CITIZENS PROPERTY INSURANCE CORPORATION

Summary Minutes of the
Market Accountability Advisory Committee Teleconference Meeting
Wednesday, June 23, 2021

The Market Accountability Advisory Committee (MAAC) of Citizens Property Insurance Corporation (Citizens) convened via Zoom webinar on Wednesday, June 23, 2020, at 10:00 a.m. (ET).

The following members of the Market Accountability Advisory Committee were present telephonically:

Dave Newell, Chair
Allen McGlynn
Greg Rokeh
Kurt Lewin
Lee Gorodetsky
Lissette Perez
Mandy Dawson
Phil Zelman
Steve Roddenberry
Susanne Murphy

The following Citizens staff members were present telephonically:

Barbara Walker
Barry Gilway
Belinda Miller
Bonnie Gilliland
Carl Rockman
Christine Ashburn
David Woodruff
Eric Addison
Jay Adams
Jennifer Dilmore
Jeremy Pope
Kelly Booten
Mathew Carter
Ray Norris
Scott Crozier
Wendy Perry

Call Meeting to Order
Roll was called and a quorum was present. Chairman Newell called the meeting to order.

1. Approval of Prior Meeting's Minutes

Chairman Newell: Thank you very much. I appreciate everybody's time this morning. I just want to really compliment Wendy and the team at Citizens for continuing to help us navigate these virtual meeting settings we are in. Wendy has been very helpful to me this morning and, I know, to many others on this call. So, thanks Wendy, and the team, for help keeping us straight and keeping these Zoom meetings going. Thank you very much.

Folks, do I hear approval of the February 17, 2021, meeting Minutes?

Lee Gorodetsky made a motion to approve the February 17, 2021, Market Accountability Advisory Committee (MAAC) Minutes. Phil Zelman seconded the motion. The minutes were unanimously approved.

Chairman Newell: Before we go to Jay Adams and Managed Repair, I thought I'd go off script just little bit and ask President and CEO of Citizens to give us a few words of wisdom on what he is seeing currently in the Florida marketplace, and certainly Citizens' role that they continue to find themselves in with more submissions, and certainly, a lot more agents are accessing

Citizens, unlike ever before because of the current state of the marketplace. So, if you don't mind, Barry, could you just give us a couple of opening comments?

Barry Gilway: Sure, Mr. Chairman. Let me start by saying that I think, because as we are all aware, the market is in a very restricted position. Citizens reached a low point of 420,000 policyholders. We got there from 1.5 million at our peak in 2012. We have been growing since the third quarter of 2019, and today we continue to grow. We are increasing our net of customer count by a little over 5,000 net new customers per week. We are processing around, I think Kelly has got the specific numbers, but we are processing around 30-31,000 new business policies per month through the system. The reality is the marketplace, right. So, we know that through five years there has been consistent profitability issues in the marketplace. It culminated last year with an underwriting loss in the market of around $1.6 billion, and to put that in perspective, the entire domestic Florida market only has about $12.5 billion in premium and about $4.2 billion in surplus. So, the impact of a $1.6, $1.7 billion underwriting loss, I don't have to tell you how significant that is in terms of the overall profitability of the market.

The first quarter numbers were not good. We just received the first quarter summary for 2021, and the first quarter summary basically shows that you had an underwriting loss of around $269 million. This time last year there was actually a slight underwriting profit, and that really resulted in a negative net income of a little over $200 million negative net income.

The industry and the individuals on this call understand this well. I mean, the industry is facing a real dilemma. The reality is that the profitability of the industry remains at an unsustainable level and the issue that private companies have is they are faced with two decisions. The first decision basically is that they get more capital, and they increase their overall capital to maintain their surplus level, which by the way, is already running at about a 35 percent level compared with outside of Florida where it’s one-to-one. But you are looking at one-third to one in the Florida marketplace. So surplus is at low.

So, the companies have to do one of two things. They either have to increase their overall capital to offset the negative net income that hits directly to surplus, or they have to readjust their portfolios, and they are readjusting their portfolios. They started out in the southeast. They moved up to the Pasco-Pinellas area because of the ridiculous increase in litigation in the solo counties that we’ve talked about in the past. That’s a 588 percent litigation increase in the last four years. They are now exiting business in those territories. Overall, the general climate is that companies are reducing their overall exposure in the state, and they are reducing it selectively. Some are reducing it as a result of a change in the acceptability of certain risk characteristics. Some of them are reducing it geographically based upon the high litigation of counties of Dade and Broward, et cetera. If they can't get capital, then they don't really have much of a choice.

Obviously, the recent decision, and a correct one by the way in my opinion, of Gulf Stream, Universal N.A., Southern Fidelity, in order to reduce the size of their portfolios to protect their overall financial position, obviously that creates even more stress on the market. I will say this, that the independent agency system is doing a pretty phenomenal job of responding to some of the crises that are occurring, AmCap is a good example. AmCap liquidation resulted in 1,733 accounts that literally had no place to go. These are large commercial accounts, and the private market, the agency system placed over 1,700 of those in the marketplace.

Kelly’s got the specific number. I think we ended up writing 36 out of the 1,733 accounts that were out there. So far, we have written probably 3,000 roughly of the Gulf Stream, Universal

N.A., Southern Fidelity business that was put on the street. I think we've got another 10 days, as I remember, based upon the cancellation dates of that business, so we will see what the next week or so looks like.

So that is the bad news in the market. I do take a position on SB 76 that I do believe that it will have a significant impact. There is a direct impact to Citizens. We certainly benefit from the reinsurance provision. This allows us to actually charge within our rating algorithm for the reinsurance the same way every other company in Florida does, so we are now on an even keel there. It did change the eligibility criteria from 15 percent to 20 percent. I think the participating companies will benefit from that in terms of picking up some business through the Clearinghouse mechanism.

Then, of course, we do have the ability in the glide path to increase our glide path one percent per year for the next five years from 10 percent ultimately to 15, so there's some direct Citizens benefit. I also believe, Mr. Chairman, that there will be some longer-term impact on the number of litigated cases brought as a result of the 20 percent provision in the attorney fee statute. And I do believe that in the long term it will reduce the overall impact of the percentage of plaintiff costs associated with the SB 76 and the approach of determining the level of plaintiff costs paid, so I think 76 will benefit. There are other provisions, obviously, that will benefit the industry overall. I tend to be more on the positive side.

I will also tell you this, then I will stop after this one, Mr. Chairman. I know that I am going on for a period of time here. I will tell you this, there is a lot of interest being shown relative to new capital coming into the market. When Citizens grows from 400,000 policyholders to 800,000 policyholders and beyond, which is exactly what's happening, then that means there is 400,000 policies that shouldn't be in Citizens. New capital will come in, in my opinion, in 2022. To take advantage of a situation where you've got a scenario where you can leave development behind which, let's face it, causing a continuing problem in the state, and where the OIR has been, I think, exceptional in realizing that rates need to be increased and rates can gain approval at a level that will keep them ahead of the litigation curve.

