

CITIZENS PROPERTY INSURANCE CORPORATION

MINUTES OF THE CONSUMER SERVICES COMMITTEE MEETING

Thursday, December 5, 2019

The Consumer Services Committee of Citizens Property Insurance Corporation (Citizens) convened telephonically on Thursday, December 5, 2019 at 10:00 a.m. Eastern.

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

Bette Brown, Chair	Greg Rokeh
Blake Capps	Phil Zelman
Barry Gilway	Christine Ashburn
Reynolds Henderson	Steve Bitar
Tasha Carter	Barbara Walker

1. Approval of Prior Meeting's Minutes (December 6, 2018)

A motion was made by Chair Brown and seconded by Blake Capps to approve the December 6, 2018 minutes. All were in favor. Motion carried.

2. Customer Experience Update

Chairman Brown: Thank you, let's call the meeting to order. We have in our packet amended Minutes that came out yesterday. Does anyone have any questions or corrections or additions to those amended Minutes? If none, I will ask for a motion to approve.

Governor Henderson: So moved. This is Reynolds Henderson.

Chairman Brown: And a second of course?

Governor Capps: Second, this is Blake Capps.

Chairman Brown: No objections, then that is motion passes. Is Jeremy Pope on the line because he is going to talk to us about the customer experience?

Mr. Pope: Yes, I am, and thank you, Chairwoman Brown, and good morning to you and fellow committee members.

For the record, my name is Jeremy Pope, I am Senior Director of Consumer and Policy Services. And today I would like to provide an update on year-to-date results with the Voice of the Customer Program

as well as a brief update on some of our continued policyholder engagement and outreach engagement efforts related to Hurricane Michael.

Our policyholder engagement and outreach efforts are led by a cross functional partnership between Christine Ashburn, Steve Bitar and Jay Adams' teams. So committee members, I will start my update today on slide three, the Voice of Customer update materials, and I will provide some brief background on our Voice of Customer Program just for awareness purposes.

As this committee is aware, Citizens Strategic Plan charges us to provide a focus on operating a streamline, scalable and customer focused organization. And one of the ways that we measure the customer experience here at Citizens is through our Voice of Customer Program. In essence this program captures our customer satisfaction results from surveys we conduct with our policyholders directly.

We kicked off exploratory efforts with our Voice of Customer Program as far back as late 2014. And since the inception of our program, we remain focused on service channels which demonstrates the highest volume of traffic in customer touch points.

Those two service channels we have identified are the Customer Care Center, that's our Call Center and the overall claims experience for our policyholders.

On slide three, what this slide shows is it captures the high level process of our survey efforts. So when a policyholder calls into our Customer Care Center and once their need is met or questions are answered as appropriate, they are then offered the opportunity to participate in our survey.

For the claims experience, once a policyholder files a claim, an outgoing call is placed once the claim is completely closed and the indemnity payment is made. In addition, if a policyholder participates in our Managed Repair Program, we also capture feedback on their experience once repairs are fully complete.

In both case with these surveys, whether it be the customer care or the claims experience, an independent internal team administers the surveys with our policyholders and that really just helps preserve overall credibility with the results. In addition, while the customer participates in the claim surveys are designed differently, we do consistently measure a portion of each survey which captures the customer's overall satisfaction with Citizens. And committee, this really helps us capture the global perception of Citizens from a policyholder perspective.

If you will turn with me to slide four, this slide really illustrates our year-to-date program results so far through the end of October. And for our customer care surveys, so far we have conducted over 13,000 surveys, and that is with a response rate of around 16.9 percent. And it is slightly above the industry after of 12 to 15 percent with inbound voluntary phone surveys from what we found. And so far our overall customer satisfaction results landed at a 93 percent. So that is above our targeted goal of 92 percent.

For our claims survey results we have conducted over 2,400 surveys with an impressive

28.3 percent response rate. Now, these are outbound phone surveys, and at times the policyholders are actually calling us back to participate in the survey. That is why we think it is so impressive. I am always amazed when policyholders take the time to call us back to complete the survey, and we are thankful, but we capture that feedback as appropriate.

I also make note on the very bottom of that chart, the Managed Repair Program survey. We are continuing to monitor participation with the program to eventually establish a baseline goal, but we are going to do that once we feel comfortable with the data points. We partner with our claims leadership team as well as our third-party administrator on these results for continuous improvement opportunities on a routine basis.

On slide five, you will find year-to-date results through October, which highlights overall policyholder satisfaction with Citizens as a whole. And again, this is the subset of each survey I mentioned previously where we measure consistently between the customer care and claim surveys. These questions are identical and capture our policyholders' overall satisfaction with Citizens. So again, beyond their emergent need while calling in for service or through their claims journey, so far we are trending in at 85.2 percent which is pretty consistent over the past two years.

Between 2017 and 2019, we are not showing any significant variance with these results, but to help put things in perspective, back in 2015, we had a 79.9 percent overall satisfaction with Citizens using the same survey mechanism. Quite frankly, this is something we are extremely proud of as an organization and we feel attribute to the count that we have across the company, our culture, and also I would be remiss if I didn't mention our unwavering support from our Board of Governors and committee groups.

On slide six, I won't go into the specific and significant detail, but I wanted to bring awareness to this committee that while we are capturing various data points through our surveys, we also make great efforts to solicit customer verbatims, and that really just helps us interpret our results even greater.

