

ACTION ITEM

- New Contract
- Contract Amendment
- Other – FMAP Board Meeting Minutes

CONSENT ITEM

- Contract Amendment
- Existing Contract Extension
- Existing Contract Additional Spend
- Previous Board Approval _____
- Other _____

Action Items: Items requiring detailed explanation to the Board. When a requested action item is a day to day operational item and/or unanimously passed through committee it may be moved forward to the board on the Consent Index.

- Move forward as Consent:** This Action item is a day-to-day operational item, unanimously passed through committee and qualifies to be moved forward on the Consent Index.

Consent Items: Items not requiring detailed explanation to the Board of Governors. Consent items are contract extensions, amendments or additional spending authorities for items previously approved by the Board.

Item Description	FMAP Board of Governors Meeting Minutes, May 11, 2021
Purpose/Scope	Review of the May 11, 2021 FMAP Board of Governors Meeting Minutes to provide opportunity for corrections and historical accuracy.
Contract ID	N/A
Budgeted Item	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A
Procurement Method	N/A
Contract Amount	N/A
Contract Terms	N/A
Board Recommendation	Staff recommends the Board of Governors review and approve the May 11, 2021 FMAP Board of Governors Meeting minutes.
CONTACTS	Barry Gilway, President/CEO and Executive Director Barbara Walker, Senior Executive Assistant and Board Secretary

CITIZENS PROPERTY INSURANCE CORPORATION

**MINUTES OF THE
FMAP BOARD OF GOVERNORS MEETING
Tuesday, May 11, 2021**

The FMAP Board of Governors (Board) of Citizens Property Insurance Corporation (Citizens) convened telephonically on Tuesday, May 11, 2021 at 1:20 p.m. (EST) immediately following the Special Board of Governors Meeting.

The following members of the Board were present:

Carlos Beruff, Chair
Carlos Lopez-Cantera, Vice Chair
Bette Brown
Marc Dunbar
Lazaro Fields
Reynolds Henderson
James Holton
Will Kastroll
Scott Thomas

The following Citizens staff members were present:

Barry Gilway	Kelly Booten
Jennifer Montero	Violet Bloom
Barbara Walker	Jay Adams
Bonnie Gilliland	Jeremy Pope
Christine Ashburn	Huw O'Callaghan
Belinda Miller	Joe Martins
Mark Kagy	Mat Carter

The following people were present telephonically:

Tim Cerio
William Fawcett
Kapil Bhatia

Call Meeting to Order

Barbara Walker: Good afternoon and welcome to Citizens FMAP Board of Governors meeting that is publicly noticed in the *Florida Administrative Register* – to convene immediately following Citizens Special Board of Governors Meeting. Thank you for identifying yourself if you are addressing the board. May I proceed with roll call?

Chairman Beruff: Please.

Barbara Walker: *Chairman Beruff, Governor Lopez-Cantera, Governor Brown, Governor Dunbar, Governor Fields, Governor Henderson, Governor Holton, Governor Kastroll and Governor Thomas were all present.* Chairman, you have a quorum for the FMAP Board Meeting. The first item on the agenda is any opening comments that you might have and approval of the minutes.

Chairman Beruff: I have no comments. I would like to see the FMAP Agenda. If there's any way you could share that with me, that would be great.

Barbara Walker: Can you see my screen now, sir?

Chairman Beruff: I can.

Barbara Walker: Okay, wonderful.

Chairman Beruff: Is there a motion to approve the prior FMAP Board meeting minutes?

Governor Brown: Move to approve.

Chairman Beruff: Do I have a second?

Governor Dunbar: Second.

Chairman Beruff: Alright, motion carries. Okay, Annual Report; Kelly, you were going to give us that report?

Kelly Booten: Yes.

Chairman Beruff: Please proceed; thank you.

Kelly Booten: Good afternoon. Kelly Booten for the record. In section two of the FMAP agenda, is the FMAP Annual Report for 2020 with the corresponding action item in Action Item Index C. Citizens is required by the Plan of Operation to file the FMAP Annual Report with the Office of Insurance Regulation annually, by July 1st and thus I am seeking your approval of the report today. The report includes the program statistics for 2020 which are consistent with prior years. Chairman, would you like to entertain a motion to approve, or would you like for me to walk through the report?