So, a long-winded way of saying where we stand. I'm not the naysayer that a lot are. I do believe we'll grow. There is nothing we can do to stop it between now and the end of the year, maybe the first quarter of next year. Then I do believe there is some opportunities for outside capital coming in, or for companies that are well capitalized to take advantage of the Citizens situation. I don't think it is all doom and gloom, I think there are some positive things that could cause exposure reduction for Citizens later in 2022.

So, that's my diatribe, Mr. Chairman.

Chairman Newell: You know, it is always nice to hear your take on things, Barry. You touch a lot of the industry in different ways, so it's always welcome, especially for this group, to listen to those comments. Certainly, we hope many report back to their respective associations and tell their members, as well, about what you are seeing and hearing for the industry right now. So, thank you so much. I know you will hang out for a little while, and if members of the committee have questions, we will turn back to you for those answers. Okay Barry?

Barry Gilway: That is fine with me. Yes, I will be engaged for the whole program. Kelly demands it, so I will be available for the whole program.

Chairman Newell: Okay, thanks, Barry. All right, folks, if we turn to tab two, Managed Repair Program. Jay Adams, Jay, are you still with us?

2. Managed Repair Program Update

Jay Adams: Yes, sir, thank you, Chairman, and Committee members. I would like to give you a quick update today on the Managed Repair Program, so if we could go to the first slide, please.

Just as a quick refresher, back in August of 2018, Citizens made a product language change to really help bolster the Managed Repair Program. And what we did is we placed a $10,000 sub-limit on non-weather water claims and built into this $10,000 sub-limit was a $3,000 limit placed on any vendor services hired by the policyholder.

In addition to these changes, we also have a provision that if the insured does enter into the Managed Repair Program, they return back to the full coverage A limit and that sub-limit is then waived. Next slide, please.

What I want to make sure everybody understands is, our Managed Repair Program is only for non-weather water claims, and when I refer to non-weather water, what we are really speaking about is some type of plumbing leak. Water has escaped a plumbing system somehow in the home.

There are two big components to our program. First is Emergency Services. In Emergency Services that's where we offer mitigation services during the first notice of loss call. We offer that to every person that has a non-weather water cause of loss, and they are on an HO-3 policy. That service is offered regardless of whether there is coverage, we don't have any deductible, it is a completely free service.

The second component is for the permanent repairs, and we often refer to that as Managed Repair. That is offered during the claims adjudication process. So, as the adjuster goes out and works that claim, they advise that policyholder of that $10,000 sub-limit and that the application of the Managed Repair does return them back to that full coverage A limit if they choose to join. Next slide.

What I wanted to point out here is to give you some idea of how the program is kind of progressing moving forward. I mentioned, on 08/01 we did the product language change. Prior to 08/01 we were not having any significant adoption rate. The average claim payment for these claims is somewhere between $12,000 and about $16,000. So, a lot of these are exceeding the $10,000 sub-limit with the new product language, and that's allowing a lot of consumers to be able to choose the Managed Repair Program.

If you look at the column three from the far right-hand side, it says, Percentage Accepted Emergency Services. And, what that is, is of all the claims that were eligible to go into Emergency Services, in 2019, 36 percent joined, in 2020, 38.7 percent, and through April this year we are at 39. So that trend is definitely moving in the correct direction as consumers find out about our program.

The last column is the Percentage Accepted into Managed Repair, and that works the same way. So, of all the claims that were eligible in 2019, 24 percent joined the program and in 2020 it moved up to almost 33 percent, and year-to-date we are at about 25 percent. Next slide.

We had some mentions about wanting an update on where our Emergency Services are for the top 10 counties. And as you can see here for 2020 in the left chart and 2021 year-to-date in the right chart, there's really no surprises here. This really is a representation of where our book of business is currently. Next slide.

This is the exact same information, but this is for the Permanent Repair piece. The same deal, no surprises. It is really centered around the areas where our largest books of businesses are located. Next slide.

I want to talk just a few minutes here about the Voice of the Customer. We do customer surveys for our policyholders that go through these programs, and we ask them a multitude of questions. There are many more categories of information, but I really wanted to focus on these four specifically. This is what the Claims operation looks at for evaluating if our Managed Repair Program is moving in the right direction.

In the upper left-hand quadrant, we have the overall claim experience. This is how the policyholder rates claim personnel on the actual handling of their claim. And as you can see, that has been trending up all along. We are getting better each measurement period. And in a few slides, I am going to talk about some of the changes we've made to our program that helped to uplift some of these numbers.

In the upper right-hand corner is the Would You Reuse the Managed Repair Program? So, after a customer has had a loss, been through the process, we want to know, did we do well enough that they would likely use this or maybe even potentially refer someone else that is a Citizens customer to go into that. You can see we have had some pretty solid results in that area, as well.

In the lower left column is the Average Citizens' Score, and that is Citizens as a whole, so the whole process from calling in the claim until the claim was resolved.

In the lower right quadrant is the average Contractor Connection score. We've struggled with those folks to really get their score moving in the right direction. We made some changes in our program and you can see that their scores are pretty close in line with what the Citizens' Claims score is, so all indications are from the customer that things are moving in the right direction. Next slide, please.

During the survey process we take down what we call verbatims, things that policyholders actually state. I am not going to read all of these, but I would like to focus on two, in particular, because I believe that these comments really bolster and foster the nature of what we are trying to accomplish with our Managed Repair Program.

The first one is the center one on the bottom in the blue: "The claims experience was excellent. We had no idea what to do, but the people and the quality of the expectation was very good. Everyone was very kind to us." When a people have a loss, it's really mission critical that he get those repairs completed, and a lot of time consumers have no idea who to turn to make those repairs happen. When they go through our Managed Repair Program, we offer a three-year workmanship warranty. Those contractors are vetted, they're insured, they are bonded, and we make sure that the work is completed up to standard.

The other comment I would like to speak to is the upper right-hand comment, “Citizens called every other week to make sure everything was okay, that was impressive.” One of the things that we have done in our program is, we assign these claims over to staff and we reach out to that consumer throughout the process. The idea here is if something is off track, we want to know about it before it becomes a serious issue. That way we can engage with the contractor or, if necessary, Contractor Connection to attempt to get that job back on track. Next slide, please.

I talked a little bit about some enhancements. When we started out the program, our Voice of the Customer results were not really up to par where we wanted them to be. And I mentioned that there were a lot of challenges with the Contractor Connection portion of this, and the contractors just really being new to Citizens and our best practices. So, what we did is we took our Quality Assurance Field Re-inspectors and we started sending them out to the contractor facilities. What they did when they went out there is they went over the best practices, talked about the expectations, talked about what we were looking for in the estimates and how the program needed to work, and additionally, what they needed to do to improve their customer service skills. That has paid off significant dividends as you saw a few charts earlier as their scores have come up significantly.

