

2022 Strategic Themes

Board of Governors

12.15.2021



2022 Strategic Themes

Align our investment in people, process and technology to those corporate initiatives that transform our business operations by ensuring we:

1. Identify and Implement Strategies to **Reduce Citizens' Exposure**
2. Ensure **Scalability, Flexibility and Resiliency** in Our Operations to Optimally Serve Customers
3. Identify and Implement Strategies to **Reduce Litigation** and **Enhance Litigation Capabilities**
4. Invest In and Leverage Citizens' Greatest Resource – **Our Employees**

2022 Enterprise Continuous Investment Planning

Theme 1: Identify and Implement Strategies to Reduce Citizens' Exposure

- Explore and respond to emerging market conditions, trends and potential opportunities while obtaining internal and external input to devise and implement new strategies which:
 - Identify and implement measures to further reduce exposure while continuing to fulfill Citizens' mission as a residual market insurer.
 - Implement measures that would serve to expand the use of all admitted markets before a risk is placed with Citizens.
 - Charge appropriate premiums that accurately reflect loss exposures.
 - Improve predictive modeling capabilities to identify potential fraud and collaborate with internal and external business partners to increase the prosecution of fraud and abuse with offenders and crime rings.
 - Identify inhibitors to Citizens' further depopulation and implement strategies to expand Citizens' depopulation.
 - Implement mechanisms to eliminate or reduce the re-population of risk by Citizens following depopulation of that risk.

2022 Enterprise Continuous Investment Planning

Theme 2: Ensure Scalability, Flexibility and Resiliency in Our Operations to Optimally Serve Customers

- Maximize organizational capabilities to foster a culture of innovation, efficiency and effectiveness.
 - Drive organizational alignment to create a best-in-class customer experience.
 - Manage costs and improve return on investment for the company and its customers and stakeholders.
 - Continue to enhance the resiliency and security of Citizens' systems and services to ensure availability and reliability.
- Ensure operations remain scalable and continue to accommodate significant policy count fluctuations caused by market conditions or rate inadequacy.
- Utilizing gains recognized through operational effectiveness and technology improvements, ensure administrative costs are appropriate and relative to policy count, revenue and transactional volumes.
- Evaluate, utilize and continuously improve both business and customer intelligence, data analytics and predictive modeling to drive new corporate strategies, informed decision-making and ensure existing operations and programs are outcome-based, remain optimal and customer-focused.

2022 Enterprise Continuous Investment Planning

Theme 3: Identify and Implement Strategies to Reduce Litigation and Enhance Litigation Capabilities

- Enhance existing programs and develop new strategies focused on the reduction of litigation and the respective financial impacts associated with litigation defense, therefore potentially lessening financial impacts absorbed by policyholders and, potentially, all Florida consumers.
 - Develop and improve existing strategies, programs and processes geared toward reducing litigation and its associated impact on loss adjustment expenses and indemnity costs.
 - Integrate business processes with technology to enhance our Matter Management framework.
 - Seek out opportunities to enhance the management of defense firm spend and effectiveness.

2022 Enterprise Continuous Investment Planning

Theme 4: Invest In and Leverage Citizens' Greatest Resource – Our Employees

- Amplify the employee experience through enhancing a culture of inclusion and belonging that embraces diverse perspectives.
- Empower employees while inspiring learning, collaboration and innovation.
- Plan for our future workforce needs by aligning resources to business strategies while attracting and retaining talent to balance the supply and demand of critical skills and competencies.
- Evolve our distributed workforce model to continue enabling a highly productive and flexible work environment.

2022 Enterprise Continuous Investment Planning

Theme 1 | Identify and Implement Strategies to Reduce Citizens' Exposure

Key Theme Details

Reduce exposure	Reduce fraud
Expand use of admitted markets	Expand depopulation
Charge appropriate premiums for each risk	Reduce repopulation