You will notice we categorized them into eight color coded buckets, and these buckets are categorized based on the volume of feedback, specific to the identified areas focused. So you will see some of the largest amount of feedback that we received have to do with the policyholder agents of record. So we categorize that as appropriate.

You might be asking, how are these results used, what are we doing with these results. And we have to do something with them, because if not, quite frankly, it is a wasted effort of internal resources and also even our policyholders' time to complete these surveys.

So in addition to reporting, results are routed and shared throughout various areas of the organization where it is appropriate. We also have customized reports for our Agent Management Group or under Carl Rockman leadership group, interpret results, and they use this to really zone in on their agency outreach efforts. Our claims team uses these results as part of their managerial oversight with our various adjusting firms as well as internal processes. In addition they work directly with, and I previously mentioned a third-party administrator, but they work with them to really identify any contractors which may not be meeting our service level expectations.

There are also various enterprise projects and operational improvements we consider based on policyholder feedback. So we always try to take that into account with those efforts.

On slide seven, I will wrap up the Voice of Customer update and share a critical function of our established program we show has a great impact, and that is our service recovery efforts. This morning I shared the process and how we administer our surveys and collect data, and as we administer these surveys, we also have built in triggers which automatically identify an unfavorable customer experience.

And rather than wait until a month end in reporting to determine if we can resolve any policyholder issues, we built in service recovery components or a process I should say, which allows a dedicated and empowered team to look at the issues as quickly as possible so we can potentially rectify a situation, or in many cases we are better educating a policyholder and agent.

Through the end of October we have had about 3,000 automatic triggers alerted, but 21 percent of those were deemed as valid opportunities for us to jump in and assist the policyholder on, and that again is to help change sometimes an unfavorable perception as appropriate.

We took action for close to 16 percent of those and validated the service to recovery alerts with a cycle time of approximately two and-a-half days. This right here, I have got to tell you, we receive a lot of feedback when we do this. Customers don't expect this. They complete a survey and they get a response back where we are trying to fix an issue because it is some of the feedback that may still be going on in their particular situation. And they are wowed, and also the staff that is empowered to help with these situations, they have a lot of pride with us, because for them a lot of times they're able to turn a really negative situation into a positive one.

They are preserving the relationship a lot of times with the agent of record and also the policyholder, but also trying to preserve our brand in the marketplace as well. So again, this component to us is critical and it is something that we are proud of because we are taking action on some of these results, and in many cases us wowing the policyholder with a follow up that we are conducting.

I won't go over it in-depth, but slide eight and slide nine are really just some customer verbatims that we have and some situations just for examples that come through the service recovery process, and again, we jump in when we can and a lot of times the agent community is receptive to this as well, because a lot of times again we are trying to preserve that relationship and sometimes it is to better educate one or both parties and we really just try to fix everything and make sure that everybody is on the same page. So again, we have received a lot of feedback from our agent community on the service recovery program as well.

Chairwoman Brown, this concludes my update on where we are year-to-date with the voice of customer program. And I would like to pause here before I go to the last slide on slide 10 to see if there are any questions from the committee members.

Chairman Brown: Good time. Any questions? I have one, but if anyone has a question, let's do it now. Any questions of Jeremy?

Governor Henderson: This is Reynolds. I have a question. So great the way you guys addressed it and it looks like everything was good afterwards. But is this kind of normal on a survey to have so high dissatisfaction and very dissatisfied? From a normal, like first response looking at this last slide?

Mr. Pope: And which slide were you referring to, I apologize?

Governor Henderson: This number seven, number seven.

Mr. Pope: So number seven, the slide seven.

Governor Henderson: Page number 7, service recovery.

Mr. Pope: So yes, what this is really showing us is, again, I will go back to that. We have automated triggers that are potential service recovery opportunities. We had over 3,000. They're not always accurate. So again, it is something that they can produce a report to us to say, hey, look into this deeper because we might have an immediate issue based on the questions.

A lot of times we find that, no, that is not -- that is not a service recovery issue. So of the 3,000, there were 21 percent of those that were truly, in fact, opportunities for us to jump in and rectify a situation or reeducate an agent or a customer. So of that 21 percent we were able to identify, we were able to take action on 15.5 percent of those. The variance between the 21 and the almost 16 percent, sometimes if we don't have a policyholder that calls us back, that is really the discrepancy for the most part.

But that 3,000 is maybe misleading, because that doesn't mean that there is truly an opportunity. That is just internal trigger that we have to help us sift through the data as appropriate.

Mr. Bitar: This is Steve Bitar, if I may just supplement that slightly. Remember, we are conducting surveys with customers and we are asking them if in certain categories they are dissatisfied or very dissatisfied. And again, keep in mind a customer's policy may be in cancellation status, their payment may not have been applied yet.

So there are a lot of emotional triggers tied to some of these responses. And so what we do in those situations, even when a cancellation is valid, we will take the opportunity to deal with that dissatisfaction if a customer is expressing by calling them, explaining to them why their policy is in cancellation status, what they can do to resolve it in a timely manner that we would need in order to rescind that cancellation.