Chairman Beruff: I'd like to walk through the report if it's not going to take too long.

Kelly Booten: Okay. FMAP is a free online referral program for personal residential property insurance which was designed to help consumers find insurance in the private market and reduce the number of applications for Citizens' coverage. The consumer uses a website to answer about 25 questions and then they're matched with an agent or a carrier if they are willing to write that business. In 2020, we received 10,546 requests and had offers accepted of 1,187 or requests converted of 11.3%. Last year, we had requests come in at 15% and there's a table in the report that shows back to 2011. There's also within the report, requests by county and we see where the requests are coming in. There's also requests by year-

built, property by type of coverage. There's another table by construction type and then also policy form types. And then, on the last page is the top companies used to place the business and then there are also the number of active agents. This year, we averaged about 288 active agents in the system. Last year that was 311. So that's a broad overview of the report.

Chairman Beruff: Great. So, how do we direct more people to try to fill this out? Because essentially, it's a very small amount of people compared to...there's a lot of people we were writing insurance for, that we're driving to other insurers. Is that being marketed? How is it promoted?

Kelly Booten: Certainly, we can pick up our marketing campaign on this and we do have plans to do this. We got the front end FMAP.org revamped and this year have plans to invest in some back-end system work to help with the searches and the adoption of it on the backside, market more to carriers during the latter half of this year. So, certainly we can pick up our marketing campaign. We have brochures that we have on the website and we have to...

Chairman Beruff: Do we have a third-party marketing arm that we pay fees to help us with that? Or is it all internal?

Kelly Booten: It's all internal.

Chairman Beruff: I don't know about all the other board members, but we spend a significant amount of dollars every month marketing our company through all the digital media world and it pays good dividends. So, it might be something...there is no expediency to it...but something that we might want to start looking at. There are people who specialize in how to target market. Certainly, the amount of people that we're driving to other insurers is not significant, because, first of all, we're not getting that many coming to the site, number one. Right? From what the numbers you shared with us. So, if we could put that on the "to look into list" and if we have capital dollars or expenditures that we can market and take advantage of people who are more proficient in that digital marketing arena than we are, because we're in the insurance business, not in the marketing business. But that's my comment, if anyone want to chime in, I'd love to hear what your thoughts are.

Barry Gilway: Chairman Beruff, Barry Gilway for the record. We have not actively marketed FMAP primarily because we're not trying to entertain new customers from the marketplace. FMAP is an alternative for new customers coming in. Obviously, we could depend highly upon the frontend system to steer customers coming into the appropriate carrier who might have an interest.

Chairman Beruff: I appreciate that, but obviously at the rate we are growing, as we've talked too many times in the last couple of months, if we can steer them into filling out the twenty-five questions and then maybe they qualify somewhere else. Because we're ending up with way too many people and the growth that you and I were worried about in the fourth quarter is even exceeding that under ...we thought that we'd grow at 630,000 policies and we're going to go through 700,000 policies in 2021 as sure as we're all sitting here, right?

Barry Gilway: Yes sir. We're on a straight-line basis. We're looking at 750,000 policies assuming the current rate of about 5,000 net new customers per week. So, if you just extend that out and then of course you have more recent OIR orders that are exacerbating the situation.

Chairman Beruff: Well, it's going to be compounded by the fact that the business cycle and the new-home building business, which accelerated in the fourth quarter of 2020 as those homes get delivered in 2021, that delivery is going to increase even further. And I think the original recommendation for growth this year was 630,000 policies and the high-end was 690,000. I think we'll easily get to 750,000.

Barry Gilway: We started out when we had 420,000 at our low; we were 4% of the overall market. Right now, we're sitting right around 8% of the overall residential market in Florida. We expect that to be at that 10% level by the end of 2021.

Chairman Beruff: So, over 100% growth.

Barry Gilway: Yes sir.

