

CITIZENS PROPERTY INSURANCE CORPORATION

**Summary Minutes of the
Market Accountability Advisory Committee Teleconference Meeting
Thursday, September 17, 2020**

The Market Accountability Advisory Committee (MAAC) of Citizens Property Insurance Corporation (Citizens) convened telephonically on Thursday, September 17, 2020 at 11:00 a.m. (ET).

The following members of the Information Systems Advisory Committee were present telephonically:

Dave Newell, Chair
Lee Gorodetsky
Greg Rokeh
Lissette Perez
Steve Roddenberry

Kurt Lewin
Phil Zelman
Kenn Norberg
Susanne Murphy

The following Citizens staff members were present telephonically:

Barbara Walker
Barry Gilway
Bonnie Gilliland
Carl Rockman
Christine Ashburn
Dan Sumner
David Woodruff
Eric Addison
Jay Adams
Jeremy Pope

Joe Martins
Kelly Booten
Ray Norris
Robert Sellers
Sarah Harrell
Scott Crozier
Stephen Guth
Violet Bloom
Wendy Perry

Call Meeting to Order

Roll was called and a quorum was present

1. Approval of Prior Meeting's Minutes

Chairman Newell: Thank you everyone, and thanks for taking the time to meet - everybody is busy and trying to handle affairs, especially after landfall there in the Pensacola area and Tally. So, let's go ahead and approve the prior meeting Minutes from our March 19th meeting. Do I hear a motion to approve?

Lee Gorodetsky made a motion to approve the March 19, 2020, Market Accountability Advisory Committee (MAAC) Minutes. Kurt Lewin seconded the motion. The minutes were unanimously approved.

Chairman Newell: Okay. Meeting minutes approved. Before we get into tab two, believe it or not, Hurricane Sally came ashore 16 years to the day after Ivan hit the Panhandle in Pensacola. So potentially, Kelly and the team may be able to bring the committee up to date on what they're seeing from a Citizens'

standpoint and what they are hearing about the policyholders affected in that area. Kelly, could you lead us in that discussion?

Kelly Booten: Sure, and Christine will jump in; and I heard Jay on the phone, too, so he can add anything to it.

We had 3,500 policies within the hurricane wind field, and as of this morning, we had 309 Sally claims. Fifty percent of those are in Escambia County, 12 percent Miami-Dade, and 11 percent in Santa Rosa, as being the largest of those claims, so we don't have a large footprint there.

CAT Ops is deploying the appropriate adjusters and an on-the-ground look at it today, I believe. Jay can add to that and Christine can add to what we have done from a policyholder and agent communication. Christine.

Christine Ashburn: Yes, good morning, Christine Ashburn for the record. Yes, prior to landfall the legislative affairs team routinely participates in the state EOC briefings to keep us up to speed which allows us to filter great information to the claims team.

We did send pre-storm communications prior to landfall to policyholders and agents located in all 13 counties that were included in Governor DeSantis' expanded emergency declaration. Those agency and policyholder communications were also shared with all legislative delegations in the same counties to ensure that our legislative partners were up to speed on our efforts.

We also have kept the appointed offices apprised of what we have been doing, and we were, of course, in charge of lifting the binding suspension last night at 11:30 once all of the watches and warnings had been removed from the state of Florida.

From a post storm perspective, we are working on a Call Citizens First reminder of "How to file a claim" press release for today, and we will also be sending post-storm e-mails, making sure that everyone is okay, and reminding them, again, of how to file a claim. As you all know, it is so important that they call Citizens' first and start with us. So, just physical communications surrounding an event. Even though we don't have a huge policy count, obviously we want all of our customers who have damage to get in touch with our claims team as soon as possible so we can get them back to pre-loss condition.

Jay Adams: This is Jay Adams for the record. Of the 3,500 policies, about 1,000 of those policies are mobile homes. Most of those mobile homes are older, so we would anticipate that some probably have some significant damage. We will be leveraging aerial imagery to look at those mobile homes to be able to adjust those by the Desk Adjusters so that we can get payments out as soon as possible for those. We have dedicated a team back in Jacksonville that will be working on those.

We also are leveraging our current adjusters that are deployed, Independent Adjusters. We have seven Independent Adjusters that work that market every day. We are giving those folks claims. We have infused another eight or nine adjusters into the marketplace, that are Independent Adjusters from other areas of the state, so that we have capacity today to take on those claims as they are coming in.

We will be sending Large Loss Adjusters to the market and CAT Managers to the market, and we also have a handful of staff that are going to go really work the overflow of anything that the current adjusters are unable to handle. We believe this will be a low claim volume for Citizens' response, but our goal will be to get this adjusted as quickly as possible.

Longer range forecast indicates that there could be additional activity at the end of the month or the beginning of October, so we want to make sure that we are poised to be able to respond to anything else that may happen. Thank you.

Chairman Newell: Well, thanks, Jay, thanks Christine, and certainly thanks Kelly. Any questions from the committee about Hurricane Sally?

Jay, I just had one question. You mentioned 3,500 policies are in play, 1,000 of them are mobile homes. Any idea on the Commercial side of this policy count of those 3,500?

Jay Adams: Yes. I believe that there are only a couple hundred commercial policies, and we have sent some of our Commercial Managers out to start doing some recon, specifically to those Commercial policies. We don't think it will be a huge exposure for us in this event.

Chairman Newell: Okay, just curious. Thanks.