So it is I think appropriate especially with an insurance company that you are going to have some customers that are dissatisfied or very dissatisfied just because of the mere condition of their policy or what might be occurring with it, and we take those opportunities to educate and at least try to raise that awareness and get them out of that dissatisfied and very dissatisfied category, that they understand why what is happening is happening and to help them through that process. I hope that adds a little bit more flavor there.

Governor Henderson: Yes. This is my first time on this committee to really see this stuff. So I am just trying to get a feel for is this kind of a normal average thing, or is this like something that needs to be -- It was addressed, but is it something that needs to be worked on? That is where I am coming from.

Mr. Pope: No, and that is totally fair. I can tell you that the number of triggers that we have are pretty consistent over the past couple of years, but I do think, we didn't always have the service recovery efforts as part of this program.

So again, when I go back and I refer to the overall satisfaction with 2015 it was at 79.9 and where we are at with the percentage increase today, year-to-date and we really sustained since 2017. We really feel that service recovery has helped with that as well, because again, we are jumping in, we are able to fix those issues. So great question.

Governor Henderson: Okay, thank you.

Chairman Brown: Just as a point of order. President Barry Gilway and Christine Ashburn are both on the phone. They were on mute when you did roll call earlier. So just Barbara, I just want everyone to know that they're both on the phone.

Are there any other questions?

Mr. Zelman: Phil Zelman is also on the call.

Chairman Brown: Thank you.

Mr. Zelman: I missed the roll call.

Chairman Brown: Glad to hear you. Any other questions? I had a comment if I could jump in. On slide eight you give an example of the Voice of the Customer. What happened with the customer who didn't have an inspection for a roof. And the funny thing is, just yesterday I had that issue come up with a very good customer of mine who is a very good customer of ours, with a similar issue and he had been canceled.

And I sent an e-mail to Barry and Steve and by yesterday afternoon they found what the issue was and fixed it, and I don't think it was even eight hours. So you know, I think that is pretty unusual that you have service like that from a company and I hope we don't take it for granted, because I really don't think there are a lot of companies of our size of any size that are that responsive. So it is really pleasing to see us caring that much. It is pretty much unusual and it is really wonderful. So just my little side comments.

Any other comments for Jeremy? Do you want to go on to your next slide then, Jeremy?

Governor Capps: Mr. Chairwoman, this is Blake Capps.

Chairman Brown: Hi Blake.

Governor Capps: And congratulations on your new Chairmanship, that is great.

Chairman Brown: I am so honored, thank you.

Governor Capps: You will do a great job. I had a comment about page number five, the 85.2 percent overall satisfaction. And I think I heard you say that in 2015, that number was in the high 70s and now it is at 85.

Mr. Pope: Correct.

Governor Capps: So it is going up and that is commendable particularly in light of the hurricane activities that we have had since 2015. I would think it would be almost natural for that satisfaction rate to go down a little bit rather than up a little bit at a time of chaos in the state of Florida with all of the claims going on, but it actually went up, and I think that is a commendable thing to note.

Mr. Pope: Yes, Governor Capps, thank you for that comment. We agree and I think that would go back to, you know, these efforts, the outreach efforts that we constantly are giving to the policyholders, it is part of our culture. And I know in prior committee meetings we have Christine and Jay and Steve have all provided multiple updates on our efforts. I know Chairwoman Brown, you have provided some

feedback and observations as well when we are faced with those catastrophes, with our response efforts. And not just boots on the ground, but we are proactively contacting our policyholders in areas that we may potentially feel are going to have impact and then once those efforts, once those impacts are validated, we are reaching out again seeing what we can do for them. Helping them file a claim proactively, not waiting for the policyholders to approach us.

So thank you for those comments, they are noted and we absolutely agree with you that that is attributed to our increased satisfaction with Citizens as a whole.

Governor Capps: Great. And I had one other question about page 6, the verbatim feedback. So these are like responses from individuals that are kind of verbatim. And I was curious about how you quantify and record such, you know, varied types of comments from customers. How is that tracked?

Mr. Pope: Yes, that is a great question. And one of the reasons that we really wanted to build in the verbatim component, because numbers, with any consumer survey out there, numbers can only tell you so much. So again, the verbatims help us dig and validate a number of things.

What we think those results are, what we think some of our baseline targets may be. So for us we had a total of 191,000 questions that we have answered, you know, if we added all those up for this year so far. We have collected close to 15,000 verbatims.

So we have some text where we pull key words and we can help categorize those into buckets. And then as we are able to do that then we are able to go through, again, looking at key words where we have the alert component that kicks in as well that helps us act upon anything that we may need to.

Then we go back and we have a group that, you know, it is our reporting group that helps to analyze those results as well, that puts them together in a concise manner, so we are able to take action. So it is not just a manual process, if you will.

Some verbatims, I will be honest with you, we are not able to do anything with or they're not complete enough, but a lot of times they are. And it is not just looking for areas of opportunities, but there are times where we receive verbatims on a specific individual or even a firm that we outsource work to, and we share that feedback as well because we think that is just as critical.

So there is a formal analysis component when we bring all these data points, captures and puts them into a concise report and then they are use the as appropriate, if you will.

Governor Capps: Great, thank you, that is all I have.

Chairman Brown: Thank you. Any other comments?

Mr. Rokeh: Yes, this is Greg Rokeh, I have got one quick question. When we are talking, when we are looking at the claim service recovery say results, I am curious, when a claim has come in with representation and been closed out eventually, are those insureds included in the survey requests, or because they are represented, are they not included in the surveys?