Then Citizens had some scores that were really not where we wanted them to be either. What we believed the cause of that was, we do have independent adjusters and staff handling the non-weather water claims, and traditionally, an independent adjuster really focuses on writing the estimate, the scope of damage, getting the claim settled and moving on. They don't really have a high degree of tolerance for a continual feedback loop with the policyholder for a claim that pends. So, what we made the decision to do was take any claim that entered into the Managed Repair Program and move it over to a Citizens staff adjuster. There what we do is we go out and we reinspect that loss with the contractor. What we are really trying to do is get an agreed scope of damages with that contractor, make sure that the insured is on board, and there are no problems that are going to occur later on because the expectation is not set for all involved.

We also maintain, as I said earlier, contact with the policyholder throughout the process trying to prevent any kind of significant challenges for the consumer or for Citizens down the road if this claim were to get off track. And then again, we do act as a liaison with the contractor and the policyholder for any disputes that may arise. Next slide.

One of the things that you heard Barry talk about is exposure reduction. And Carl Rockman is running a team here looking at how we can be ready to reduce exposure when the market is available for that. He has looked at three different areas that we can make some changes to where we can, hopefully, increase the Managed Repair adoption rate.

The first area is in the consumer section. And what we are looking at there is reviewing all of the outward facing materials that go to the policyholder with respect to the Managed Repair Program. They're looking at making enhancements or how to additionally deliver information so that our policyholders are aware of this great program.

He is also looking across the agency area. What we are doing here is we are looking at agencies that have low adoption rates in their Managed Repair Program and comparing them against those that have significantly higher adoption rates. We are trying to develop best practices that we can share from the high performers with the lower performers to see if we can get their adoption rates to move up. Because again, as was mentioned earlier, most people look to their agents when they have a loss before they look to the insurance Carrier.

And then the last thing that we are doing is, as I mentioned earlier, any time a non-weather water claim is called into the call center during the first notice of loss, the system automatically prompts for scripting so that the call center representative makes sure that they're expressing appropriate information to the customer about emergency services and what this program entails. And what we are doing is looking at can we enhance that initial messaging to create a better relationship with this program when that claim is first called in. Next slide, please. I think that is all we have.

I would open the floor for any questions, Chairman.

Chairman Newell: Great report, Jay, thank you so much for bringing us up to date on that program. It’s like you said at the opening slide, we’ve had it for a few years, you all continue to tweak it and help make that customer experience even better. Folks, any questions for Jay about the Managed Repair presentation?

Lee Gorodetsky: Dave, this is Lee Gorodetsky. Hey, Jay, how are you?

Jay Adams: Fine, thanks.

Lee Gorodetsky: Just one quick question. I think the program is great. I only see two potential scenarios. One, we are noticing that when applications are E-signed, clients are questioning that verbiage on the form and they're hesitant to sign when they see it because we tell them it’s full water damage and so forth, but that is not a big to do, but maybe the verbiage could be changed to say unless commit to the program.

But here is the other one, Jay. You said something I don't necessarily agree with 100 percent. Some people call their agents right away when they have a claim. I don't know that that’s true, at least south Florida, I don't think it is true. They call whoever they think they're going to call, and that is probably where a lot of your problems are coming from. So, I am wondering the following: If someone were to do that and do the wrong thing, they're nixed out of the program 100 percent, but if you catch it early enough, maybe if it's just the people sucking the water out and drying out the home and limit the coverage on that, can the client come back into the program to not have to lose out totally? That might get more people involved so they realize. Because if I walk into my house and I am ankle deep in water, yes, I am an insurance guy of 35 years, so I am going to think about calling Citizens, but most people they just call whoever they dial first. It's just not the normal reaction.

Jay Adams: Certainly, that is a good point. To answer your question, absolutely. We tried to build our program as consumer friendly as possible. I mentioned, when we made the product language changes and we put a $3,000 vendor cap on any vendor the policyholder hires; let's just say, for example, they did call their own vendor. Let's say they had more than $3,000 worth of damage and they stopped their vendor at that point, then they call in the claim. If there is still water extraction needed or drying, we will still deploy our free services and we will spend whatever it takes to complete the drying process. If the insured then decides to go on their own for repairs, they only have $7,000 left towards those repairs.

As long as the insured has not signed a contract with a non-MRP vendor, we will allow them into the program at any point in time in the future. For example, we go out and we say, hey, you've got $15,000 worth of damage, you've exhausted $3,000 on the vendor you contacted. We completed the drying, that's all free of charge, does not go against your sub-limit, here is your check for 7,000 dollars, or you can join the Managed Repair. If they say, hey, we want to think about it or whatever, we advise them, as long as you have not signed a contract with your contractor and you can return these funds you are eligible from now until whenever to join our program and then you will be returned to the coverage A limit.

Lee Gorodetsky: That is great news, thank you. That is perfect. I like that.

Jay Adams: Thank you for the question, good question.

Chairman Newell: Okay, committee, anything else for Jay?

Jay Adams: Thank you, Chairman.

Chairman Newell: All right, thank you, Jay.

Behind tab three, committee members, Scott Crozier is going to bring us up to date on some underwriting issues. Scott, good morning.

3. <u>Underwriting Update</u>

Scott Crozier: Good morning, Chairman Newell, committee members. For the record, this is Scott Crozier, Vice-President of Underwriting and Product Development, and I am here to provide updates on a couple of underwriting topics that were raised during a prior committee meeting: four-point inspections and Citizens COVID-19 moratorium.

Currently, Citizens requires a four-point inspection for all homes over 30 years of age. These inspections refer to four points because they focus on the four critical systems of a home: the roof, the electrical, the plumbing and the HVAC. Due to the hardening property insurance market, many homes are being non-renewed or canceled and are seeking coverage with Citizens, and we are starting to see an increase in risks with prior losses, open claims and/or existing damage, so we want to have a better look at risks that we are being asked to insure. Therefore, in July, we are going to propose to the Actuarial and Underwriting Committee that we adjust the four-point inspection requirement to include dwellings that are over 15 years of age. If approved, this change should take effect in February of 2022.

Another benefit of having a four-point inspection on file for dwellings over 15 years of age is exposure reduction, the assumptions, also known as take-outs. A current inspection is one of the key items private insurers told us they value when considering which Citizens risks to assume. The more policies for which we have an inspection, the better position we're going to be in to increase the amount of risks removed from Citizens when the market begins to strengthen.

Now, for the second topic. Citizens' COVID-19 moratorium. It was in effect for 10 months from March 27, 2020 through January 31st of 2021. Exceptions were made for both payments and for underwriting reasons. These exceptions allowed for extended time frames for our customers to provide premium payments, required documents and to comply with underwriting requests before we issued cancellations or non-renewals. During that time frame 60,546 total exceptions were made, and they consisted of just over 18,000 for payments only, just over 40,000 for underwriting reasons only, and nearly 2,300 for both payments and underwriting reasons. We also offered payment arrangements which allowed customers the flexibility to spread out their premium payments beyond our standard payment scheduling, and payment arrangements were made for 674 total policies.