Jay Adams: Sure.

Chairman Newell: Well, folks, that is the update from Citizens on Hurricane Sally, and certainly their pre and post response to it. I am sure there will be a lot more communication to come; I'm sure you will see it very soon from them and know they are pretty active at this time to get the information out to the people that need it to help the policyholders. So, certainly share it when you can.

All right, well, let's move into tab two. Kelly let's talk about the MAAC Charter approval behind tab two.

2. MAAC Charter Approval

Kelly Booten: Okay. Per the charter we bring this forward annually. The charter really follows the statute Section 627.351. You can look at the statute and see it pretty much in writing here within the charter. So, with that, is there any discussion for any recommended changes to the charter?

Chairman Newell: Committee members, have you all had a chance to read the charter and are there any questions of Kelly?

Kurt Lewin: I don't have any.

Phil Zelman: This is Phil, and I don't have any.

Chairman Newell: Okay. Well, Kelly, it sounds like no questions or comments from the committee about the charter.

Kelly Booten: All right.

Chairman Newell: So, I think we seek approval at this point.

Kelly Booten: Yes.

Lee Gorodetsky made a motion to approve the Market Accountability Advisory Committee (MAAC) Charter with no changes. Kurt Lewin seconded the motion. The Charter was unanimously approved.

Chairman Newell: Behind tab three, Kelly, you are still up. I know this has certainly been a topic that's been talked about for a while, so when you and I talked, you thought it would be best to kind of bring the committee up to date on the FSU Exposure Reduction Study. So, do you want to lead us through that discussion?

3. FSU Exposure Reduction Study Update

Kelly Booten: Sure. Behind tab three is a presentation of the study and what it is about. The purpose of it is to have an independent study to identify opportunities to further reduce exposure while continuing to fulfill Citizens' mission as a residual carrier.

On slide two you see a copy of the statute and Citizens' mission, particularly around providing affordable insurance for Floridians.

Slide three gives a little bit of the market share history that is important to this study, and most of you are aware of. It outlines Citizens' growth in the 2004 to 2011 time frame where we peaked predominantly because of the '04/'05 hurricanes, sinkhole issues; the 2011 to 2019 time frame where we reduced our policyholder counts from 1.5 million down to a low of 420,000 in 2019, predominantly driven by low insurance rates, new Florida domestics entering the market, a robust depopulation, 10 years without significant hurricane activity; then Barry came, too - I will have to give the boss credit, so there is that. Now in the 2019 to 2020 time frame things are starting to take a little bit of a different trend, so the timing of this is to help curtail growth that we are starting to see as reinsurance rates are increasing and the loss development continues from hurricanes, as well as litigation costs.

On slide four is the historical background of the PIF count by line of business. And then, as of 09/11, our PIF count was 503,000, so we are starting to move up the trend there.

And further to that is on the next slide five. The August numbers aren't on here, this was produced at the time July was available, but if you look at August it is now even higher with homeowners. If you look at the homeowners' line and follow that across, the moving average for the same four-month time frame in 2019 to 2020, it was 127 percent increase, and as of the end of August, it is 146 percent increase from a total perspective for the same time frame last year to this year, April through August, it's 97 percent increase in new business, and this is just the new business growth.

On slide six, we give a little bit of background of how the study evolved. It was recommended back at the December Board meeting for approval to do the study and bring in an independent to do that. FSU was

chosen based upon their track record in this space and their prior studies. The Board approved it and the budget was taken to the Board in March for approval. Jack Nicholson is leading it and has three researchers assisting him.

On slide seven is the stated objectives of the study, which are paraphrased from the SOW: identify opportunities to further reduce exposure; what are the inhibitors that we currently have for depopulation or strategies that might already exist; and what mechanisms can we put in place to eliminate or reduce repopulation.

The second half of this slide are some of the considerations that we felt were important in assessing any ideas for reduction ideas. Basically, we need to maintain our tax-exempt status, make sure that it reduces exposure and the list stated here.

On slide eight is a timeline. The study commenced and is about 50 percent complete. It is a cumulative deliverable process, whereby each task order and deliverable builds upon itself. Deliverable one was the background and research, and trying to answer the questions that were in the SOW by doing stakeholder interviews, by getting a ton of background from Citizens on past studies, a ton of the information on depopulation. I know that it was offered up to this committee if anybody wanted to be interviewed, and I believe at least one of you were, maybe more. If you haven't been and want to, just contact myself or Sarah Harrell and we can put you in contact with Jack. Sarah has been leading this study.

And the study, in the end, is going to have a deliverable that will be presented to the Board in December with ideas for two large categories. One is what things could Citizens do or is doing to reduce exposure, and then what is the required, maybe outside of Citizens or that Citizens has no control to do, such as legislative or other private market type things that could be done. Those are the two broad categories, and then there are like seven categories underneath that for the ideas.

Right now, it is in the idea formation and they should be, in the October time frame, getting down to what of those ideas are viable recommendations. I don't have the actual recommendation previews to go into yet, because they have not been presented as viable recommendations, but we thought it would be good to bring this forward, let you know where we are with it, and if you wanted, as a committee, to have any discussion on it, that would be great. That concludes my report.

Chairman Newell: Thanks so much, Kelly. Committee members, any questions for Kelly right now from her report about the FSU study?

