in total policies in force in its entire history, and at the same time we had 686 more non-weather water claims submitted than when we were a larger organization a year earlier. During 2019 we continued to average 877 new First Notice of Loss claims from non-weather water each month. 2019 continued with mainly Hurricane Irma, but also a few Hurricane Michael new First Notice of Loss claims. The year-to-date after for hurricane claims was 441 per month, with the same trend continuing into early 2020. Many of these claims are reported to Citizens with the insured being represented by a plaintiff attorney or a Public Adjuster. We are seeing similar trends within the litigation arena. For 2019, Citizens received 13,331 new suits with 43 percent of those originating from non-weather water and 43.5 percent originating from hurricane related claims. These percentages are very much in line with 2018 where Citizens was served with 15,505 lawsuits with 42 percent originating from non-weather water and 42 percent originated from hurricane related claims. We anticipate that these trends will continue into 2020.

Another important strategy has been our Managed Repair Program. As you may recall we made a product call on August 1, 2018 that placed a sub limit on non-weather water claims at \$10,000 with a \$3,000 cap on compensable reasonable emergency services. As of August 1, 2019, all policies have renewed with the new product language making all HO-3 and DP-3 policies eligible for our Managed Repair Program. In 2019 there were 7,437 non-weather water claims that were eligible for the Managed Repair Program. Of those eligible, Citizens offered emergency water removal services to 7,309 First Notice of Loss claims that were filed with an acceptance rate of 36.1 percent. As a reminder, the emergency water removal services is offered to the insured as a service under the policy without the application of coverage or a policy deductible which translates into a free service. The other component of the Managed Repair Program is permanent repairs, which has a requirement that it has to be a covered loss as well as the application of a policy deductible. For 2019, the acceptance rate for permanent repairs was 20.4 percent. We anticipate for 2020 that more policyholders will choose to participate in the permanent repairs as all policies are now endorsed with the new sub limit. Citizens continues to leverage the Managed Repair Program as a customer service initiative. We monitor and measure the results of the program monthly and continue to look for improvements to enhance the overall customer experience. We have gathered feedback from our administrator, field re-inspections, and our Voice of the Customer surveys to continue to improve the program.

The last topic I would like to focus on is House Bill 7065 which is the Assignment of Benefit (AOB) reform. The Governor signed the Bill with an effective date of July 1, 2019. In order to be compliant with the Bill, Citizens had to build out processes and reporting to coincide with the effective date of the Bill. From July through December 2019, Citizens received a total of 2,735 AOBs. Forty-one percent of these AOBs were compliant, and 18.6 were non-compliant. 71.1 percent of all the AOBs had some form of representation, such as a plaintiff attorney or a Public Adjuster. The balance of the AOBs were submitted post July 1, 2019 with an effective date prior to July 1, 2019. Of the 2,735 AOBs received over the period, 1,281 were created with an effective date prior to July 1, 2019, where 1,201 were related to Hurricane Irma and 32 were related to Hurricane Michael. The new legislation is having a positive impact on the number of AOBs received by Citizens. We are seeing a decline month over month and expect to see this trend level off during 2020. Through December 2019 year-to-date, Citizens received 41.9 percent of all new lawsuits as AOBs. However, the lawsuits that do contain AOBs are primarily for AOBs with an effective date prior to July 1, 2019, and many of these were related to Hurricane Irma and Hurricane Michael. We expect to see less and less of the AOB lawsuits dated prior to July 1, 2019 during 2020. Chairman Pro Tem Holton, this concludes my presentation. Are there any questions?

Chairman Pro Tem Holton: Thank you, Jay. Any questions for Jay on this update?

Governor Capps: My question has to do with emergency water removal and how that is monitored. Say somebody has a broken pipe in their house and water got in the house, and an emergency water removal company comes and does a quick cleanup under sort of emergency conditions on the weekend with no Citizens prior approval and they submit a bill for \$3,000, which I think is the maximum amount. How do we monitor whether that was a legitimate thing? What if it was just a little bit of water and it took like 10 minutes to clean it up and their bill is still \$3,000, as opposed to maybe one where the house is

completely flooded and they had to spend the entire weekend tearing out carpets and that kind of thing and their charge is also \$3,000? Like how do you monitor that to make sure that the charges are legitimate for it?