Chairman Beruff: Wow. How much of the legislation were you successful in getting through that hopefully the Governor will sign? When will that start...if any positive impacts it will have on the market that we can have other people compete with us?

Barry Gilway: There are some very positive moves effective 7/1 with the legislation. For example, over time the glide path will be increased 1% per year for the next five years. We do get credit going forward for our reinsurance purchase, whether we buy that or not, which is something that we did propose to OIR during this last scheduled rate discussions. It was declined primarily because OIR believed it was a legislative issue. So, that actually passed as part of this legislation. I think what will help the market are two major components. Under Citizens, the eligibility requirement was increased under this legislation from 15% to 20%, and there are some strong anti-solicitation or solicitation language that was passed as a part of the legislation, which I believe will really impact fraudulent claims and what we sometimes refer to as social inflation. And then, obviously, the major issue is the impact on the attorney fees statute. So, for the first time we have pierced the one-way attorney fee statute first party provisions. It should reduce the number of litigated cases going into litigation, because if the award is less than 20% of the final offer from the company then we do not pay plaintiff costs. If it's between 20% and 50% of the original demand, then there's a quotient established so we only pay a portion of the plaintiff costs. I think these will have a major impact. Secondary impact, there is a lot of new investors that have been expressing interest and having discussions with us recently. New money coming into the state. And the reason they would do that despite the overall results is they really get away from any of the development that's driving most of the problems in the marketplace and obviously, the rate adequacy that's being supported by OIR today is very effective. So, we are talking to various investor groups that during the first and second quarter of next year are seeing 400,000 additional policies that are better policies than existed previously in Citizens. We're hopeful that the depopulation program that Kelly is pushing so hard may have some very positive influence on overall growth next year.

Chairman Beruff: Perfect.

Kelly Booten: Would you like for me to read the recommendation?

Chairman Beruff: Yes, please.

Kelly Booten: Citizens recommends that the FMAP Board of Governors approve the 2020 FMAP Annual Report and authorize staff to take any appropriate or necessary action consistent with this action item for submittal to the OIR as required by the FMAP Plan of Operations.

Chairman Beruff: I'll entertain a motion to approve.

A motion and second were made to approve the motion. Roll was called and the 2020 FMAP Annual Report was approved.

Reynolds Henderson: Mr. Chair, I'd like to say one thing. Just kind of in your discussion about the marketing. We talked about the portal in the last board meeting. (remainder was inaudible)

Kelly Booten: I couldn't understand that. Did you ask for a report back at a certain point? Or...

Reynolds Henderson: Can you hear me?

Kelly Booten: Now I can, yes.

Reynolds Henderson: Last board meeting we spoke about the portal and the low usage of the portal and kind of in the spirit of the conversation about the marketing...if we could maybe at the next board meeting get an update on marketing for this specific area on the portal.

Chairman Beruff: So, Kelly, I think you got most of that. I think I got what Reynolds was saying. Basically, in the spirit of the conversation about marketing, should we look into having a marketing company to market the portal so we can go direct to consumers that we've been talking about now for a couple of months to offer better services and reduce our cost? As our board understood from our meeting in early March, operationally, we've lost \$689 million. At some point that becomes real money. It was real money to me after about 5K. It's a long way from mere money to me and part of that is circumstances we operate under, some of it is just that we need to make sure we can run the business as efficiently as possible. We're going to look good this year because we got a flood of premium growth that will make us look stellar, but Barry's been in this business since I was 12 years old or 15. And Barry knows how to run this business to make it achieve its goal which is at least operational break-even so that we're not eating into the investment income that we're getting out of our reserves. I think that that is something, as a board, I would like to mention at this meeting, that we have the opportunity to speak to each other, which is the only time we can as a board in the sunshine in preparation for our July meeting in Orlando, to dwell more on exactly how we get there. So that we get this thing to a point on a regular basis that we can be operationally at break-even moving forward.

Reynolds Henderson: Mr. Chair, one thing that I would like to make...whether we go direct or we stick with the current situation that we're in right now with retailers, I just think the portal should be used. I want to be clear. I'm not specifically.... [Inaudible]

Chairman Beruff: I think the way...please correct me if I'm wrong. Is that it should be one of the tools in our tool chest that should be operating at optimum operationally. Okay, so we're on the same page.