Lee Gorodetsky: Yes, this is Lee Gorodetsky. And one, if you do need help with whatever, I am happy to be of assistance here; you are certainly welcome to contact me. This is a great program. I am just curious if the money that Citizens is now taking out of the CAT Fund, is that anything tied to this or is that totally a separate issue?

Barry Gilway: Lee, Barry Gilway. Could you explain your position? You say we are taking out of the CAT Fund?

Lee Gorodetsky: I saw an article in the insurance journal that said Citizens was doing some kind of a loan feature with the CAT Fund or something. I wasn't actually quite sure 100 percent of what it was. It looked

like it was borrowing money because it was so cheap to borrow and I just remember seeing it, so I am just curious if there was a relationship or not.

Barry Gilway: No, there is no relationship there, Lee. I think what you might be referring to is that independent of Citizens, the CAT Fund, I believe, has gone to market and I am not quite sure of the status, but I know the CAT Fund has independently gone to market for I believe up to two billion dollars in pre-event bond because of the --

Lee Gorodetsky: Correct, correct, okay.

Barry Gilway: But there is no relationship between that and Citizens. It has nothing to do with the Citizens' surplus or attaching to Citizens' surplus.

Lee Gorodetsky: Okay, perfect. I was not sure about that, that's why I wanted to clarify. Thank you.

Chairman Newell: Any other questions?

Phil Zelman: Dave, this is Phil.

Chairman Newell: Go ahead, Phil.

Phil Zelman: If they need some additional help on this process of looking to interview agents, I would certainly volunteer for that.

Chairman Newell: Okay.

Kelly Booten: Okay, we will make sure that we send you another e-mail on this and get your information and get you in contact with Jack.

Phil Zelman: Okay, great. Thanks, Kelly.

Chairman Newell: Okay. Anything else, committee members, regarding the FSU study? Okay. Thanks, Kelly, very much for that report and update, and I am sure more to come.

Kelly Booten: Yes, thank you.

Chairman Newell: All right. So, behind tab four now, folks, is an Agency Management Services Update from Carl Rockman. Good morning, Carl.

4. Agency Services & Market Update

Carl Rockman: Good morning, Chairman Newell, thank you. For the record, this is Carl Rockman, Senior Director of Agency and Market Services.

I would like to start my report by directing the Committee to page 2. This is our traditional current agent and agency count report that you are very familiar with seeing. These numbers are a little late, and I would like to indulge the committee if they would, I would like to give you some fresh numbers on agent, agencies, and LCRs because I think it is indicative of the next conversation we are about to have about market changes and demand.

You will see July 20th reporting 4,609 active Citizens' agencies. As of this morning, that number is 4,704. By agent, it's 7,092 as of July, and as of this morning that is 7,370, the LCRs have gone to 1,903. You can see that indicates overall growth and overall demand from a producer standpoint, obviously more demand potentially for Citizens' products.

In tri-county, those numbers are 2,166 agencies, agents 3,177, and LCR is 918. So, apologies to call that out, but I thought it was important that we indicate to the committee the increasing producer ranks and what that is indicative of is, obviously, potential demand for more Citizens' products and more capacity in the marketplace due to the conditions we will talk about.

At the bottom the agency segmentation, I would draw the committee's attention to December '19, tier one agencies we had 10, we now have 11 tier one agencies. These are agencies with 2,000 or more Citizens' policies in force.

If you follow the chart, tier two and tier three from December to July, you will see a corresponding push upwards in tier two and tier three agencies. What does this indicate? It indicates our largest agencies are starting to produce more Citizens' business. When these big agencies start to move in this direction, it is indicative of the trend and we will talk about those trends in just a minute.

We are reporting 61 percent of agencies still have less than 50 Citizens' policies in force. That number though is down from 63 percent when we met last time.

Are there any questions on the footprint or on the agency counts?

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

Chairman Newell: All right, go ahead, Phil.

Phil Zelman: And the question is, where are these agencies coming from? Is it South Florida or is it the rest of the state? Where is the bulk coming from?

Carl Rockman: Phil, you will notice, as I call out the numbers again, the tri-county number for agencies is 2,166, and if you compare that to the December '19 number, we are actually down net two in tri-county in terms of agencies. So, what I would say is we are getting more demand for agencies outside of tri-county. The tri-county numbers from an agency standpoint are holding. As you know, Phil, there is a lot of acquisition in tri-county, so that has a lot to do with the agency counts, as well. What we are seeing is more demand for new agencies outside of our traditional markets, which again, could be an indication of where the market is heading.

Phil Zelman: The market in south Florida, as most know, is diminishing as far as what's indicative, what is going on in the marketplace. We have fewer carriers that are writing in south Florida.

Carl Rockman: Right, understood.

Phil Zelman: We are going to start our new challenge all over again. All right, thank you.

Carl Rockman: You are welcome. Hearing no other questions, I am going to move to page 3 of the report. We are pleased to present this report to the MAAC committee for the first time. The next few pages really talk about new business production. As the markets are shifting and as Citizens is generating capacity for the market, we thought it was very important for the committee to really see the trend lines, where is this headed and what impact is it having on us.

Obviously, our purpose is to move this business rapidly back to the private market after the private market can consume it, but we thought it was important for the committee to see the trends and to see what we are dealing with from a new business demand standpoint.