Jay Adams: Part of the new legislation requires that the water mitigation vendors submit to Citizens all of their records and cooperate with us. So we would investigate the claim like we would any other. We would review their documentation, and for water mitigation claims that a vendor submits to Citizens, we still send all of those out to a contracted vendor that we have that reviews all of those claims against the IICRC water standards. So we look at their documentation to support the amount that they have charged. If they do not line up, we attempt to negotiate a more reasonable charge to them.

Governor Capps: Okay. There is a good bit of thought put into that and the variations between the amount of work needed to clean up a house under emergency conditions. Well, that sounds good. Thank you.

Jay Adams: Yes, sir. We don't take any of those invoices at face value. We investigate and validate all of those charges before we agree to make any payment.

Governor Capps: Great. Thank you, Jay.

Jay Adams: You are welcome.

Chairman Pro Tem Holton: Any other questions for Jay on the Strategic Update?

Jon Palmquist: I have just one question. Jay, on the IICRC vendors that are reviewing the bills, do they also negotiate the bills with the provider, or do they just provide the feedback to the adjusters who then negotiate?

Jay Adams: They have the ability to do that, but all we contracted for is for them to provide their rate to us and then the adjuster would then negotiate with the vendor.

Jon Palmquist: Okay, thank you.

Jay Adams: You are welcome.

3. Catastrophe Update

Craig Sakraida: I just wanted to provide the Committee a little bit of an update of what we are doing, some of the highlights this year, the bigger lifts that we have in our catastrophe planning which actually starts at the end of the 2019 season. Right as hurricane season ends, we are getting ramped up for the next year and lining up what we want to do and how we can get that accomplished before the start of the next season. This year the big lift is with partnering with Xactware which is the component we have for the Adjusters and the estimating software to develop a new tool for our Field Inspectors that will really automate much of the scoping and estimating process so that they can be more productive, along with integrating that with our Citizens systems. And one of the big things that we do in the catastrophe planning is that all the coordination with the internal and external business partners is to make sure this is accomplished and that is across the enterprise. And then the final communication of the 2020 plan to the internal stakeholders.

If you turn to slide three, really the preparation starts with review and revision of the catastrophe plan with the supporting business unit plans. And there is currently 31 business unit plans that roll up into the master catastrophe plan. So we have an overall enterprise-wide plan, and then each business unit forms their own plan to support the catastrophe response and those are reviewed and revised annually. The plans are due March 31 of this year for the business units. And then the master catastrophe plan with everything put together is due on June 15, 2020 to be communicated to leadership. We also coordinate the enhancement with technology releases to make sure that we are on the same page so we don't have any delays during storm season, and reporting and communication of the results to leadership and internal stakeholders.

On the next slide is our catastrophe testing. Each year we evaluate what needs to be tested and how to test it so that we can ensure that we have a thorough response to provide excellent customer service and meet the needs of our customers. This is a list of the big tests: our First Notice of Loss Call Center stress test, our Catastrophe Response Center deployment exercise, those are the vehicles that go out and service the policyholders for AOB requests and First Notice of Loss in the hard hit areas. We have a Claims Service Vehicle that will assist as an Adjuster hub. Every year we do system load and stress testing to ensure that our systems can handle the additional claim volume and users. And then we always test our Adjuster on boarding process to make sure that we have got all the right things in place to bring on a very large amount of Independent Adjusters in a short time period. And then the last one is our Agility Office Solutions which is really part of a contract to our business continuity program. So if we need to have a mobile office or a brick and mortar office in a hard hit area, we have the ability to set that up. If we had a large catastrophe in Tampa or if we had a large catastrophe in South Florida, we would utilize this.