When the moratorium was lifted on February 1st, cancellations and non-renewals resumed for policies that were not in compliance with our rules and guidelines, and of the 60,546 total exceptions that were made, just over 15,000 of them had already terminated coverage, and that was primarily for nonpayment, cancellations, and lapses. Due to statutory requirements to provide at least 120 days written notice for non-renewals, the next wave of policy terminations is going to be effective starting July 1st. So nearly 23,000 policies have satisfactorily resolved their exceptions whether it was payment or for underwriting reasons, and that leaves approximately 22,000 policies with exceptions currently remaining in force. And it is going to take us a full year to terminate all policies that were granted exceptions during the moratorium but have not yet returned to good standing. That is due primarily to the various effective dates of the impacted policies, and some of the statutory requirements that I mentioned earlier as far as noticing goes.

Pending any questions, Chairman, this concludes my update.

Chairman Newell: Thanks, Scott. Great report as usual. Committee members, any questions for Scott about the two items he brought to our attention today?

Lee Gorodetsky: Hey, this is Lee Gorodetsky, I will come in again. Sorry Scott.

Scott Crozier: Oh, sure, how are you?

Lee Gorodetsky: I think the four-point 15-year option should be done by every carrier. I can't believe we still have a 30-year rule because there are people breaking the rules with inspections not being required, issues in the home as we see people talk about it all the time. I am sure you guys catch up on it, so I think that’s a great idea. I wish more companies would do it or the state would impose it to everybody somehow, whatever it is going to deal with.

I do have a question a little bit off topic on the existing policies and RCEs, because the RCEs have changed. Coverages are now much higher. Is there going to be a push for these policies to be re-RCE'ed, the existing policies or things of that nature or re-inspections because of what is going on in the marketplace?

Scott Crozier: We don't have a program in place right now to automatically do this. We are in the midst of doing a transition. We currently are serviced by ISO, where we use their 360-Value, and we will very soon be transitioning to CoreLogic’s’ RCT Express. We’ve seen generally the RCT Express, an over generalization, but come in a little bit lower on a personal lines side than what we were seeing with 360-Value with some of the inflation factor changes that have occurred and are continuing to occur on a quarterly basis. We are definitely seeing increases, generally speaking, for the reconstruction cost for homes, with things like lumber, other material and labor going up so much.

So, there are increases naturally occurring, but we don't currently have a plan to systematically go through and require an RC for everything. We do have some efforts going forth as far as increasing the amount of inspections we are going to do, which could in part involve some RCE checks, but right now we are primarily going to rely on our agents to work with our customers to try to figure out what they think the appropriate amount is for reconstruction estimates so that we can then adjust the coverage As. Does that answer your question?

Lee Gorodetsky: It does. I am just thinking out loud that if Citizens did do that, it might push more business out to the private market, because if the RCs are being increased, it is going to put people into the shopping mode which is not a bad thing. Not that they can find it, but at least they may start trying more.

Scott Crozier: Right, it could, and that is something with new business. This was mentioned earlier by Barry, we are really getting inundated right now with new business. We have had over 6,300 policies each of the last couple of weeks. We have been averaging, I think he said somewhere around 30,000 new business a month. So, we are working with our internal staff and our partners, both with MGI down in Sunrise, as well as Xceedance up in Massachusetts, to help us from an underwriting perspective, just to keep up, keep our capacity to meet this demand surge. It just seems to continue to be going up, so we are trying to stay with the new business. We are also doing the best we can to look at our existing business and where that stands, and I do think there is some opportunity there with replacement costs to see how that works.

It is something I will take back to the team, and we will give further consideration, so I appreciate your input.

Lee Gorodetsky: Thank you.

Chairman Newell: Thanks Scott, thanks Lee. Anything else for Scott?

Greg Rokeh: Yes, Chairman Dave, I've got a question. This is Greg Rokeh.

Scott Crozier: Good morning.

Greg Rokeh: On the non-renewals going out on the exceptions, is Citizens still working with consumers that reach out to them to attempt some kind of a workout during the non-renewal period or is it too late at this point.

Scott Crozier: And you are referring to the COVID-19 moratorium, those exceptions specifically?

Greg Rokeh: Yes.

Scott Crozier: Yes, we are absolutely working with our agents and with our consumers to try to resolve any outstanding issues. For instance, if there is an outstanding proof of repair for Hurricane Irma, and there are several of those, and another issue that is prevalent or validating the roof condition, age and how many remaining useful years there are for the roof, we are absolutely willing to work with consumers and with the agents to figure out if there is something that we can do to satisfy it. Is there a valid reason on why we are not able to get the documentation or the other information that we require, and where able, we will work with the customer and continue coverage. Did that answer it clearly enough for you? Is there something I can elaborate on?

Greg Rokeh: Yes, you did. Are you getting many requests to try to work during this period, or no?

Scott Crozier: I don't have a number on that and anecdotally, I have a sense that we are not seeing as many as we had. I do think that as the July 1st non-renewals start hitting and then continue for the next 12 months, that that may spur some action on behalf of customers when they realize that their Citizens' policy may be about to end, so we are absolutely willing to continue to work with folks to help them, but I am not sure we are seeing a spike in that.

Greg Rokeh: Okay, thank you.

Scott Crozier: Sure.

Chairman Newell: Thanks Greg. All right, Scott, thank you so much.

Scott Crozier: Thank you very much, Chairman.

Chairman Newell: And we will go ahead and turn to tab four. Our friend Christine Ashburn will give us a legislative update. Good morning, Christine.

4. Legislative Update

Christine Ashburn: Good morning, and thanks for having me today. So, I know Barry started to highlight some of the key points to the Senate Bill 76, which really from a market perspective is probably the most relevant for this group. We do have some procurement work to do and vendor management work to do related to House Bill 1079, but most of that has to do with our government entity status and the fact that we follow state procurement guidelines.

As Barry noted, we did work with Senator Jim Boyd and Representative Bob Rommel this year on their property insurance packages that we, candidly if you had asked me going into session I would have told you there is no way that we were going to pass anything related to one-way fee reform, and I am happy to report that I was wrong and I think Barry was in the same boat with me and I know he is happy to note he was wrong. But we didn't expect necessarily based on Chairman Boyd's initial package were Citizens specific provisions. And while there were some ideas in other Bills and in some thoughts that we had about depop and other areas that I think can still be tackled in the upcoming session or in future sessions, is really that we did get three key provisions relating to kind of the market for Citizens and I think Barry highlighted those, which is changing the initial eligibility for Citizens from a 15 percent or greater threshold to more than 20 percent higher which, if we do get carriers back in this market writing, it should help flow some of the growth at Citizens in the long run.

It also is very noted it does allow for Citizens to charge for the cost of reinsurance to the one in 100-year PML, whether or not we purchase that coverage. As we all know, Citizens is a different animal and we do not buy reinsurance at the same levels as the private market and there are all kinds of good policy reasons for us to be treated a little bit differently, but it does make us more competitive, so I think that is a positive and we will see that make an impact over time, here relatively quickly in fact. And then as Barry also mentioned it does increase our 10 percent glide path rate cap in the statute by one percent annually beginning in 2022, until the cap reaches 15 percent in 2026. So next year the rate cap will go from 10 to 11 and so on.