Page 3, what page 3 really illustrates is the first grid, if you look at the total average new business policies we received for the four months last year, we average about 7,269 new business policies per month. That was last year when the markets, obviously, were a little bit more open. You can see from April, May, June, and July, how that average has increased exponentially. It has leveled off for August. Our August numbers are 16,000, but leveled off, nonetheless. Still a lot more business coming in the front door, and I think, as Phil mentioned, that is an indication of potential market hardening. But you'll see now our average new business counts are up; and then also by region, south Florida obviously driving, but now followed closely by Tampa Bay on an increase, but also look at that Orlando area. We are very focused on the solo counties and market shifts in those areas. We had a big spike in June due to Capitol Preferred, but again, that market bears watching, as well, as there is some indication of hardening in that market, as well. Obviously, our growth driven by tri-county, but we like breaking it out geographically.

Page 4 will give you a little bit more visibility as to the profile of who is coming to us as new business. You will see and would expect that Citizens would take the more modestly valued homes. Homes between 100,000 and 300,000 is a market that we traditionally serve, but you also see the drift to higher value homes, 500,000 to 599 or to 699 and above. You can see a small percentage of our new business is in that marketplace, and then the committee will be reminded that we are capped at 700,000 of A value in all counties, except for Dade and Monroe, where we offer up to \$1 million. We are getting some indication from our ART members that there is some hardening in that market, availability issues, but our issue right now is the higher value homes and making sure that we can appropriately place those in the private market and those values obviously bear watching.

Along with the age of the dwelling, you would expect us to be working with older dwellings, but you can see we are getting our fair share of 20-year or less homes by age. Twelve percent of our new business is still a number that bears watching, as well.

The last page of this report will indicate where it's coming from, and this is also indicative of the marketplace. We are demonstrating to you the source of our business. A lot of our business is generated by consumer shopping, when the rate will hit their mailbox, and obviously you can see here, these are the

companies that are sources of business for us and you can see the top three companies are surplus lines carriers. So, that meant that the surplus lines was there to absorb the market at a certain period of time, but now you can see as the market shifts, a lot of our business coming back to us is from those surplus line companies along with a lot of the traditional Florida domestic carriers that you see here.

Again, we watch those trends. It is indicative of the marketplace and we like to know where the new business and source is come from. We intend to show this report to the committee. Hopefully, it serves and adds some value, and I would be happy to take any questions that you have on the numbers.

Chairman Newell: Thanks, Carl. Folks, any committee members, any questions for Carl?

Phil Zelman: Yes, Dave, this is Phil.

Chairman Newell: Go ahead, Phil.

Phil Zelman: Is there any discussion about higher values than \$1 million in the tri-county area or in Dade? We have had a number of the high value home carriers to stop writing or putting really strict rules on that are indicative that they are not looking to write.

Carl Rockman: Phil, this came up at our agent round table meeting and I am going to have to defer to Kelly and Barry, potentially, for some direction here. Obviously, we are governed by certain rules and statutes on that value, but Kelly or Barry, could you maybe add some perspective to Phil on where we are headed with that?

Barry Gilway: Yes, Phil. Barry Gilway for the record. The answer you will not like is no. This would require legislative change. As you know, there was a legislative change that dropped us over a four-year period from one million, to a 900,000 cap to 800 to 700, then, of course, in the last two years we have been capped at that \$700,000 level. So, at this point there has not been any consideration, Phil, given to increasing, the coverage A amount or requiring a legislative change to reverse, in any way, those numbers. So no, that is not on our drawing board at this point.

Phil Zelman: Okay.

Barry Gilway: I do agree with you, Phil. What we are hearing, particularly when it comes to Lexington, Scottsdale, particularly in Monroe County, many of the non-admitted carriers were focused on the higher risk dwellings.

Phil Zelman: Right.

Barry Gilway: And the report that you are seeing on page 5 really is pretty indicative of the fact that while they were writing those pretty aggressively, we have heard input from Monroe that the pricing initially increased in the 50 percent plus level, and then when the reinsurance started to dry up significantly, then obviously they don't have the constraints relative to moving that business off the books that an admitted carrier has.

So, it's not that we're not aware of the issue, we do believe initially it was driven to a large extent by the non-admitted marketplace.

Phil Zelman: Right. And then you had an AIG that non renewed most of their book in south Florida.

Barry Gilway: Exactly. And when I say non-admitted, I would include AIG. You know, Lexington, which is an AIG company, was clearly taking very aggressive action in terms of removing themselves from that market.

Phil Zelman: Well, just to make sure you are aware of it, which I thought you would be.

Barry Gilway: Yes, thank you.

Phil Zelman: No, thank you.

Chairman Newell: Any other questions for Carl or Barry?

Greg Rokeh: Chairman, this is Greg. Carl, Greg Rokeh. Does the Citizens' data - do you guys have available a breakdown of how many of these policies came because of the rise in rates versus non-renewals? Does it breakdown to that kind of detail? Is that available to you?

Carl Rockman: It's not available easily, but it has crossed our mind relative to is shopping driving this or is it market action. Greg, I would say in my experience it has been a little bit of both, but the volume of business we are seeing probably isn't generated exclusively from non-renewals from other companies. We believe that this is shopping behavior as these other companies seek rate and get rate that they sorely need. It is causing the consumer to make some choices and contact their agent. I will do a take-away, though. I think we can provide the committee a little bit more granularity there in terms of is it non-renewal or shopping on our new business. I would be happy to bring that back to the group, but I do believe it is clearly a combination of both, but what percentage outweighs the other, we will surely define for you.