Mr. Pope: Greg, that is a great question. So any claims that are in any type of litigation or represented, we do not include those as far as the survey process. So we because many of those cases can be open for sometime.

So what we are trying to capture is once the claim experience is closed and we really want -- because the policyholder there is several touch points throughout that process. From intake and then all the way through the adjusting process and potentially the Managed Repair Program if they participate.

So for us we wait until it is fully complete and any type of litigated scenarios, we do not consider that closed and complete.

Mr. Rokeh: Okay, thank you very much.

Mr. Pope: You are very welcome. Well, Chairwoman --

Chairman Brown: Go ahead.

Mr. Pope: No, I was going to say if it was okay I will go ahead and move into slide 10.

Chairman Brown: Great.

MR. POPE: Perfect. Well, this will be a brief update on our policyholder engagement and outreach efforts related to Hurricane Michael and these are continued efforts, because I know in prior committee meetings many of us have provided updates as appropriate.

And this is on behalf of Christine Ashburn, Jay Adams and Steve Bitar. We wanted to make sure that this committee was fully aware of our continued efforts to respond to our policyholders.

CFO Patronis and the Department of Financial Services has conducted multiple insurance villages this year. You will see that picture, it is actually Citizens' staff, part of our claims team and also part of our consumer and agents, consumer and underwriting services is there as well.

You will see all the dates that they listed. We didn't have high attendance overall, but we were there and we were present. We have a great relationship with the Department of Financial Services and we are always thankful for every opportunity that we get to be present for any policyholders as appropriate. I just wanted to make sure that you guys were aware these took place this year and we were present at all of them. And Chairwoman, this concludes my update if there are no further questions.

Chairman Brown: Any other further questions for Jeremy? Great job, Jeremy, thank you so much, good stuff.

Mr. Pope: Thank you for your time.

3. Hurricane Claims Update

Chairman Brown: Sure. Next up we have Chief Claims Officer Jay Adams.

Mr. Adams: Good morning and welcome. Thank you Chairwoman and committee members. I would like to give you a brief update today on the catastrophe activity that we had in 2019 thus far.

If you would turn to slide number two. You can see here that we have had four different storm systems that we tracked. We had a hail storm in the spring in Brevard. We all saw Hurricane Dorian and we are

very blessed by the fact that it stayed offshore of Citizens, or of Florida. And we had a couple of small tropical storms that did have a few claim impact.

For the year we have had about 545 claims that we have tracked and we have paid out \$4.7 million for those claims.

If you move over to slide number three, what I wanted to do here is just point out that we are still receiving claims from Hurricane Irma back in 2017, and Hurricane Michael for 2018. Combined we have received 4,023 claims in 2019 for those past storms.

If we move over to slide number four. This breaks down the Hurricane Irma and Hurricane Michael claims by the cause of loss or how those claims are reported. As you can see for both events the majority of the claims that have been reported are related to wind damages. That is exactly what we would expect.

If you move over to slide number five, this is a representation of Hurricane Irma payments by the different claim statuses. And this is for the year January 2019 through November 4th, 2019. And we are showing claims that have been closed and resolved and then claims that are in open status. You can see what we have paid in indemnity and expenses across both of those.

If you flip over to slide number six, that is the exact same representation. However, this is for Hurricane Michael and their associated payments.

Slide number seven, I included this slide because there has been a lot of press especially around Hurricane Michael out in the Panhandle and why there are so many claims that are still open. CFO, DFS and others and even as Jeremy reported have been trying desperately to get the claims closed.

From a Citizens' perspective, what I want to do is show you how these claims are broken down. For Hurricane Michael we have five first notices of loss as of November 20th.

And what that means is that is the first time they have reported a claim to Citizens. So we are out and inspecting and investigating those claims. The remaining claims that are on here are categories for mobile homes total loss, DFS mediation, appraisal litigation and subrogation. Those are all claims that the claims decision and applicable payment if appropriate have been made. And some of these claims for example with mobile home total loss.

We have a statutory duty to remove the mobile home from the property and before we can do that we have to collect the title. Many of these carry a mortgage. So we have to wait for the mortgage company to release the title to give us authority to go and remove those. So they tend to pend a little bit longer.

Claims that are in DFS ordered mediation, those typically process pretty quickly as soon as we can get a mediation date. Appraisal, once there has been some type of dispute and we all agree on it's a covered claim, but we may dispute the amount or the damages of that covered claim. We push those over into appraisal. Either Citizens can demand that appraisal or the insureds.

Those claims tend to pend from 90 to 120 days once they are in open status, and then we have litigation. Those claims are claims where a suit has been filed against Citizens for some type of breach of contract action. Those claims tend to pend a little longer than a year, and would remain in an open status.

So to wrap this up, we really only have five claims within our control that are open that we are working to get closed. All the other claims are in an open status, because they are actively seeking some other type of remediation or are waiting on something.

And our final slide number seven, it really just says, hey, from a catastrophe perspective Citizens is ready. We make sure that we are educating as many folks as we can. We are doing e-mail, press release, social media, direct mail, radio, TV, website, and then we also have internal newsletters and such that we can send out.

And with that Chairwoman, that concludes my presentation.

Chairman Brown: Thank you, Jay. Any questions of Jay Adams?