Kelly Booten: You're looking for additional reporting on improvements and adoption?

Chairman Beruff: Correct, and how we help you guys. If we have to set aside a board item in the budget that says we're going to spend, pick a number...I mean, we spend \$2 million per year in marketing and we're a small company. So, if we have to set dollars aside to get into that digital marketing space, to make people aware of a portal that people don't know exists in order to be better at our jobs and save money in the long term, then that's something that I think this board would at least entertain if it was protected with the right format with the people that know how to do these things, the companies that specialize in digital marketing.

Kelly Booten: Understood.

Chairman Beruff: Is there any other business?

Marc Dunbar: Chairman, this is Dunbar, I have one more, quick thing. I just hope that we're back on normal format in a room where we are all sitting around the same table.

Chairman Beruff: I would advocate that, and I think we've got all the people in Tallahassee that have given us the right to do that, but I only want to advocate that on a voluntary basis. Any board member that does not feel comfortable in that scenario can engage any way they like, but I would prefer like we had in Jacksonville, I thought it was a very successful meeting, but we would like to have everybody that can attend in July in-person, if possible.

Marc Dunbar: Hopefully, we can be at a normal table and not spaced crazy and have staff in the room so that we can interact. Everything is sort of back to normal. Everybody's either had it or is vaccinated so, it seems to make sense to get back to the way we used to do things.

Barry Gilway: Mr. Chairman and Governor Dunbar, we are planning for the July meeting to be an in-person meeting as the Chairman indicated, there may be board members that might not be available for an in-person meeting, but we have the location lined up for an in-person meeting that we conduct as we did prior to COVID.

Chairman Beruff: Anyone else?

Carlos Lopez-Cantera: I don't know if you received the request I made to Barbara, about considering Miami as a location, which is obviously an area that has a large number of our policies and hasn't had a meeting in years. I believe prior to the pandemic, there was a reservation and deposit made at a hotel that had to be canceled but I think that that credit is still there, and I'd like to request that we have a meeting in South Florida sooner than later.

Chairman Beruff: I know I discussed it with Barbara, and we said we'd have our July meeting in Orlando and the next meeting would be in Miami. Is that October, Barbara?

Barbara Walker: No, Chairman, that's September 21st and 22nd and I'm still working on that venue.

Chairman Beruff: So, it is our intent, Governor Lopez-Cantera, to have our meeting in September there if that is okay with you?

Carlos Lopez-Cantera: Yes, that would be great.

Chairman Beruff: So, we will see everybody somewhere in Orlando in July and we now are teeing up the late September meeting. Barbara or Barry, is there any reason why that meeting has to be at the end of September? Are there some legislative things we have to accomplish, or can it be the first weekend in October? I just want to know if there's any flexibility or are there some statutory things we have to accomplish before the fiscal year starts for the state. I don't think that applies to us, but I don't know.

Barbara Walker: Chairman, we had polled the board last year to try to get our meetings confirmed for the quarters so that it wouldn't interrupt with obligations of other board members as far as other boards that they have to attend.

Chairman Beruff: So, it's internal to us?

Barbara Walker: It's internal to us, yes, sir. It has been noticed and sent out that those are our board meeting dates both for entire year.

Chairman Beruff: Okay, so we can change that, so, at the end of the day...I think I've got everybody on the board on this phone call. If everybody on the board decided that...I'm fine, by the way, on the 21st and 22nd of September. If the board would rather push the meeting to the first week in October because they think...Miami is certainly better in October than it is in September as far as I'm concerned. Just keep that in mind, so if the majority of the board wants to move the meeting, it doesn't bother me and it's plenty of time to notice the meeting to a new date. Other than that, Governor Lopez-Cantera, we will see you in Miami.

Carlos Lopez-Cantera: I'll look forward to it.

Chairman Beruff: I think we'll entertain a motion to adjourn.

Motion was made. Meeting adjourned.