There are some notice requirements for property insurance claims. As all of you are aware, we have a five-year Statute of Limitations in Florida and historically the law has been different for two perils. One being CAT fee, we had three-year hurricane claim filing deadline and for sink hole a two-year claim filing deadline, but beginning July 1st, the property insurance claim or reopening claim must be provided to the insurer within two years of the date of loss for all types of losses in property, and it does allow a supplemental claim to be filed within three years from the initial date of loss. We know Jay and his team are carrying the lion share along with the Information Systems team to get us up to date on all of the things and processes and system changes related to these types of changes.

I think, really, the critical piece that Barry talked about where it relates to maybe you are seeing some new capital interested in Florida and we are hearing positive reports coming out of the reinsurance market, that the fact that Florida actually has done something to attempt to tackle our runaway litigation problem is really about the change in the way we handle attorney fees for property insurance and some of the duties that are required following a loss and getting us more detail so we actually maybe even know why we are being sued.

I will give you a fact that I think has been widely talked about, both in the Capitol and the different circles, that made a big splash and, I think candidly, was a fact that actually had a huge impact on getting this Bill across the finish line. Nationally, from the NAIC, who we all report in to the NAIC, the National Association of Insurance Commissioners, Florida accounted for eight percent of all property insurance claims, but Florida accounts in the same time period for 76 percent of all property insurance litigation nationally. Clearly those numbers don't make sense. It shows there is a significant problem, and I do believe that when the Commissioner was able to pull those facts together and pull that data it had a huge impact on the momentum of this Bill. So as all of you know, the property insurance attorney fee structure in Florida for more than 100 years has been the one-way attorney fee statute which indicates that if a Carrier goes to court and loses by a dollar, we are on the hook for all fees. There were good reasons that that legislation was put in place. We have a bevy of attorneys with big deep pockets, potentially, and consumers need access to courts and all of those things.

But it's turned into a game for the bad actors, so we tackled a piece of it with assignment of benefits several years ago, as all of you will remember, and this time it really needed to be about first party litigation. So, claimant attorney fee awards for residential or commercial property insurance policies, excluding assignment litigation because that is governed by its own statute, are now going to be governed by dividing the claimant's recovery above the insurer's settlement offer by the disputed amount to the difference between the claimant's and insurer's settlement offers. If the claimant's recovery above the insured settlement offer is at least 50 percent of the disputed amount, the insurer will pay all of the claimant's fee. If the recovery above the insurer settlement offer is at least 20 percent, but less than 50 percent of a disputed amount, then the insurer must pay the same percentage of the claimant's attorney fees and costs as opposed to the whole thing. If the claimant's recovery above the insurer's settlement offer is less than 20 percent of the disputed amount, there is no fee award, and the carriers would not be on the hook for any of the fees. I think the positive is you are going to have to, at least at some level for some of the attorneys, make a decision about the skin in the game and the likelihood of the case having some success or not, and you may not, because they all take these on contingency basis, most of them, that you may not be able to recover any of your fees. We are hopeful that at least some level that is going to change behavior in the long run.

Like I said also, relating to making sure we have estimates and more information, while not perfect, this Bill, I think it will go a long way to getting us back on the right path in Florida. I will tell you, I was at a conference last week and there was a legislative panel with Senator Jim Boyd and Representative Rommel and the Commissioner and the reality is that if this Bill doesn't do what it needs to do, I do believe in a year or two (we need some data), there is a recognition and the Governor has talked about it publicly, that this is a first step, and as we see the loopholes like we see in some of the AOB start to materialize in the courts in other ways, that this Bill may need tweaking, we may need additional reforms. I know that Senator Boyd and Representative Rommel are committed to doing what needs to be done to fix this market and stabilize rates and allow for capacity to come back into this market.

I think the other thing that is important that has not been a Citizens specific issue, but I do think is worth mentioning, many of you have heard lots of information or maybe you have even seen them in your own neighborhood, some of the unscrupulous advertising that is going on in the roofing world and the contracting world, most notably with the roofers. This Bill does change the requirements and create some prohibitions for solicitations as it relates to soliciting. I will give you an example, Roofclaim.com. The idea that you are going to solicit for the purpose of filing an insurance claim is now prohibited and there are strong penalties, so we are hopeful that some of that will stop the bad acting. If we could get one or two violators to lose their license and get fined, up to $10,000 by the way per violation, maybe we can change some behavior which we all know, while it hasn't been a Citizens' problem, the roofing issues in areas of the state where we haven't historically written a lot, we are growing in those areas because we know that the market is shutting down in areas where roof litigation has been a real problem.

Additionally, the Bill requires reporting data. I know that can be painful, especially when you have multi-state carriers, because you are doing things differently state by state, but I think the goal of specific reporting of data to OIR is so we have the information so we can see if this legislation is working, and if not, we have the data handy to go back to the Legislature and show them what isn't working and why.

And there are, also, on Senate Bill 1598, which is the consumer protection legislation, it does make some changes to the claims Bill of Rights and some of those items that we'll be working to implement with the effective date of that Bill being January of next year. It's just updating some of the verbiage and notifications that go out post claim that we automate in our system.

With that, Chairman, I am happy to answer any questions.

Chairman Newell: Thank you, Christine. Another great report and also great seeing you last week and the team down there at the conference. So, appreciate the support there and I know that you will be at other venues in the future. Any other questions for Christine about the legislative update?

Lee Gorodetsky: Dave, I will if no one else will. This is Lee Gorodetsky again. Sorry, Christine.

Christine Ashburn: That is okay, Lee.

Lee Gorodetsky: In the last six months I have spent more time working with Citizens insurance than I ever have in my career because of my new running of an agency and so forth, so I am seeing so much more than I used to see and it has changed so much.

But I am disagreeing, not with you, but I just don't think this Bill is going to do anywhere near what people think until we have seven out of 10 commercials on TV in south Florida not being litigation commercials. The roofers going door to door, they're so fraudulent, they'll still find a way to get it done, because that's what they do. And that 74 percent number you mentioned, and I am glad you mentioned it because that is a scary type of a number. I'm questioning if it will, even next year, start to see rates level off. I think that would be a plus in itself, but I'm just not so sure the Bill is going to do much.

The first Senate Bill did have the roof ACB coverages in there and then that got nixed very, very quickly in the House. Is that something that's going to come back when they do discuss it again? Is that still up on the table or some version of it?

Christine Ashburn: Well, I think that's a great question, Lee, and I think there is a lot of dissenting opinions on this Bill, and I will say this - there is a reason they call law making sausage making, right? The art of compromise is significant. The plaintiff's attorneys in this state are a force to be reckoned with financially in the political world. They have friends on both sides of the aisle. They can be very successful, but I will tell you that we do believe this bill can have impacts. To your point, Lee, it is not going to be overnight. We internally talk about we don't believe this is going to greatly shift how we're growing and what is going on with rates overnight. Senator Boyd last week did mention the roof issue and the ACB on roofs. I will tell that you there are some out there who have concerns about what would happen with ACB on roofs following a hurricane, and that we might regret this after a hurricane. I think there needs to be more work done and discussion about what a solution on roofs could be. Maybe it's a hybrid approach or stated value is kind of becoming more popular, and I know that's available in other states, so I do think the roof conversation is not over. It will continue, and in fact, Senator Boyd mentioned it specifically that he had wished we could have done more in that space, and he believes that's something that probably needs to come back to the drawing board. But I will tell you that there is a consumer concern there about what happens if we have an Irma, and a bunch of people find out they barely can cover their deductible with roofs. I think that is a real question that the industry needs to be able to answer and respond to if we are going to do something different on roofs as it relates to how we provide coverage. But the conversation for sure is not over on roofs.