If you go on to slide five, each year we really strive to make sure that we are efficient in technology and in process. As times change so do our needs of the customers as well as what we can provide and how quickly we can provide it. Each department at Citizens is truly involved in the catastrophe response plan. It may be our responsibility here in Claims to make sure that it is carried out, but every business unit supports the response because as we saw during Irma and Michael, it takes the entire company to respond. So that is how we built the plan, and structured it and we review and revise it every year.

And then the last slide, slide six, we are ready. We have a lot of different methods that we can communicate with our policyholders to make sure that they are informed, and we can take their claim through just about any scenario and situation position. Chairman and committee members, that is the end of my presentation. I will gladly take any questions or comments.

Chairman Pro Tem Holton: Thanks for that presentation. Questions for Craig?

Jon Palmquist: Craig, at the last meeting we spent a lot of time discussing and finally approving a contract with EagleView. Given the problems that we had with Geomni, can you provide an update on where we are with the implementation of EagleView and the integration with Xact in preparation for this season?

Barry Gilway: We successfully renewed the EagleView contract and we included in that contract the same indemnity provisions, liability provisions and damage provisions that were agreed to in the original contract. EagleView continues to take the position that the use of this technology was different than the Geomni technology. We got together as a team, talked directly with the CEO of Verisk who is the holding company and they agreed to renew the contract as is. So successful renewal and we will have those services available in the cat season. Any other comments, Craig?

Craig Sakraida: From the Adjusters standpoint, it is seamless to them. We have made that way in the system. It comes from a different vendor, but for the Adjusters it looks the same as it did under the prior contract. So there is really little to no impact on their end.

Dan Sumner: Barry, I believe the renewal contract was Xactware that we renewed, isn't it?

Barry Gilway: Yes, for clarification, I was referring to the technology overall, but it was the Xactware contract. Within that Xactware contract we had access to the Geomni type product.

Jay Adams: I would like to add in one other thing to see if I can answer Mr. Palmquist's question. So the EagleView aerial imagery is integrated with Xactware. And by our renewing the contract with Xactware and having a contract in place with EagleView, we have all that aerial imagery technology in place for this catastrophe season.

Jon Palmquist: Excellent. Thank you all for that. That was my concern.

Chairman Pro Tem Holton: Thank you. Any other questions for Craig on this item?

Governor Capps: I was wondering about this sort of historical perspective on catastrophe planning as it relates to Citizens over the years. This is quite impressive to think that this much thought is put behind being prepared for catastrophes. Just curious, maybe Barry or you would have some perspective on how Citizens used to deal with things like this, maybe prior to 2004 or 2005, Hurricane Andrew, those kinds of eras, where it just seems like the state of Florida as a whole and Citizens as a whole is just so much more prepared now than they probably used to be. And it seems like as a state we do such a better job at hurricane recovery than we did back in the old days. I am curious to hear a little bit about that.

Jay Adams: When I arrived at Citizens back in 2009, we had a very, very scaled down plan, and at the time we did not really have a lot of support software in place that really helped support catastrophe activity. Since then from an enterprise perspective we have a Vendor Management Office. They have helped us to put in place appropriate contracts to secure technology, resources and other things like drones, aerial imagery, things that were not even online back in the early days. Every year we continue to do catastrophe planning. We really do this year round. We have continued to build on that platform for a catastrophe plan. We have integrated all business units within the organization so that everybody is responsible when we respond as an organization. We also have leveraged as much technology to not be as reliant on resources as we have in the past, and every time we have any type of event, we always stop and have a debrief and we ask the questions of

what went well that we can enhance for future storms and what might not go well where we can build on those opportunities so that we don't have those shortfalls in the future. And I think all of that year over year it has really put Citizens as a market leader in catastrophe response. And you can go back and look at Michael and Irma. Craig and his organization in the catastrophe department just performed flawlessly.

Governor Capps: That is very good, thank you.

Jay Adams: You are welcome.

4. Litigated Claims Update

Lisa Walker: I will focus first on an overview of 2019 for litigation. In 2019, Citizens was served with 9,559 new lawsuit averaging 797 new lawsuits per month, and this reflects a 27 percent decrease in the number of new incoming suits per month as compared to 2018, when we averaged 1,094 new lawsuits per month. As is typical, the bulk of our new incoming lawsuits, 98 percent are First Party Residential Property claims and we received less than two percent new lawsuits in the First Party Commercial Property and less than one percent in Third Party Liability lawsuits.