Governor Henderson: This is Reynolds, I have one question. As far as the last slide, did we do any kind of social media, like type micro targeting type of social media or do we just put it on Facebook? How does that work?

Mr. Adams: If Christine is on the line, I would like her to answer that, because that really falls under her leadership.

Ms. Ashburn: Absolutely, Jay, I am here. Yes, thank you Governor Henderson. That is a great question. We do have modes with three clear handles on agent focus, consumer focus and media focus and we also as you know have a Facebook page.

Starting in 2018 and here in 2019, we have worked to do some targeted Facebook ads especially around storm areas or with AOB and non weather water in the south Florida area. So we are moving into that space. It is something that is newer for us, but it is as I am sure you are aware, a very cost effective way to get your information in front of your targeted audience. So that is something that we are engaging in and look to do, look forward to do more in the future for different issues, including hurricane brochure.

Governor Henderson: Yes, you can definitely get, so many people have the social media and the cell phones work, you know, but if they can get on and you can get to them so much quicker. So that is great to hear that.

Ms. Ashburn: Absolutely.

Mr. Adams: Governor Henderson, as a follow up to that kind of thinking, we do leverage e-mail, text messaging and so forth, and when a storm is forecast to make landfall in Florida, what we do is we take the National Hurricane Center track and we lay that over the top of our policies in force, extract those and then Christine's team will do direct mailings to those folks.

And when I say, direct mailings, I am speaking about e-mail, texting, those types of things. Giving them specific information because they're in the storm path and we continue to update that every time the National Hurricane Center makes an update, trying to keep our policyholders as informed as possible of how to be ready to respond after the event.

Governor Henderson: Great.

Chairman Brown: Any other questions? I am not hearing you, are there any other questions of Jay?

Governor Capps: This is Blake Capps, I have one on page five.

Chairman Brown: Okay, great.

Governor Capps: Jay, on the open claims, Irma claims in 2019, that would be 1,904 new claims, right?

Mr. Adams: So in the year of 2019, we have reopened, correct, 1,900 -- well, there is 1,904 claims that are in an open status. So that could be a brand new First Notice of Loss (FNOL).

It could be somebody that said, hey, I got a contractor estimate that is different, will you reassess. Or it could be somebody that is in appraisal litigation.

Governor Capps: Okay, okay. So in 2020 we would probably expect most all of that to be erased I suppose, right, or closed out?

Mr. Adams: Well, again, appraisal is about 90 to 120 days. Litigation is a little bit over a year. I would hope that the majority of those that are in the appraisal status would be closed out. But what I have to say is, every day we are having customers contact us and we may open a brand new or we may open a claim that has been closed for six months and put it into the appraisal process because they got a contractor estimate that were significantly different from us. So that number is constantly changing throughout time.

Governor Capps: Right. A bunch of those will probably be settled out, but then you might even get new ones.

Mr. Adams: Correct.

Governor Capps: Basically that number gets replenished.

Mr. Adams: That is correct, because we are getting 12 to 15 new Hurricane Irma claims every day. So we will go out, make sure claims determination and some of those will reopen in six months or less.

Governor Capps: Right. Now, the three-year mark, is it three years that you can recover after a hurricane? I think it is three years, right?

Mr. Adams: Yes, sir, that is the statute.

Governor Capps: So in late 2020 there would be a cut off I guess for Irma claims, right?

MR. ADAMS: Yes, September 10th, that will be the three-year mark. So if they have not made their claim before that time, by statute they would be barred. However, if an insured files a claim and they have not had the repairs done and maybe they haven't even had a contractor look at it yet, if they come to us on the scope that we have and it cost more today than it did when we wrote the estimate, they still might be able to continue to work their Irma claim past the statute date.

What the statute will do is bar any new claims being reported or any new damages being accrued after that date.

Governor Capps: Got you.

Mr. Adams: The September 10th time frame is not going to be a hard stop, except for new claims that are reported.

Governor Capps: All right, good. Thank you.

Mr. Adams: Sure.

Chairman Brown: More questions of Jay? If there is none from the group, Jay, I do have one and I think it relates to what Blake was saying. But on slide three, the new first notice of loss, I was initially going to say it seems like a lot.

But what you are saying is any change or modification could be first notice of loss?

Mr. Adams: No.

Chairman Brown: No, okay.

Mr. Adams: What is reported on -- go ahead.

Chairman Brown: No, I am listening to you.

Mr. Adams: Okay. So what is reported on slide three, these are brand new claims that have been reported to Citizens in the year of 2019.

Chairman Brown: It just seems like a lot. I mean, 2017 -- yes, what is up with that? Do we know what they are? Are people just now discovering that they have problems? I am not sure why. It seems like it is a lot.

Mr. Adams: So the majority of the claims that are being reported for Hurricane Irma in 2019, have representation of a public adjuster, a plaintiff attorney or both. Very few of those claims have been reported by the policyholder.

Chairman Brown: Okay. You answered that question. Thank you, any other questions of Jay?

Mr. Adams: Thank you.

Chairman Brown: As usual you do an awesome job, thank you very much.

Mr. Adams: Thank you very much.

4. Florida Specialty Update

Chairman Brown: Next up is Steve Bitar who is going to give us an update on Florida Specialty.

Mr. Bitar: Good morning, Madam Chair and esteemed committee members. For the record, this is Steve Bitar, the Chief of Underwriting and Agency Services.