Barry Gilway: Mr. Chairman, can I make a comment, Barry Gilway for the record?

Chairman Newell: Yes, sir. Go ahead, Barry.

Barry Gilway: Lee, I don't disagree with the statement that this is not a total solution. It's not. However, I do want to point one thing out and that is that it's already paying huge dividends. And why do I say that? Jennifer Montero just had, without any question, the most successful reinsurance and insurance-linked security placement since I've been here in the last nine years. It was phenomenal. Lots of capital available, particularly in the insurance-linked security marketplace and that's creating competition in the traditional reinsurance market.

Most companies in Florida are 46 cents on the dollar companies. And what I mean by that is, the vast majority of the premium, or at least 40 plus percent of the premium for most companies, are going to the reinsurers for protection. So as the reinsurance market goes, so goes the overall direction of the Florida market.

So, what happened for the June 1st renewals? The reality is, and I think the Chairman would agree with this, the initial indication that we have is not only did Citizens have a very effective placement from a reinsurance standpoint, we placed virtually all of the placement both on the ILS side and the traditional side at the low end of the guidance, and other companies in the marketplace got the same treatment. Many companies really were able to place significant reinsurance. Some cases less than last year, principally because they're lowering their books of business, but the bottom line is, the reinsurers are looking at AOB and the fact that AOB reduced AOB losses by 50 percent across the industry, and now they are looking at SB 76 and saying, you know what, Florida is starting to take notice.

You have got a Governor that is weighing in on the fact that this is an issue that has to be addressed, and if it's not addressed this time, over the next couple of years it will be addressed. You have Jim Boyd and Bob Rommel and others that are really emphasizing this issue. The reality is it is having an impact on the reinsurance marketplace and the receptivity of the reinsurance marketplace to play in Florida. That alone, Lee, is going to have an impact on the market, because the reinsurance pricing this year, I am hearing pricing increases in the marketplace in the six, seven, eight percent range.

The initial indication two months ago pre-76 was something in the 15 percent range. Another year of 15 percent increases, it didn't happen, and it didn't happen primarily because the reinsurers really have more faith in the fact that the Legislature is paying attention to this and is going to be willing to weigh in going forward. Not a short-term solution, I agree with you completely, Lee, on that. But I will tell you there's good indications, and I don't think I am being Pollyanna in my approach, I think there's really good indications that as a result of 76 and AOB before that, the reinsurers are looking at us and saying, hey people are paying attention and the ground rules are changing and the future is looking a lot better than it did a couple of years ago before AOB was passed. I am not trying to be unrealistic about it, but I do believe that it's a start of a really good direction for the Legislature and it has gotten more visibility.

Christine and I both agree, we both sat down before this last legislative session and said, we'd be smoking dope if we believe that we're going to get any attorney fee return, right Christine? I mean it just wasn't going to happen, and yet it did.

So, from our standpoint, we both absolutely agree that, while we didn't get everything we needed, because of the real strong work on the part of the Bob Rommel's and the Jim Boyd's and the support of the CFO and the Governor, we truly got a lot more than we expected, and if we can continue down that road, then we'll see market change.

Lee Gorodetsky: Thank you for that.

Christine Ashburn: I think the only thing that's important that I think is a no brainer, really, when you think of the timing, I would not expect, and we shouldn't expect, changes to this legislation in the 2022 session for a couple of reasons. One, it's effective July 1, right, and we wouldn't have time even if we had a regular session. Session starts in January, so committee meetings begin in September. There is just not going to be enough time to know the effectiveness of this Bill in a positive or negative way, and I think there are other political reasons that would be tough to go back to the drawing board so quickly. So, I think we're going to need to get some data under our belt, give this market a little bit of time like we did with AOB. I think following next session if the stars align and the political winds are where they need to be following the mid-term election, if we find that there are significant problems still, I think Senator Boyd is committed, he made it clear. But I think it's important we all recognize it will not be the 2022 session, and I think there are real reasons for that. We have to know if it works or not before we can ask them to fix it.

Now, there might be an appetite to look at Citizens specifically, and we are hopeful that maybe there can be some additional exposure, kind of slow the growth ideas, that we might explore for the next session. Whether there is an appetite legislatively, I don't know, but we're hopeful that maybe we can take another stab at some of the Citizens-specific things with depop and Clearinghouse to make things more consistent on how we treat new and renewal business. Maybe some of those kinds of ideas might have an appetite to do some of that.

Lee Gorodetsky: I appreciate that, and I'll try and be a little more hopeful. Part of my tone comes from the fact that I'm on the HUD board in Broward County and first-time home buyers $500 a month for insurance for, pardon my expression, kind of a crappiest type policy, the hurricane deductibles and ACB coverage is difficult for people to really shallow.

Mr. Gilway, I had a question. You mentioned the new money coming into the state. Hopefully, that will start to flow in in regard to carriers. I'm wondering if that's going to also come to south Florida. We get redlined a lot by everybody. I mean in Broward and Dade County there is only seven to 10 companies even writing insurance down here. So, if we can get the new money to come down here or the redlining to change to get carriers down here, do you think that is going to come, also?

Barry Gilway: Lee, in my opinion, there is an opportunity for new money to come in, and this is how it plays out. I have talked to a multitude of investors, as has Kelly and others. We've talked to a multitude of investors that are basically saying when is the right time to bring capital into the state? What's interesting, basically, in southeast Florida, Lee, is Citizens rates are showing this.

When you take a look at the proposed rate structure for Citizens, as an example, in southeast Florida, Dade County in particular, less so in Broward, but Dade County in particular has been hit with rate increases so significantly that the actual rate indication for Dade County in the last Citizens' filing was a slight decrease. So, rate adequacy from a Citizens' perspective is getting closer in Dade County and, to a lesser extent I must admit, Broward. So, I do believe that what we are seeing on our book of business, Lee, because of the, and this is fascinating to me, our book of business is improving, right? We are writing more newer homes. We are writing more homes with roofs less than 20 years old. We are writing more homes in the 20 to 30-year category than we ever did, which means basically that our overall base book of business that is available either for new capital or an extension from current carriers is a higher quality book of business than ever existed. That same principal applies to southeast Florida as it does for the rest of the state, so I am optimistic.

Lee Gorodetsky: Then that becomes good news for the depopulation market then.