As of December 31, 2019, our pending volume totaled 12,877 lawsuits, and those reflect a 14 percent decrease in pending compared to 2018 year-end when we had 14,896 pending matters. And the reason for that is primarily because much of our Irma cat litigation has been resolving during the 2019 year. The numbers as far as distribution is very similar, 97 percent are First Party Residential Property and two percent overall Commercial Property, and one percent Liability litigation. Ninety percent of our incoming residential lawsuits were from the Tri-county area and with 62 percent being from Miami-Dade, and that has remained constant and doesn't change much year over year since 2014. The insured or the plaintiff in these lawsuits is represented at First Notice of Loss in 55 percent of the incoming Residential Property lawsuits and that has decreased slightly since 2018, when 62 percent were represented at First Notice of Loss. We are still seeing more of the representation at 32 percent by a Public Adjuster and 22 percent by an attorney. Very few have both an attorney and a Public Adjuster at First Notice of Loss at only one percent. Of the 57 percent of the incoming Residential Property losses the insured did not dispute our position or adjustment of the claim prior to lawsuit 57 percent of the time which is pretty stable. It usually ranges between 55 to 60 percent where the lawsuit is our first notice of any type of dispute. And a review of the timing of our incoming lawsuit reveals that 38 percent of the lawsuits were brought within six months of the First Notice of Loss, and this is consistent compared with 2018 as we return to pre-Irma levels. Right now we are at about a year notice for our First Party Property Non Cat losses which brings us to our pre-Irma levels, but anytime we are in a cat those lawsuits tend to come in sooner than a regular lawsuit. In summary of our 2019 numbers, our leading cause of new losses continue to be cat losses at 48 percent of the incoming lawsuits. That is a decrease from 58 percent in 2018, when 30 percent of the cat lawsuits were brought by the insured and 19 were brought by the AOB vendors. AOB litigation represented in 2019, 42 percent of new incoming Residential Property lawsuits as compared to 29 percent in 2018, and 37 percent in 2017. This increase in AOB litigation we experienced in 2019 is a result of returning to pre-Irma levels, and as we move further away from the cat event, we expect them to decrease. Water loss litigation represented 24 percent of new incoming lawsuits which is a slight increase of over the 20 percent in 2018.

For Commercial Property losses, 73 percent of new incoming lawsuits were filed by the insured on cat related losses and Commercial AOB represented 24 percent of incoming lawsuits, and they were also mostly related to the cat losses. Cat losses remained the leading cause of loss in Residential Property pending volume, representing 43 percent of the pending for Residential Property lawsuits and the overall percentage of pending AOB suits increased as compared to 2018, and represented 34 percent of the pending residential property lawsuits. Pending water losses remain consistent compared to 2018 at 27 percent. Cat losses also represented the leading cause of loss of Commercial Property pending at 92 percent with 78 percent of the lawsuits filed by the insured and 16 percent filed by the AOB vendors.

Now moving on to 2020, we have numbers through January 31. And as of January 31, 2020, Citizens has been served with 658 lawsuits and this reflects a 21 percent decrease in average monthly total compared to January 2019, when we received 830 new lawsuits. And we do attribute that to a lower number of Irma cat litigation coming in. As of January 31, 2020, pending volume totaled 12,681 lawsuits, and this reflects a 12 percent decrease in pending as compared to January 2019, when we had 14,459 at the same period. And the distribution continues to remain the same with well over 90 percent First Party Residential Property, two percent at Commercial and one percent Liability. Eighty-eight percent of the incoming Residential Property lawsuits did arise out of the Tri-county area, and this has again been very consistent since 2014, the bulk of it being in Miami-Dade, 62 percent. The plaintiff was represented in 2020 at First Notice of Loss 57 percent of the time with the Public Adjuster still being the primary representation at 33 percent and attorney at 24 percent, and both being represented by both a PA and attorney at less than one percent. And 51 percent of the incoming residential property lawsuits the insured did not dispute Citizens' position through the filing, again pretty consistent overall for the past several years.