Barry Gilway: Greg, Barry Gilway, if you don't mind me commenting.

Greg Rokeh: Sure.

Barry Gilway: So, if you take a look at the latest homeowners industry analysis that was completed, and this goes back to October, I believe, November of 2019, that showed basically that we were the most competitive company 82 percent of the time.

Since then, obviously, you've had two impacts on the market. You've had increased reinsurance costs, so the increase in reinsurance costs have hit very dramatically. But then you had, as was indicated previously in the conversation, a dramatic shift in the appetite of carriers. So, in order to maintain the FSRs, it is very, very clear that for a lot of the private companies in the Florida market, the task they took, basically, was to significantly alter the portfolios. What that led to, as I am sure you are all aware, is you've got six major companies that have already announced a complete shutdown of new business and, initially, it started in

the tri-county area, then it moved to the western central counties, and then more recently to the solo counties.

So you really have a number of carriers that are really shut down from a practical standpoint in terms of writing no new business in specific counties, and not surprisingly, those decisions relate almost directly to the litigation rate in those counties. For example, Dade County has a litigation rate that is 760 percent higher than the rest of the state. In the solo counties, as I reported in my last Board meeting, litigation has increased by 581 percent over the course of the last four years. What that has caused is a redistribution of policies.

So, I would say that there is no question that Citizens is probably too competitive today in the marketplace for a residual market. We are conducting, using August numbers, an updated study that will pick up all of the rate increases that were filed following the majority, following the reinsurance pricing increases, and we will have a better idea, basically, of how competitive Citizens is in the market. That will actually be presented at the December Board. March Fisher is using August numbers, and Milliman got the contract, so we will be doing a Milliman analysis in September, October, in time for the Board. Common sense will tell you that if we were 82 percent competitive in November of last year, we are probably in the 90 percent plus this year.

I do believe, however, that the primary driver, and I am not downplaying rate, but I think the primary driver, based upon everything we are seeing so far, and I agree with Carl, I think we can get you more information on it, the primary driver is lack of capacity in the marketplace. You've got the vast majority of companies restructuring the portfolios that they're offering in the state.

You've got companies that are limiting homes to 10 years old or limiting roofs to 10 years old. You've got underwriting restrictions and you've got just plain capacity restrictions that carriers are employing in the marketplace, as you see on page 5, and as Carl indicated, it is causing a considerable amount of shopping. Without question, when you shop more and more of the time, you will find that Citizens is the most competitive carrier. So again, we don't --

Kelly Booten: This is Kelly --

Barry Gilway: -- we don't capture that information, but go ahead, Kelly.

Kelly Booten: I was just going to say there was a little bit of data that we did collect, Carl, on Clearinghouse and the no-offers. When you look at the Clearinghouse data, the majority of the stuff coming into Clearinghouse is not getting any offers and there were no-offer made reasons amongst that. Fifty-three percent of those were geographical, closed in counties, zip code, et cetera, 9.6 percent year built, 6.8 percent no prior lapse in coverage, roof type was 6.6 percent, three percent was loss history. Those were the reasons collected from the Clearinghouse data, so it points back to the geographical reason being the predominant cause from the Clearinghouse data.

Barry Gilway: Thank you, Kelly, I appreciate that. I was not aware we were collecting that level of data, but that really supports my supposition that it's really capacity driven by geographical areas and the actions that are taken by companies.

Kelly Booten: Yes.

Barry Gilway: But thank you.

Lee Gorodetsky: Thanks for the answer, folks, and I look forward to that December information coming out, too. None of it is good news, unfortunately.

Chairman Newell: Okay, any other questions of Carl?

Lee Gorodetsky: Yes, this is Lee Gorodetsky, and just a question. When this information comes in, I believe that it is going to be pretty much 100 percent true or as close as you get to 100 percent. Is there anything that is going to be done about it, because it is a reasonable assumption that if Citizens were to adjust the rates to be more higher priced, other carriers may open up some of their marketability, too. It's possible, I don't know if that's realistic or not.

Barry Gilway: Yes. Lee, I think what you will see, again, I don't want to be presumptive here.

Lee Gorodetsky: No, no.

Barry Gilway: But obviously, what we are trying to do relative to the FSU study, going back to that topic, is that number one that is not a pure Citizens' initiative, for good reason. We might take an overall specific position on rate and we might take an overall position on organizational structure, et cetera, and we went to great lengths in structuring the FSU study to make sure that we were never the decision-maker. While we are working with them, we are providing them data, we are not the decision-maker on any one of the topics that they're raising. I don't want to steel Jack's thunder, but given this discussion, very clearly one of the topics that he is looking at, he being the leader of the FSU team that is looking at this, is the whole issue of rate, the impact of rate on the marketplace, and the impact that rate change could have on Citizens, overall, and on the overall marketplace.

So, your point is really, really well made. And I believe you will see that very clearly. Again, we're not going to be commenting yea or nay on his conclusions, but that is one of the areas that is incorporated within the second draft of the FSU study that we have looked at. I think he recognizes, very clearly, the rating position, the competitive position of Citizens in the marketplace - it has a fairly dramatic impact.

Lee Gorodetsky: Very much so, that's perfect. Thank you so much.

Chairman Newell: Okay. Again, thanks Barry, and thanks Carl. Anything further on your report, Carl?