Barry Gilway: It really does. When new capital is looking to Florida, and trust me, Lee, they are looking to Florida because there is so much capital available right now, they're looking at Florida and they are saying, what are the risk characteristics that we can pick up? We have Jennifer Montero's area with March Fisher. We want to work with these investors to say, hey, look at our book of business. You know, you can pick up this business with no market acquisition cost whatsoever. We'll service the business until assumption. I'm not suggesting that we are going to back to 2013 where we depop 450,000 policies, but I will tell you that I think towards the end of 2022 when the development drops off to some extent with Irma, then there is going to be much more interest in putting new capital into the overall marketplace, and I think that's going to apply to the southeast as well as it does to the balance of the book of business.

Lee Gorodetsky: Thank you, that is good news. I hope that works.

Barry Gilway: Again, it's one man's view at this point based upon looking at this marketplace, but I have got to tell you, I don't think we are far away from new capital taking a look at the state and saying, hey, makes sense to come in, particularly if you can isolate yourself from the development. Jay would tell you of the 1,000 new lawsuits a month, we are still getting 45 percent of those which are Irma related or CAT related lawsuits, which is absolutely absurd. If you can isolate yourself from that kind of development, then all of a sudden, you've got a reasonable scenario to invest and a reasonable expectation of a decent return. So, I am optimistic that over a relatively short period of time we can attract capital into the state.

Chairman Newell: Okay, thanks, Barry, for furthering that discussion. We'll keep an eye on it. I think there's a lot of optimism and we've just got to let it run its course just like AOB and other things legislatively. So, thanks Christine, thanks Barry for the update.

Let's turn our attention to tab five, Agency Management Services with Carl Rockman. Good morning, Carl. Carl?

5. <u>Agency Services & Market Update</u>

Carl Rockman: Dave, are you there?

Chairman Newell: Yes, we are here.

Carl Rockman: Sorry, slight technical difficulties here. For the record this is Carl Rockman, Vice-President of Agency and Market Services. I would like to update our committee on our progress in the agency services and market services space.

The next slide, as we always present, is our footprint slide or current agent and agency counts. I would like to point out a couple of things to the committee. One, you are seeing a net growth of agencies and agents across the State of Florida reflecting the increased demand that both Scott and Barry have spoken about. I would also point out that our increased agency count is not being driven by our traditional markets in south Florida. You will see that the increased agency count is reflecting demand across the State of Florida, not just in the tri-county area.

I also would point out to the committee, when you look at our tier breakdown of agencies, we break our agencies down by policies in force with Citizens, you will see a shift in our tier, one, two and three agencies. You'll notice that in December of '20, we had 15 agencies that had more than 2,000 policies with Citizens. You can see now that we have 21.

Some of this is acquisition, but a lot of it is native organic growth. A lot of it is demand in the marketplace, consumers looking for solutions, and after appropriate vetting in the private marketplace, Citizens seems to be an appropriate solution in a lot more circumstances than we've seen in the past. Also, the note at the bottom, 58 percent of Citizens agencies have fewer than 50 Citizens policies in force. The committee will remember over the years that number was in the mid to high 60s. So now you are starting to see a little bit of shift in agent demand and agent capacity when it comes to Citizens.

The next slide will reflect and support, again, Barry's commentary and staff's commentary. This slide, the committee has come to see in our updates. It's really reflective of our new business production. We present this to give the committee and others a sense of the direction of new business coming to Citizens. The blue line at the top reflects homeowner demand over the course of the months illustrated, and then the demand for our other products.

The best way to read this chart, the 9,597 total that you see reflected on the average statements prior. Think of that as February, March, April, and May of 2020. Citizens averaged 9,597 new business applications. For this same time period you will see the numbers reflected, particularly in May where we crossed the 30,000 new policy barrier. So again, reflective and supportive of what Barry and Scott's commentary was in terms of increased demand and potential lack of availability in the marketplace.

I would point out to the committee where it is coming from. Again, another story here. You will see in south Florida we averaged 6,100 new business applications this time last year, and you will see 15,000 now in south Florida, but I will point out the Tampa Bay area. I will point out southwest Florida. While the numbers are more modest, you are again seeing a demand. You are seeing a trend here where demand for Citizens' products, because of the marketplace, is becoming more apparent in what we would call nontraditional markets for Citizens.

The next slide will also reflect, as Barry mentioned, the quality of the business coming to us. While we are still playing in our traditional lower coverage A value markets, you will see eight percent, three percent and two percent of our business coming in above $400,000 of coverage A value, and business written less than 20 years old, 14 percent 21 to 12 years and less than 11 years old, two percent of our new business. We are optimistic that when the market turns, that carriers that may want to participate in depopulation and Clearinghouse, that we will have some attractive business in here for them to select, and as Barry mentioned, we are currently engaging those carriers and making sure they understand this dimension, and then when the markets improve, they're prepared to respond.

The next slide just reflects the source of the business. A lot of the agents on the committee are very familiar with these carriers and all committee members should be at some level. We do track the source of our business. We like to know where it is coming from, what carriers are driving business our way, and this slide is just intended to reflect maybe some of the dynamics that those carriers are experiencing. Obviously, those carriers may be going through rate increases or underwriting actions. That's going to create shopping and that's going to create, potentially, a situation where Citizens may be the only solution after the agent has done all of the necessary vetting to make sure that eligibility is in place.

I'll take a pause here for any questions on both the agent distribution footprint and anything on the market slides that the committee would like to address.

Chairman Newell: Thanks, Carl. Any questions so far for Carl? All right, keep moving.

Carl Rockman: Okay, on the next slide, we like to update the committee in two specific areas relative to managing our agency system and that's the program we call performance violations and late submissions. This slide summarizes the performance program that we have in place to monitor the performance of our agencies to make sure that they're complying with our underwriting standards, but more importantly creating the right kind of customer experience. We do not want customers to go through any type of turbulence when a new business policy comes in and is submitted. We really count on our agents to do a great job in this space.

You will see the numbers reflected since 2018. The key number there is the percent of total submissions with a performance violation. You can see that we ended 2020 with a six percent number, made a two percent improvement over '19. The box below reflects since the program has been stood up, since we've had the program, how many agencies have gone under a warning notice, how many have been suspended, and how many have been terminated. You'll notice that the net change from March 31st to April 31st, you will see that we have had an uptick in warning notices and three additional agencies reached the suspension level. Now, we take this very seriously. When a warning notice is issued it does get the agency's attention. The agencies are engaging with our agency field management team. We offer appropriate support. Again, to avoid the suspension, we really want to make sure the agents are aware of our standards, that they're properly educated in delivering the right kind of quality customer experience necessary.

So, we are not pleased that there are 1,495 warning notices, we have work to do there, but the net result of the warning notice is resulting in improved performance, and the fact that we haven't terminated an agent on the program yet is another reflection of our commitment to engage and make sure that the agents understand the rules. For 2021 here's the monthly breakdown.

You will notice on the next slide, it will reflect March, January through April numbers are available. You can see the total submission demand as reflected in the other slides. Right now, we are working on a five percent total PV program. A lot of that is our education, but our underwriting department continues to look at the performance violation program and to make sure that we are exercising it judiciously. So, that five percent gain is a combination of both areas. The number one reason again, credits, credits, credits, and some signatures.