Initiatives and activities that support Theme 1

Over the next year, Citizens will continue to focus on reducing its exposure and identifying potential alternative markets for homeowners to obtain insurance, through the Exposure Reduction Program. Key activities planned in 2022 that directly address growth scenarios include corporate initiatives and potential legislative actions to optimize the transfer of risk from Citizens to the private market, while inhibiting returning policies. Citizens will improve the ability to match homeowners/purchasers seeking insurance to all available admitted markets, by combining our current Florida Market Assistance Plan (FMAP) and new-business Property Insurance Clearinghouse capabilities into a comprehensive solution that will provide the consumer with available options for coverage outside of Citizens while enhancing Citizens' ability to validate eligibility under our current rules and eligibility. Specific initiatives will aim to improve business processes, software and technology solutions, and Citizens' insurance product offerings. Examples include improving Citizens' ability to identify, investigate and avoid insurance fraud in both the claims and underwriting departments through software used by the Special Investigations Unit. Another example includes opportunities to expand and automate the property inspection process and potentially incorporating virtual inspections. The process by which Citizens obtains required signatures for customer-facing documents is another potential area of improvement that could reduce both costs and risks associated with the administration of signature requirements.

Potential 2022 External Spend Budget to Support Theme 1: \$3,877,470

2022 Enterprise Continuous Investment Planning

Theme 2 | Ensure Scalability, Flexibility and Resiliency in Our Operations to Optimally Serve Customers

Key Theme Details

Best-in-class customer experience	Scalable operations to accommodate PIF count fluctuations
Manage costs and improve ROI	Operational effectiveness and technology improvements
Resilience and security of Citizens' systems and services	Business and customer intelligence, data analytics and predictive modeling

Initiatives and activities that support Theme 2

Citizens will continue to evaluate and implement system improvements to customer-facing applications to improve the customer experience in 2022. Plans include implementing electronic document delivery for policyholders and opportunities to improve customer feedback loops. Citizens will continue building its foundational infrastructure around cloud technology and cloud services creating a more flexible, scalable and resilient organization while reducing costs and improving return on investment (ROI). This includes:

- Actively managing data and information storage
- Enabling advanced data analytics capabilities
- Keeping information as well as access points secure

In addition, Citizens will complete Policy in Force (PIF) scenario impact assessments to identify opportunities for improvements to managing operational resiliency and scalability. Key activities planned in 2022 include creating mitigation plans for business processes (as needed based on impact assessments), reducing gaps in technological abilities to respond to the impacts of PIF fluctuations, as well as automating components of the underwriting process.

Potential 2022 External Spend Budget to Support Theme 2: \$7,484,204

2022 Enterprise Continuous Investment Planning

Theme 3 | Identify and Implement Strategies to Reduce Litigation and Enhance Litigation Capabilities

Key Theme Details

Reduce litigation and associated impacts on LAE

Enhance matter management framework

Enhance management of defense firm spend and effectiveness

Initiatives and activities that support Theme 3

Claims and the Office of the General Counsel will continue to partner in 2022 to develop and implement strategies to reduce litigation and associated impacts on loss adjustment expense (LAE). Specific activities will target improvements with respect to legal billing reviews and contracted claims legal services costs. Central to enhancing litigation capabilities will be the procurement and implementation of a robust system – and associated framework related to resources and processes – to manage all the information and activities related to litigated claims matters, billing and reporting and providing Citizens' contracted defense counsel with ready access to their files.

Potential 2022 External Spend Budget to Support Theme 3: \$650,000

2022 Enterprise Continuous Investment Planning

Theme 4 | Invest In and Leverage Citizens' Greatest Resource – Our Employees

Key Theme Details

Culture of inclusion and belonging
Learning, collaboration and innovation
Plan for future workforce needs
Distributed Workforce

Initiatives and activities that support Theme 4

Citizens will continue to foster a collaborative, inclusive culture that will drive innovation and support the current and future business needs of the organization. This includes continuing to improve how employees work together in a distributed workforce – addressing workplace and technology needs for a hybrid work environment, including workspace planning to further reduce our real estate footprint – as well as continuing to provide education and activity-based training related to inclusion and belonging. In addition to implementing a more inclusive approach for employees to propose new and innovative solutions, communication and collaboration will be enhanced by providing accessible communications for individuals with disabilities. Opportunities to identify and further develop critical skills also are planned in the coming year, including initiatives supporting workforce planning to ensure talent is sufficient to achieve short- and long-term strategic objectives, succession planning and partnerships with local colleges to build a skilled talent pipeline for hard-to-fill and/or critical positions.

Potential 2022 External Spend Budget to Support Theme 4: \$256,000