Carl Rockman: With the indulgence of the Chair I will move to page 6 and will rapidly move through the remaining part of my report. Page 6, I am pleased to report that we have launched our myAgency portal. We have been updating the committee on this for a while. We did launch the portal on 07/20, and a reminder to the committee "What is the myAgency portal?" - it's really a portal where our agency principals and their designees can connect with Citizens administratively to add staff, delete staff, do the things that are necessary to maintain their relationship with us.

We primarily did this to continue our establishment of better relationships, and one of the nice things about the myAgency portal is, when the agency principals first access the portal, they encounter the name of their field agency manager and their inside management representative. Those two folks are a team of people that are really accountable for that agency's relationship with Citizens. So, we are pleased to reinforce that relationship.

Agency principals access it through the portal, which we are representing on the bottom left-hand side of this page. They have a landing page that lays out of their administrative detail, all of the staff that are appointed with Citizens, all of the details related to their licensing. Our 7,000 agents have to renew once a year, so improving the renewal experience is something that we are getting great reviews on. It is faster, better, quicker than it has ever been, and we are getting really good feedback on the renewal experience.

Also the ability for an agency principal, if they request a staff change and add or delete, to be able to track that request in real time versus a prior system where they might have been not as visible. So, they are able to track requests which they really, really like and we are pleased to present. Coming soon in the next few months, we are going to be standing up a dashboard feature. Why is that important? If you go back to the very first slide where we covered the size of the Citizens relationship, we want to work with agencies on managing the size of that Citizens relationship, and being able to display the size of the relationship, the quality of the relationship in a dashboard format, is really going to help us drive the conversation to potentially incent those agents to keep working with the private market. Agencies have also demanded this over the years. They are familiar with getting this from carriers, so we are very pleased to present a lightweight dashboard feature that will give them a lot more visibility into their relationship with Citizens.

Along with the myAgency portal that we stood up in July, page 7 will also update you on our progress to develop a much more comprehensive and contemporary education platform for our agencies. Page 7 is essentially a snip of the agent portal page that our agents use every day. Agencies can access training content two ways. They can click on the green box or they can hit the systems drop down and get into Citizens' Learning Center, and if you will flip to page 8, you will see that we have restaged, on our agency portal, entry points for all of the different education that we are offering. I will draw the committee's attention to the top left-hand corner. You can see that we have five segments of education: On Demand, Live Education, Webinars, Personal Job Aids, Commercial Job Aids. We stacked it more logically and we made it easier than ever to access that information through the new Citizens' Learning Center platform.

A simple push of that blue button that you see represented on page 8 will transport the agents or LCR into CLC, and page 9 really represents the experience that they get. A contemporary landing page and they are then able to access the content that they requested on the other page.

Really pleased, this is, again, foundational to the education that is so, so important for the volume of agencies that we have, and we are very, very pleased to make the investment in a much better and more contemporary learning platform that we are leveraging in multiple ways, both for live education, on demand education and webinars. Page 10 also --

Chairman Newell: Carl.

Carl Rockman: Yes.

Chairman Newell: This is David Newell. Just a quick question before we move on. What has been the uptick take-up rate on agents adopting some of these five different training platforms? Are you all seeing a good take-up rate on that stuff?

Carl Rockman: We are, and we are going to continue to do what we call driving adoption. It is important for agents to be exposed to this and know that it is available. When a new agency comes on board through the myAgency platform, we are able to deliver a much more comprehensive experience for that newly appointed agent through this platform. And we are seeing hundreds of agencies actually connect to the training.

I will commit to bring forward more visible metrics on that website in my committee reports, so you folks can see exactly how many agents are driving into what training. We also have a specific training that we will be delivering to the agents in the performance program in Q4, as well, that we will measure. We are getting really good feedback on the access points, but also the tool, itself. It's much more contemporary, much easier to take the learning, if you will, and again, just another investment in Citizens educating the folks that are touching the customers to make sure we are providing the best experience possible.

Chairman Newell: Okay, thanks Carl.

Lissette Perez: It is Lissette.

Chairman Newell: Hi Lissette. Do you have a question?

Lissette Perez: I do. Just basically a statement. I just wanted to say thank you because I know that you have partnered with the associations to get this information regarding on demand education on the website to the agents, and I just want to tell you that is an important thing to do and to continue to do with the association, so we can bring it forth to our members and I just wanted to say thank you for that.

Carl Rockman: Thank you, Lissette. We appreciate the partnership. Letting agents know this is available is our primary opportunity right now. We are getting great support from our communication teams internally; we also want to use the leverage of the associations to make aware.

In that vein, page 10, based on input from the Agent Round Table, input from our association partners, and recognizing the increase in demand for Citizens' products, we thought it was very, very important for us to put together a comprehensive series that took the agents, and the support teams that work with the agents, through a much more comprehensive and detailed learning experience as it relates to Citizens' new business.

Page 10 breaks down the education that we are doing, which is actually starting on Tuesday, and we are running a course today. You will see that we have four sessions centered on personal lines and two sessions centered on commercial lines. These sessions are intended for that front-line producer who is working with the customer who needs a Citizens' product after appropriately shopping in the private market. These sessions are designed to give them all the details necessary to qualify the customer which is session one. Session two is the Clearinghouse. Session three is PolicyCenter, and session four are all the things necessary to support the customer including appropriately shopping them in the private market.