Since the meeting that last occurred with Consumer Services, we have had some activity in the marketplace with regard to one company in particular that was ordered into receivership. That company is Florida Specialty, and on October 2nd, they were ordered into receivership by the State of Florida.

We were contacted by the Division of Rehab and Liquidation, the Office of Insurance Regulation, because as you know, October 2nd is smack dab in the middle of hurricane season. Florida Specialty had roughly 90,000 policyholders at that time, and the normal process when a company is ordered into rehabilitation and receivership is basically for the customer to receive 30 days notice, and at that 30-day mark they have no more coverage, and that would have occurred smack dab in the middle of hurricane

season as coverage would have been effective only through October 31st, and on November 1st, those customers could have been left without coverage.

Citizens was asked to step in and try to help come up with a solution and a soft landing for customers, as well as our agent community quite frankly that would have been bombarded during hurricane season with 90,000 policies going out into market trying to find coverage for these customers.

So slide two gives you the bottom line impact and where we stand today. I will start there first just so that you understand. 90,000 policies were at risk if you will. I am happy to report that not all 90,000 have come to Citizens by any means.

We have seen roughly 22,000 or so that actually have come to Citizens. It values at about \$25.1 million in premiums and \$3.4 billion in exposure. This gives, this chart gives you a rundown by policy form as well as the top counties where we saw these policyholders were located.

And I just wanted to give you a level set of that. I will tell you that we really came together as an organization and really as a state, working with the various regulatory entities to come up with a solution that would help these customers in the middle of hurricane season.

And I will tell you as it stands right now, we have got about 13 and-a-half thousand of those 22,000 policies that have actually been issued. What that means is they have accepted Citizens' coverage and payment has been made to Citizens to effectuate that coverage.

We still have the remainder of those policies that have until December 15 to make a payment. So if they make a payment and accept the coverage, then they will stay on with Citizens for a year. If they do not, then those policies will most likely flat cancel back to the original effective date at Citizens, and we hope if that happens that those customers have been able to find coverage elsewhere, which is why they're not taking advantage of that Citizens' policy.

But we are hearing from agents every day that they have told us, we went ahead and bound the coverage with Citizens as a safety net. We took that extra time and were able to find the customer coverage elsewhere, and so we no longer need the Citizens' policy, but thank you so much.

What we did, as you can imagine, even binding coverage with Citizens is a process and we wanted to make sure that we streamlined that as much as possible for everyone. So we brought together literally every division within Citizens and slide three really gives you a high level listing of all of the work groups had to come to together to make this happen.

And I will just briefly go through on slide by slide a summary of what these work groups did so you get a taste for the type of work and collaboration that needed to occur in order for these Floridians to be cared for.

Slide four basically talks about our agent appointment process. You can imagine if you are going to place a policy within Citizens, the agent has to have an appointment. Florida Specialty had over 1,000 agents that did not have a Citizens' appointment. So we needed to streamline a process. We reached out to those agents and made sure that they knew, we have got this soft landing for your customer.

If you can't find them coverage elsewhere and want to take advantage of this Citizens' policy that is being offered, you need to have an appointment with Citizens in order to be continue representing that customer on the Citizens' policy.

We initiated an outreach campaign. We put together a streamline process to appoint those agents and we made that happen very, very quickly, all within the confines of literally less than a month.

Next up on slide five, we actually rather than asking the agents to input the data for every single policy, we received a download from the receiver of all of the policy characteristics and data elements and we uploaded those into our policy center system to create quick quotes for the agent. So we literally generated automated quotes based on the data that we received from Florida Specialty and cued everything up for the agent so that all they had to do was have a conversation with that customer. If they wanted that offer of coverage from Citizens, we streamlined that process. We waived our underwriting requirements. We waived our required documentation as well so that they could have a soft landing and come into Citizens.

Now, we will in the future follow up with some required documents where necessary, but we wanted to help everyone as quickly as possible during hurricane season secure that coverage, and there was an entire exercise having to map and then upload the data. As you can imagine different insurance companies cap for different data elements and we needed to make some underwriting decisions as to how we would map over the data so it would run through our systems in an automated manner and prevent any issues.

Slide six, probably represents the most Herculean efforts that we undertook at Citizens to make this happen. It really has to do with internal and external communications as well as the training efforts for our staff as well as for agents. We created a campaign like no other, to the point where Christine and I feel now we almost have a playbook for how to do this should this happen again in the future.

We created at every turn in the process, if there was an opportunity to communicate with a constituents we took advantage of that and we created a communication for it. From news articles, people would ask questions on our website, talking points for staff as well as for agents. We built a web page that is live right now on the Citizens' website with up to date information and links to FAQs.

We had multiple e-mail campaigns for agents. We provided them data listings and data files so that they could work their books of business that were impacted, and then we reached out to customers directly as well. So all in all I can't imagine having sent anymore communications than we did, because we literally took advantage and went above and beyond in this regard and now really have a playbook quite frankly. We hope that no other companies in the future ever have to go through this type of action, but if it does occur, Citizens is ready to respond if we are called upon to do so.

In addition, slide seven talks about accounting and payment processing. You can't have coverage without payment. So we worked very closely with the receiver. You can imagine when a policy is canceled as a result of going into receivership, the unearned premium on that policy less a \$100 deductible for FIGA is sent to the customer.