The review of the timing reveals that 69 percent of the lawsuits in January 2020 were brought within one year of the First Notice of Loss and this is consistent with pre-Irma litigation levels. We are on the same trend there. For water loss, AOB, and cat, the cat loss is the leading cause of loss for both new and pending lawsuits as of January 31, 2020, and cat lawsuits represent 48 percent of all new incoming lawsuits, 43 percent of all pending lawsuits in January of 2020. AOB losses arising out of all causes of loss represent 29 percent of new incoming lawsuits, and that is a 31 percent decrease in distribution based on the lawsuits as compared to January 2019. The raw number of AOB suits received in January 2020 is 44 percent less than the number received this time last year. Pending AOB lawsuits now represent 34 percent of total pending which is a 17 percent increase as compared to January 2019, and we believe many of those are trailing from pre legislation. Non-weather water losses represent 33 percent of new incoming lawsuits which is a 13 percent increase in distribution of incoming lawsuits as compared to January 2019, and the raw number of non-weather water suits received in January 2020 is 33 percent higher than the number received in January 2020, and we believe that that is non-weather water is returning to pre-Irma levels. In conclusion, while lawsuits arise out of Hurricane Irma and continue to represent the leading cause of loss in new incoming as well as pending lawsuits, the volume is declining as we move further away from the Irma event. However, we do anticipate a future increase in Irma lawsuits as we approach the Statute of Limitations cutoff date both statutory and perceived. As we compare the receipt

of new incoming AOB lawsuits to early 2019, we believe we are starting to experience a decline in litigation attributable to the statutory changes. Non-weather water lawsuits continue to rise as expected in the absence of other intervening cat losses. The timing of lawsuits is now normalized to pre-cat pace with the majority of lawsuits brought more than six months after the claim was first reported to Citizens. The majority of lawsuits continue to involve insureds that were represented at the time the loss was first reported and filed in the absence of the insured disputing Citizens' position at the time of the adjustment of the claim, and this trend has remained consistent. Also in your paperwork there is a summary of our recoveries, and just for a high level, our 2019 gross recoveries were \$3,621,253.29, and so far in 2020 through January 31, our gross recoveries have been \$83,429.70. That concludes my presentation. Are there any questions?

Chairman Pro Tem Holton: Thank you, Lisa. Questions for Lisa?

Jon Palmquist: Lisa, thank you for the presentation, very well done. There is a lot of lawsuits arising from the cats. Do you do any analysis or track the reason for a lawsuit out of a catastrophe or for any other lawsuit? Why did they sue? Such as wind versus water, scope, et cetera, and then what part of that would be available for improving what we do?

Lisa Walker: Thank you, Mr. Palmquist. Yes, we do track those. I don't have those numbers right in front of me, but we can get them for you. We do track the cause of loss would be of course the cat Irma, and then there is a secondary cause of loss which goes into more detail of exactly what they are claiming. So if you would like us to get you some information on that, we can.

Jon Palmquist: I don't want to spend a lot of time or detail, but a lawsuit means there is a disagreement as to something and they had to resort to a lawsuit. And so I would think with that many lawsuits there would be an opportunity to try to explore why is it happening, what is the cause for the litigation because it is expensive in time and management and so forth.

Jay Adams: I can tell you that we do intervene in these claims wherever we can. We were forecasting we would receive somewhere between 20,000 to 21,000 total lawsuits associated to Irma and we made that forecast back in 2017, about 30 days post Irma. I will tell you that we ended up with a little less than 13,000 Irma lawsuits. The reason for that is before the claim goes into litigation, when we are aware there is a dispute, we do everything we can to try to resolve that dispute. And we sent somewhere in the neighborhood of about 10,000 claims through the appraisal process. Many of these claims that go to litigation we do not know that there is a dispute until their attorney files.

Jon Palmquist: Do you notice a difference in frequency between Irma and Michael then?