We had close to 300 folks attend the Tuesday webinar. We have close to 300 in today's webinar. These are being recorded for on demand. So, while we will have some folks at the live class, we are obviously looking for others folks that couldn't make the class at the time it was produced to go ahead with the live recording. We will be pushing that out and making sure that we obviously drive people to it, and we will report back the numbers.

This is in response to the shifting market and the shifting demand that we felt. We were getting many more signals from our partners that we need a deeper, more comprehensive instructor-led experience, and we were very pleased to produce that. We are going to be producing these monthly, so this is the September course. We are going to produce these pretty much every month until such time as we feel the market is settled down. But again, another example of Citizens stepping up to make sure that the agent is supported, and the customer is well served.

Page 11 is our traditional report on performance violations. The committee is very familiar with these numbers. Page 11, the box at the bottom, year-to-date we have sent out 886 warning notices for agents that have pierced the threshold of having a performance violation volume. We have suspended 100 agents, but again, pleased to report that no agent has been terminated on the program. As I reported previously, this program is designed to get the attention of the producer and offer appropriate support, and fortunately, that has been the case for the performance violation program.

Page 12 will illustrate that we are holding close to five percent total submissions with performance violations. We won't be satisfied until that number is significantly lower, so we are going to continue to work with our agent community to minimize those performance violations to make sure that we are providing the best customer experience possible.

Page 13 is the links --

Chairman Newell: Hey Carl.

Carl Rockman: Yes.

Chairman Newell: David Newell, again. On 12, I am just curious what is circumventing the document submission? That number seems to continue to increase a little bit. It kind of flattened off in July, but that number is kind of startling. Can you give us an example of that?

Carl Rockman: Yes. When an agent is submitting a new business application, PolicyCenter will tell the agent what documents are required, so depending on the conditions of the property or the conditions of what they're submitting, PolicyCenter will say, I need this, this and this. If the agent fails to upload the document required, fails to upload it, that's circumventing the system. It is a request from us to get it, but the agent doesn't have it or isn't working appropriately with the deferral form to let the underwriter know that it is on the way. So, it is an indication that our system is asking for it, but the agent isn't complying with the upload. Again, a very simple thing to fix, but something we want to draw the agent's awareness around and certainly something we are very focused on.

Chairman Newell: I don't want to get too much in the weeds, this is Dave Newell, again, but Carl, is any of this driven by not supplying the correct documentation where they just input something just to fulfill the checkmark there?

Carl Rockman: That is true as well. Whether it is not including anything at all or to get through the system, they have to upload something. So, whether they are uploading a document that says something to follow or not giving us exactly the document that we want, that is also an indication of circumventing; the underwriter will code it as such. It could be the wrong document or an inappropriate document, as well as not including one at all.

Chairman Newell: Is this something that your agency managers get involved in, Carl?

Carl Rockman: Every day.

Chairman Newell: Okay.

Carl Rockman: In both our education platforms and the Citizens' Essentials courses I previewed for you previously, we cover this in great detail. The system will ask for a four-point inspection. The system asks, very specifically - just getting the agents to match the ask with the document is our challenge to improve that number. It doesn't seem that difficult, but in a busy agency with a lot going on, we have got to continue to support our agents to make sure the underwriters have the documentation they need to approve the risk.

Barry Gilway: Carl, Barry Gilway. I just have a question for you. On this category, is the impact of a moratorium on cancellations and taking a more lenient position on having current documentation in order to renew accounts impacting this number at all, or is this completely different?

Carl Rockman: To bring that up, Barry, we are giving, as you mentioned under the COVID rules, we are giving great discretion to agents to defer documents and let us know they are coming. As long as the agents follow the prescribed path, let the underwriter know they are deferring, it won't count here as circumventing. These are pure cases where there is no indication of a need for a deferral, the agent isn't indicating it is a COVID situation, so the underwriters are under regular order in coding that as such. But there is a lot of other business, Barry, to your point, that we are actually deferring until renewal because of COVID. It's one of the concessions we made to stabilize the market and any deferrals are not included in this because we would not count that as a performance violation.

Barry Gilway: Right, thank you, I appreciate that.

Carl Rockman: Thank you.

Lissette Perez: I have a question. Lissette Perez, again.

Carl Rockman: Yes.

Lissette Perez: Carl, are these circumventing documents causing warning notices to these agents?

Carl Rockman: At a point, Lissette, it will generate a warning notice when they have reached the threshold based on their production. Now, they do get a violation on every single one in their activity queue, so if the underwriter sees it, the agent has sent a notice in their activity queue that you got one. So, they are notified individually as they occur, but the formal warning notice is a function of aggregating your production relative to the threshold, and that is when a warning notice will trigger, and it depends on if you have written 30 for 12 months or less than 30. And I can bring more visibility to the threshold at the next session. Warning notices are very formal. They are designed to get the attention, but every agent is notified when they occur individually, and that is also an opportunity to reach out.

Lissette Perez: So, these are more like binding violations is what is they're receiving, right?

Carl Rockman: Right, exactly. You would know them as binding violations, yes. They are binding violations in their activity queue and that is how they're notified.

Lee Gorodetsky: And Carl, this is Lee Gorodetsky. I hope you are well. Is it the same with the uninsurable risk and incorrect credits, because those numbers seem even larger and seem to be getting larger still?