The customer receives that unearned premium and then has to turn around and use that plus any additional funds to effectuate coverage with their new carrier.

We were able to work with FIGA, provide them a list of those 22,000 policyholders who wanted the Citizens coverage and rather than have the premium returned to the customer who has to then cash it and then turn around and submit it to Citizens, we received the direct check for the unearned premium for the Citizens' policyholders directly to Citizens. And then we applied policy by policy that unearned premium so that it did not have to go to the customer, get cashed and then resubmit to Citizens.

We built this process. We received lots of positive feedback from all parties involved, and it went seamlessly. We received that money which was a significant amount, I believe \$7.8 million or so. We were able to apply those funds directly to each of those policyholders who had said they want the Citizens coverage, and then we sent out communications and invoices for any of the balances that would be due going forward so that they could prepare financially for any future premium payments that would need to be made.

We also extended deadlines for payments to give everyone 45 days from the original date of coverage, November 1st. So on December 15th, we will have a pretty solid feel as to how many of those 22,000 policyholders actually took advantage of the Citizens' over and we will be happy to provide a future update.

The next slide talks about underwriting.

As you can imagine we could not underwrite all 22,000 policies overnight. And so we did waive some requirements. We are in the process right now with partnering with our corporate analytic group to apply some predictive analytic to determine what type of data we need to collect on the policies and then we will work with the agents in upcoming months to secure any additional underwriting information that we need for the policy records.

Of course, slide nine talks about claims processing. We wanted to make sure that we had a process in place should any of these customers, as of their effective date with Citizens, incur a claim. We wanted to make sure that we had a process in place, especially if premium hadn't been received yet, that their claim would be handled appropriately. We worked very closely with Jay and his team to really build out that process and care for each first notice of loss that we may have received following November 1st. We are also working with the receiver to ensure that we have claim information on all of those 22,000 policies that we have inherited. So after December 15th we will pull a final report and then we will get some claims data to ensure that we can track and follow the claims history of these policies that we have received.

Of course, you can imagine on slide 10 talks about reporting and everyone wants data and wants to understand what is happening. So we worked with our reporting team internally at Citizens to create a series of dashboards that provided all of us at our fingertips, the ability to slice and dice the data tied to these policies that we could report accordingly.

I was providing daily updates to the receiver as well as the Office of Insurance Regulation. And there is a lot of care and concern around what is happening and where we are in the process. So the reporting team really stepped up and made this happen for us so that we had at our fingertips everything that we needed to report.

And then last, but not least, you can imagine if you are issuing up to 90,000 policies all with the same effective date, that is going to put a major strain on your print capabilities. We worked with our vendors

to really prepare ourselves to be in a position to handle that volume of output from a policy documentation perspective. So we really pulled our vendors together, put together a great plan. We were able to activate multiple sites and respond to the need. Luckily we didn't get the 90,000 policies and some people paid their premium early, so they issued early. So not all the policies had to be issued on the same day and everything fell into line quite nicely and there were no delays whatsoever with our print output whatsoever, but we were prepared just in case because we didn't know what was going to happen.

Madam Chair, that pretty much concludes my update on Florida Specialty. I will say it went as smoothly as it possibly could have, and we really took advantage of the capabilities that the guidewire platform and policy center specifically bring to us. We never would have been able to do this on our former platform. I think that investment made sense for our organization and for the State of Florida, and we still through this process have some lessons learned and have ideas on how we can even make this a more smooth for the future should we be called upon to respond in a similar manner. So with that I will be happy to take any questions.

Chairman Brown: Great report. Any questions of Steve Bitar?

Governor Capps: This is Blake.

Chairman Brown: Go ahead, Blake.

Governor Capps: I am curious about when a person's insurance company goes bankrupt, how are they first notified and what is our first communication to them about how they can go with Citizens if they are having trouble finding coverage elsewhere? What is that very first communication?

Mr. Bitar: Very appropriate and interesting question, sir. First we learned this through this process. There is no requirement for the company that is ordered into receivership to communicate with the customer. By law the only requirement is that the agent be notified and then it is incumbent upon the agent to care for the customer's coverage and to secure them coverage and to work with the customer on that transition.

That is what we learned through this process, because we hadn't really been involved in one of these as closely previously. So when we learned that, we asked all parties involved to communicate with the customer as well. We were advocates for that stance and we did receive support from the receiver and they did take it upon themselves to send out communications to the customer in addition to the policyholder.

But I think you have to understand, these are not Citizens' policyholders. There are policyholders of the company that has been ordered into receivership. So for us to reach out to all of them, it puts us in a difficult situation that might not be appropriate and fully supported, especially when there are agents that are markets that would want to place these customers in those markets.

So we made ourselves available. We communicated to all of the agents, making sure that they understood these offers were available should they need to take advantage of them, but that their first opportunity should be to seek coverage with the private market first and any market that they have. Should they be unsuccessful in that endeavor, then they could take advantage of the Citizens offer of coverage that was on the table and we provided them all the information that they needed.

Now once the agent took advantage of the Citizens' offer and those customers had expressed interest if you will in Citizens coverage, then we took advantage of that opportunity since they did express interest with coverage with Citizens, and then we did communicate with those customers throughout the life cycle if you will of their transition to Citizens.