Jay Adams: Absolutely. I think the geography has something to do with it. We had a much smaller footprint in Michael for our policies in force for our claims volume. We have had relatively few claims compared to Irma go into lawsuits from Hurricane Michael.

Jon Palmquist: Okay, thank you.

Jay Adams: Thank you.

5. Vendor Update

Greg Rowe: The first item it's an Action Item for Court Reporting Services. And just a background for the court reporting program, that is currently utilized by our litigation staff, Lisa and her team who manage our pending claims over in the litigation arena. These services enable partnership with various court reporting services to offer subservices as stenography, transcription services, videographer and other court reporter services that arise out of our volume of claim related lawsuits. Our current contract which has eight total vendors began on March 31, 2015, and is set to expire March 30, 2020, in just a couple of weeks. To continue without disruption in this space, we had an RFP in November 2019 which resulted in 19 proposals from various court reporting firms. After the proposals were scored by an evaluation committee, they recommended awarding contracts to all 19 of the vendors. A listing of those vendors is in your packet under Exhibit A which you can certainly look at those vendors. The estimated cost for this particular contract over the course of six years if we utilize all of the renewal options, would be \$18,500,000. This is a continuation of services that we have had dating back to 2015, and this Action Item moving forward is to continue so that we don't a disruption in that space. Mr. Chairman Pro Tem, are there any questions from anyone before I move to the recommendation?

Chairman Pro Tem Holton: Questions?

Governor Capps: Yes, I am looking here at the Action Item at the contract term where it talks about renewals, what is the purpose of having renewals? Is it to lock in prices? I am just curious about the general purposes for having renewals. We see this a lot in a lot of the Action Items.

Greg Rowe: Yes, absolutely. So that is a portion of it to lock in terms. It's also to utilize vendors if they're continuing to do a good job in that space, allowing them to go ahead at the forefront of any contract, they are under contract with us throughout the duration of these contract terms. It is upon us if we would like to renew those individual vendors. So again, if they are performing well, if we still need those resources, if the market hasn't changed substantially, then at our discretion we can exercise those renewal options. If anything changes in that space, whether it is something that changed in the next six years from a cost perspective, from an industry or market or from a strategy perspective, we absolutely do not have to exercise those renewals. It really gives us more options and more time to effectively manage these vendors.

Governor Capps: Very good, thank you.

Greg Rowe: You are very welcome.

Chairman Pro Tem Holton: Any other questions before the recommendation is read? Okay, proceed, please.

Greg Rowe: Thank you, Mr. Chairman Pro Tem. So at this time the staff recommends that Citizens' Claims Committee approve and recommend to the Board to approve the recommended award and resulting contract including renewal periods for RFP 19-0020 for Court Reporter Services to the list of attached vendors under Exhibit A. Secondly, to authorize staff to take any appropriate or necessary actions consistent with this Action

Item. And thirdly, approve this Action Item not to exceed the estimated cost of \$18,500,000.

A motion was made by Governor Capps and seconded by Jon Palmquist to approve and recommend Board approval of the Court Reporting Services Action Item, RFP 19-0020. All were in favor. Motion carried.

Greg Rowe: The next Consent item is under our Appraisal Services contract. And if you recall on the Claims Committee and Board in December, we remitted contracts for five of our Independent Adjusting programs to implement flat fees for time spent preparing and attending civil proceedings as a fact witness in Citizens' matters. This is where we might have an Independent Adjuster currently or someone who previously served as an Independent Adjuster to be a fact witness at some point down the road. So in review of this Appraisal Services contract, we found that vendors under this contract might also be called as fact witnesses. So we wanted to adopt the same guidelines for this particular contract as we did for the five in December just so we are on the same page and had an alignment to cross those contracts as we might utilize those vendors in that space. So again, this includes a flat fee of \$525 for any time spent preparing for a testimony, as well as an additional \$525 flat fee for time spent traveling to and from or in the actual proceeding itself. So again, those two flat fees would be a part of this particular contract. So again, this amendment doesn't require an increase to the previously approved funds under the Appraisal Services contract and we believe again that that would encompass all of the contracts that we might need for any of our resources, current or past, to serve in a civil proceeding as a fact witness. So that is the intent for this Consent Item, Mr. Chairman Pro Tem. Are there any questions from you or other committee members before I move to the recommendation?