Carl Rockman: Uninsurable risks, Lee, is really a function of the marketplace hardening and availability. We are seeing a little bit of an uptick in marginal business coming our way and the underwriters are coding that as such. The missing credits and signatures, that again continues to be an issue for us. Again, COVID shouldn't be in those numbers, but if the agent hasn't deferred the signature, then the underwriter could be coding them as missing signature if the agent hasn't indicated they need a deferral.

So, we are going to continue to work those issues as best we can. A lot of times the violation on an individual policy will get the agent's attention, and then again, our warning notice will help us help them understand what our requirements are. But uninsurable risk we think is a function of the marketplace hardening, ENS markets potentially not being available.

Lee Gorodetsky: Right, no question. But with each of these categories do we have, or do we know if we have repeat offenders or continual repeat offenders?

Carl Rockman: Yes, we absolutely have granular data down to the agent level and that is where our agency managers will come in. Our goal is to try to keep people from a warning notice, but generally when the warning notice triggers is when we go to action and really make sure we offer assistance. We will consult with these agents, we will do whatever we can to make sure they understand our requirements and then the more that can come to our voluntary education opportunities, we can eliminate these. But our goal, Lee, is to drive these numbers down as low as we can.

Lee Gorodetsky: Yes.

Carl Rockman: And we will not be satisfied until then. But, again, on the 89,000 submissions, we will give ourselves some credit, as well. I will give our agents credit. A lot of submissions, right, so we are working at the margins here, but any percent here is an indication of a potential turbulent customer experience. A price changing, a rejection, we don't want that to happen under any circumstances, right.

Lee Gorodetsky: Especially for closing in the real estate market is still so hot in Florida, it probably takes a lot of work. Thank you so much.

Carl Rockman: You are welcome. Chairman Newell, with one minute remaining, page 13 just talks about late submission violations. You will notice on page 14 we have coded no late submission violations since May. This is, again, is due to COVID. We have relaxed our stance on submission document timing, not the need for it, but the timing for it. And we will adjust those rules as we get guidance on readjusting under COVID.

Page 15 is just a tri-county and page 16 is our traditional report on our outreach activities.

So, Chairman Newell, that concludes my report, and I will be happy to take any questions.

Chairman Newell: Yes, well, thanks so much Carl. We have got to 12:30, Carl, so you had more than a minute, but thank you so much for that report and certainly the dialogue to explain some of this, because I know, again this is Dave Newell, my concern is with the larger submission numbers coming and some of the lack of knowledge of newer agents that are now migrating to Citizens to write business, I am concerned about these numbers continually increasing, which, as you said, will cause a policyholder experience that may not lend itself to a good experience. So, I know you guys are following it closely and your agency managers will certainly engage when the time is right. Thank you for that.

Carl Rockman: Thank you.

Chairman Newell: Any other questions of Carl or his report? Well, with that in mind, folks, behind tab five is for informational purposes only about Depop and Clearinghouse.

5. Depopulation and Clearinghouse Update

Chairman Newell: Again, this is Dave Newell. The only thing that I thought I would point out, Carl, is American Integrity looks to join the Clearinghouse platform in late 2020, and there is going to be some new mobile home policy forms for new and renewal added to the Clearinghouse. So just point of clarification on that.

And the other thing I thought was kind of interesting, there is an October depop that has been approved by the OIR. Do we know, I am sure you do, who that carrier is, Carl?

Carl Rockman: Yes, we have Safe Point and Southern Oak who are the two participating carriers that have stepped up for the October depop. It is moving along nicely, and we will be reporting those final numbers at the next committee meeting, but two participating carriers, very happy to have them participate. We were pleased, Chairman Newell, to have American Integrity added. And just a point of clarification, our mobile home policy form is on the Clearinghouse now, so we have done that.

Chairman Newell: Oh, okay.

Carl Rockman: So, we are live with mobile home on the Clearinghouse, but very pleased as we continue our efforts to add carriers to the Clearinghouse. We stand ready for carriers to join us on the

Clearinghouse or our Depopulation programs. We have an active program to offer those folks regularly, and we are really hoping, as the markets turn, that we can have more carriers come in and let us work with them on the great opportunities they have to take some of the business we've taken here recently and move it over to them appropriately.

6. New Business

Chairman Newell: Okay. Well, thanks again, Carl, and committee members you can certainly look at that information when you get an opportunity. Any new business to come before the committee today?

Kelly Booten: Dave, this is Kelly. One thing I thought I might mention -- for all of our Board committees, except the MAAC, and the Board meeting itself, we went to Zoom for our meetings and we just held off on MAAC as we were trying to get everything stabilized with everything that had to happen to implement that. So, my question to this group would be, would you prefer to do a Zoom meeting for the December meeting?

Chairman Newell: Any comment from the committee about Zoom?

Greg Rokeh: This is Greg. I am all in on Zoom.

Chairman Newell: Yes, Kelly, that may be a good idea. I know we can't meet in person, but maybe see some smiling faces from this committee would be helpful in the future.

Kelly Booten: Okay, we will get that set up.

Chairman Newell: Okay. Anything else for the committee? Do I hear a motion to adjourn?

Phil Zelman: This is Phil, motion to adjourn.

Lisette Perez: This is Lisette, I will second the motion.

Chairman Newell: Thank you, Lisette. Okay, folks' thanks everybody for participating today. We appreciate it. Stay safe out there and we will see each other via Zoom in December. Have a great day.

(Whereupon the meeting was adjourned.)