We are really, really committed to make sure that credits are applied appropriately. The misapplication of a credit can lead to a lot of confusion to a customer, and also can lead to a competitive situation between two agents. So, we are very, very focused on making sure credits, like wind loss mitigation, alarm credits are properly applied. So, that's what you're seeing there. That is the number one category we have in the PV, and we are very, very committed to make it work.

The next slide will reflect the other component of our performance program, and that's late submissions. A reminder to the committee a late submission violation is generated when documents are not submitted to Citizens within 16 days of the effective date. That is the program. This is the history of the program. You can see we traditionally run four percent to one percent late submissions. I will remind the committee that we did suspend the program for COVID last year and you will see the net result. We've only had 179 agencies in the history of the program hit at least a warning notice in this. We have very, very good controls here, but work remains, and I want to show you the work that is remaining.

The next slide will reflect where we are this year. As you remember, we suspended the program because of COVID, but we reactivated the program in March, and you are starting now to see that we have some work ahead of us, particularly with the number of late submission violations issued in April. We have a lot of new agents onboard; we have a lot of new agents to work with. That 1,452 number certainly has our attention and we are engaging the agents that have generated those late submission violations to make sure they understand the requirements of the program and the need to get their documents in in a timely fashion so the policy can be underwritten and can be issued in a timely manner.

The next slide will reflect our commitment to change. I wanted to present this slide to the committee for a number of different reasons. Scott Crozier mentioned that we are now moving to a new replacement cost estimator tool called RCT Express developed by CoreLogic. That cost estimator tool is absolutely critical, not only to our pricing, and not only to the value of the policy, but also to our customer experience. If there is one big area in the middle of an agent and an underwriter, it's assessing the value of the property. So, the cost estimator tool is absolutely critical to making sure that agents and underwriters are aligned with the values that are being presented.

Now, we are launching a new tool July 1st, but I wanted to show this committee, it's not just launching the tool. It's not just making it available to the agents on the 1st, it's making them aware that it's coming, making sure that they're not surprised by the new implementation. I think the agents on the committee would certainly agree there's very little more disruption that we can provide than changing the cost estimator tool inside of a new business policy, so we wanted to make sure that we were making the agents aware of the change, that they were properly educated and supported, and that there were no surprises come July 1st when the new tool is implemented in clearing house and in policy center.

This slide just illustrates our commitment. The top of the chart when we talk about agent update and agent training bulletin, this is the great work from our communication department who is absolutely committed to make sure agents are aware of this change. You can see that we committed to four different bulletins along with our Learning and Development department creating e-mails from our Citizens Learning Center to all agents in the state of Florida notifying them that they have an option of taking an online module, that you see represented below, or attending one of our four webinars that we conducted, are conducting this week on the RCT Express tool. All of this was done to raise awareness and to make sure that agents and their support staff are properly supported, understanding this tool is coming, but more importantly, understanding how it works, how it operates, and to make sure that the values that they create are absolutely accurate and acceptable to our underwriting department.

As an example, live webinars yesterday, we had 824 agents attends those two live webinars to give you some sense of the level of interest. The other good news for the committee is a lot of agents use this tool with other carriers. So, this is not a new tool to the industry, it is not a new tool to every agent. A lot of carriers have already adopted this tool, but we wanted to get to the agencies who didn't have any knowledge of it, didn't know how to use it. We were very, very committed. We will be monitoring phone calls and other interactions with agents to make sure that this was properly rolled out and properly adopted by the agents.

On the next slide we will discuss, again, to the committee to make sure that you are aware of what we call adoption of our education offerings. This is a slide that I will continue to present because it represents agent engagement with online learning. Our new agent on-boarding, while you'll see these numbers are larger than what you saw on the new agent slide a few slides ago, it's reflective of agents voluntarily adopting this for their support staff and for themselves. We are very, very pleased with the level of engagement we are getting from agents on those topics and categories that you see listed under new agent on-boarding.

Our Citizens Essential series, A to Z processing. A lot of new agents particularly, how do I get started, how do I do it right. That's what Citizens Essentials is about. You see more modest numbers there, but I can tell you those numbers are really pointed at the new agents that have joined us and we are very, very committed to make sure that they get the extra layer of support and education necessary to process Citizens properly.

And then our top learning opportunities at any level. You will notice that the green bar reflects what is the top thing that agents self-select – avoiding performance and late submission violations. So, you can see how our education process and our warning process triggers an opportunity for agents to engage, they educate themselves all with the idea that the customer experience is improved, that the submissions are smooth, there is no disruption in underwriting, and that the quality is there ultimately on those submissions.

And then the last slides I have for you is our regular update on our agent outreach efforts. Great support again from our agent roundtable. We cannot thank those agent roundtable members enough for their contributions. We also did initiate a commercial agent roundtable this year. And you can see that meeting is reflected on April 20th. It's important that we get feedback on both product lines given the shifting markets.

Our agent associations, Citizens Essentials, and convention booths - we just left an agent association convention last week and are looking forward to seeing our partner associations at upcoming conventions over the next couple of months. We did run some special engagements because of the events related to Gulfstream, Southern Fidelity, and Universal North America. We reached out and specifically engaged agents through our associations that had special needs in that area and that's reflected there.

Our Citizens sponsored webinars - we just ran the largest one, 910 agents attended our home closing webinar, and I did mention that we had 824 attend yesterday's webinars on RTC Express. We have another classroom session scheduled for tomorrow.

Our power hours that we run in association with the associations represented here - I am very happy to continue those engagements to give association members an extra layer of support and communication from Citizens.

With that, Mr. Chairman, I would be happy to take any questions on our Agency Services update.

Chairman Newell: Okay, thanks, Carl. Great report as usual. Any questions for Carl at this point?

All right, hearing none. Depopulation and Clearinghouse, Carl. Is this for information only?

6. <u>Depopulation and Clearinghouse Update</u>

Carl Rockman: It typically is for information only. We presented it as such. I will just summarize that the report speaks for itself. We did have one carrier participate in a February depop. As Barry mentioned the depop landscape is very calm right now. Our carriers are watching and evaluating, but we are not sitting still in terms of our engagement. We don't currently have any approved depops in the foreseeable future and we are obviously looking to improve upon that in the fourth quarter and get some things going in the first quarter as markets improve or as potential new entrants might be emerging.

Unless the committee has any questions on the published report, that will conclude my report on Depopulation and Clearinghouse.

7. New Business

Chairman Newell: Okay, thanks, Carl. Any new business today before the committee that we would like to bring to Citizen's attention? All right, well, I guess we have covered an awful lot with everybody's advice and questions throughout their presentations today. I think that concludes our meeting today. Do I hear a motion to adjourn the meeting?

Phil Zelman: This is Phil, I make a motion to adjourn the meeting.

Chairman Newell: Thank you, Phil. Do I hear a second?

Lissette Perez: This is Lissette, I would like to request a second.

Chairman Newell: Okay, thanks Lissette. I have a motion and a second to adjourn the meeting. Thanks everybody for your participation today. Be safe and hopefully we see each other in person at some point for these meetings going forwards. Thanks guys, have a great day.

(Whereupon the meeting was adjourned.)