Chairman Pro Tem Holton: Any questions, members? Please proceed to the recommendation then.

Greg Rowe: Thank you, Mr. Chairman Pro Tem. At this time the staff recommends that Citizens' Claims Committee approve and recommend the Board to approve contract amendments to the listed Appraisal Services Contract to add a flat fee of \$525 for time spent preparing for attendance at a civil proceeding for Appraisal Services, RFP 15-0022. Secondly, to approve contract amendments to the above listed Appraisal Services Contract at a flat fee of \$525 per day to be paid for time spent traveling to and from and testifying at a civil proceeding. And finally, to authorize staff to take any appropriate or necessary actions consistent with this Consent Item.

A motion was made by Governor Capps and seconded by Jon Palmquist to approve and recommend Board approval of the Appraisal Services Consent Item, RFP 15-0022. All were in favor. Motion carried.

Jay Adams: We had brought before the Board the idea of trying to conduct Operational Assessment Services for our litigated claims in our case management systems. We also have Governor Dunbar as the Board oversight person for this. It was our intent to bring to this Claims Committee today a recommendation as an Action Item to move forward with a contract. We were in the negotiation process and determined that we really wanted to extend it another week or two to make sure that we were getting the best that we could

out of the vendor that will ultimately be selected. What I would request for the Claims Committee today, and I have discussed this with Governor Dunbar as well, is if we are able to get this contract, the tentative date is March 16. If we are able to move this forward I would like permission to be able to bring this before the full Board at the March Board meeting.

Chairman Pro Tem Holton: Okay, any questions for Jay regarding this request?

Jon Palmquist: I am sorry. Jay, could you provide a little bit more detail on what this Operational Assessment is and what it will do?

Jay Adams: Sure. What we are looking to do is bring in a consultant that could look at our litigation area along with our legal billing. And really what we want to do is make sure that we are operating at the highest levels possible in all of those individual areas. We have a few core areas that we have asked them to focus in on to provide any recommendations, such as our Matter Management and Legal Billing System. We have asked them to look at our vendor reporting. We want to know are we charging adequate or allowing charges for defense counsel at adequate or market rate. How do we stack up against the other carriers in Florida when it comes to how we administrate our program? Those are the kind of things that we are looking to assess to make sure that we are on the right track for everything to do with litigation.

Jon Palmquist: Okay, thank you.

Jay Adams: Sure.

Dan Sumner: I think it would be appropriate to do a motion here.

Chairman Pro Tem Holton: Okay. Jay can you state a recommended motion?

Jay Adams: I am sorry, it was breaking up on my end. Could you repeat that?

Chairman Pro Tem Holton: Counsel had recommended that the Committee put it in the form of a motion your request to bring this before the full Board. So can you just please state a motion that we can bring up for consideration?

Jay Adams: Okay, I will do that. For Operational Assessment Services (Litigated Claims Case Management), staff would recommend that the Claims Committee approve us to move this to the full Board for discussion and award of contract if we get to that point for the March Board meeting.

Chairman Pro Tem Holton: Okay, very concisely stated. Thank you. Members, is there a motion to approve staffs recommendation?

A motion was made by Governor Capps and seconded Jon Palmquist to bring the Operational Assessment Services Action Item to the March 25, 2020 Board of Governors meeting for discussion and possible award. All were in favor. Motion carried.

7. Addendums

Chairman Pro Tem Holton: The next item then are the addendums, and this is just included for information purposes. Are there any comments or questions regarding the addendums in the packet?

Okay, none being heard.

8. New Business

Chairman Pro Tem Holton: The final item is new business. Is there any new business to come before the committee? All right, none being heard, I will accept a motion to adjourn.

A motion was made by Governor Capps to adjourn. All were in favor. Motion carried.

[Meeting adjourned]