But until they had expressed interest in coming to Citizens, we only communicated with the agent and made sure that they were aware that the offer from Citizens was on the table if they needed it.

Governor Capps: Very good. I have another question. Now, under normal circumstances there is a thing called the clearinghouse which is kind of a depopulation thing where like if there is no bankruptcy involved, somebody is just applying for insurance they go and they can only be in Citizens if the other company is more than 10 percent higher than Citizens. Isn't that the basic rule?

Mr. Bitar: Right, 15 percent. So we use the 15 percent rule for new business.

Governor Capps: Now, would that apply to these types of claims or would they be relaxed initially?

Mr. Bitar: Great observation.

Governor Capps: Would clearinghouse apply and when does it apply to these folks?

Mr. Bitar: Yes, great observation, Governor Capps. We absolutely kicked around the idea of throwing all 90,000 policyholders into the clearinghouse. Unfortunately when you do that the participating carriers can take a look at those policies and then they have to decide whether or not they want to make an offer.

And that process is take a little bit of time and we wanted to make sure that every policyholder in that stressful situation had an offer of coverage, and the clearinghouse doesn't guarantee offers of coverage for a full set of 90,000. So we made the decision collectively to waive the clearinghouse in this process, but keep in mind, the clearinghouse does indeed work at renewal as well.

So we felt because we were in the middle of hurricane season, we didn't want to add anymore stress on these customers, so we wanted to give them a soft landing as quickly as possible in the middle of hurricane season. Those policies now that they are at Citizens will absolutely run through the clearinghouse at renewal and participating companies will have an opportunity to make them an offer of coverage at their upcoming renewal.

And if their offer of coverage on the renewal is equal to or less than the Citizens' renewal premium because there is a different standard for renewals, if they are equal to or less than, they will be non renewed by Citizens and they will move to those private carriers. So we absolutely received some calls from our clearinghouse companies wanting to know where they be eligible to take a crack at those policies. We told them, yes, absolutely. They will be able to take a look at that because they become part of our book of business and they will cycle through normally through the clearinghouse process.

Governor Capps: One more question. I believe I heard on another committee that the majority of Florida Specialty customers were mobile home customers. Is that right? Like what percentage of these 90,000 were mobile home?

Mr. Bitar: It was not a majority. It was a significant amount. I don't have the breakdown in front of me right now, Governor, but I can get that for you and provide it to you. I do have that data. So I will be

more than happy if it is all right with Madam Chair, I will be happy to send an e-mail to the committee with the breakdown by policy form for Florida Specialty's book of business of the 90,000.

If you look at what we inherited which is on slide two, the policy form MHO3 was roughly 8,800 policies and then the MDP1 which is also a mobile home is 4,100. That puts you about 13,000 of the 22. So if that was representative of the entire population of 90, it would be about half, but I believe more of the mobile homes came to us because they weren't significant markets elsewhere.

I think they definitely have less than 50 percent on their total book of 90,000 and if it is all right with you, Madam Chair, will send an e-mail with the distribution of the 90,000 policies if that is all right.

Chairman Brown: That would be great. Thanks, Steve. Any other questions?

Governor Capps: Yes, that is all I have, thank you.

Chairman Brown: Great, great.

Mr. Zellman: Madam Chair, this is Phil Zelman. It is really not a question. We have been through this a number of times with other carriers. I have never seen Citizens and I have been involved with them for many years, step up to the plate in a situation of this nature contacting the agents as many times as they did with the information of what policies we had involved and helping everybody every step of the way.

Citizens has really come a long way. I think I am involved on the MAAC committee for about 15 years. We have never had a MAAC this way and it was great. It took a lot of stress and pressure off of the insureds and the agents. So I just want to say thank you for the way they handled it.

Chairman Brown: That is great.

Mr. Bitar: Thank you so much, Phil.

Mr. Zellman: Steve, you can pay me later.

Chairman Brown: Hi. Tasha, go ahead.

Ms. Carter: Hi. I just wanted to follow upon those comments as well. I would like to commend, Steve, Christine and the entire Citizens team on the excellent job they have done to assist the policyholders of Florida Specialty by creating a smooth transition to Citizens. I know the logistics, the actions and efforts that were needed to effectuate the transition was a heavy lift, and based upon the presentation and all of the tasks and efforts that Steve described this morning, Citizens did a phenomenal job and I want to thank you on behalf of those policyholders.

Chairman Brown: I agree with you. I am very proud. It is hard, they do great work. Thank you for acknowledging.

Mr. Bitar: And I appreciate those comments as well. I think we all went through this with the Po transition back in 2006, learned a lot of lessons when we inherited about 300,000 policies in a day and we were really able to take a lot of those lessons that we learned and apply them to this process so that it moved much more smoothly for everyone involved. So thank you very much for those comments.

Chairman Brown: Any other comments or questions for Steve? Great job, Steve. Any new business to come before the committee? Hearing none, I will accept a motion to adjourn. It was a great meeting. Thank you everyone.

Governor Capps: This is Blake Capps, I will make the motion to adjourn.

Governor Henderson: This is Reynolds, I will second.

Chairman Brown: All right. Happy holidays, we are adjourned.

5. New Business

A motion was made by Blake Capps and seconded by Reynolds Henderson to adjourn. All were in favor. Motion carried.

DRAFT