

Market Accountability Advisory Committee March Minutes

ACTION ITEM

New Contract

Contract Amendment

Other - Committee 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 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 or 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	Market Accountability Advisory Committee Meeting Minutes March 9, 2022
Purpose/Scope	Review of the March 9, 2022 Market Accountability Advisory Committee Meeting Minutes to provide opportunity for corrections and historical accuracy.
Contract ID	N/A
Budgeted Item	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No - Not applicable
Procurement Method	N/A
Contract Amount	N/A
Contract Terms	N/A
Committee Recommendation	Staff recommends the review and approval of the March 9, 2022 Market Accountability Advisory Committee Meeting minutes.
Contacts	Kelly Booten, Chief Operating Officer

CITIZENS PROPERTY INSURANCE CORPORATION

**Summary Minutes of the
Market Accountability Advisory Committee Teleconference Meeting
Wednesday, March 9, 2022**

The Market Accountability Advisory Committee (MAAC) of Citizens Property Insurance Corporation (Citizens) convened via Zoom webinar on Wednesday, March 9, 2022, at 11:00 a.m. (ET).

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

Dave Newell, Chair
Allen McGlynn
Brian Hodgers
Greg Rokeh¹
Lee Gorodetsky

Lissette Perez
Lori Williams
Michelle Burkett
Steve Roddenberry
Susanne Murphy¹

The following Citizens staff members were present telephonically:

Barbara Walker
Barry Gilway
Bonnie Gilliland
Carl Rockman
Christine Ashburn
David Woodruff
Eric Addison
Jay Adams
Jennifer Dilmore

Jeremy Pope
Karen Holt
Kelly Booten
Ray Norris
Sarai Roszelle
Stephen Mostella
Tim Cerio
Wendy Perry

Call Meeting to Order

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

Chairman Newell: Thank you, members, for being here today. We will certainly be cognizant of everybody's time, but we have a lot to discuss, and certainly Citizens will bring us up to date on several items. One thing I wanted to do before we go into the first agenda item is welcome Lori Williams from the PIA joining the MAAC. Welcome Lori and look forward to working with you on this committee and other things, all insurance. So welcome.

Lori Williams: Thank you.

1. Approval of Prior Meeting's Minutes

Chairman Newell: Let's go ahead and hear a motion for agenda item number one, Approval of Prior Meeting Minutes.

¹ Greg Rokeh and Susanne Murphy joined the call shortly after roll call.

Lee Gorodetsky made a motion to approve the December 8, 2021, Market Accountability Advisory Committee (MAAC) Minutes. Lissette Perez seconded the motion. The minutes were unanimously approved.

2. 2022 Legislative Update

Chairman Newell: Turning to item number two, I know Christine is very busy, a few days left in session, but I think she is going to join us and give us an update on what is happening from a legislative perspective from Citizens.

Christine Ashburn: I wish I had my crystal ball, Chairman Newell.

Chairman Newell: Don't we all.

Christine Ashburn: Just a quick update. So yes, we are in the waning hours of the session. The budget is not fully completed. They're finishing it up, which means the Legislature will have to stay late and/or come back on Monday to vote on the budget, which does not impact Citizens directly. We do have a Bill in play. It is now Senate Bill 468, which is Senator Perry's Bill, which is the quote, unquote, omnibus insurance Bill that was non-controversial clean-up items, and now they have actually taken a lot of the Citizens' provisions and stuck them on that Bill in the House as of last night very, very late or early this morning. Right now, we have in play some depop provisions that maybe don't have the numbers we want as it relates to actual new market players coming in. We really need to see, and I think the House knows this from us, we'd really like to see the depop threshold, which of course you all know is at zero right now, anyone can choose to stay at Citizens no matter the price, go to 10 percent; hopefully even 15 or 20, but 10 would be ideal to start. Then, similarly, the Clearinghouse in this amendment goes 4, 8, 12, 16, 20 over five years for Clearinghouse renewals. Again, we believe that that won't make a significant difference in the short term. There are some Board insurance industry expertise provisions in the Bill, and there, unfortunately, is a provision that would remove our ability to price for reinsurance whether or not we purchase it. There are some concerns in the House about our desire to purchase reinsurance. So, we're working through some of those. But it's late in the game. We've got two and-a-half days left. We always joke and say the bill is not dead yet, so we just keep working. I think, in both the House and the Senate, there's a desire to get something done. The Governor's Office is engaged. There is an ancillary conversation going on that really doesn't impact Citizens directly today that relates to roofs. That has been, as you all know, a huge issue in the industry. Citizens hasn't seen it in the same way, but I know we are growing in those areas where roofs have been a problem. So, I think some of the roof changes, what I call the property insurance changes, not the Citizens' changes, are causing some debate and negotiations amongst the House and the Senate. We'll wait and see. I would expect, Chairman Newell, if there is to be a Bill, it will be a late Friday evening Bill on property insurance. As a reminder last year, Senate Bill 76 was indeed the last Bill that passed the Legislature before sine die.

I am happy to answer any questions. I apologize for not having a report, but everything is in flight and moving very quickly right now.

Chairman Newell: Right, right. Well, thanks, Christine, and certainly members, do you have any questions of Christine that she could answer? Some she can't, but some she may be able to help with.

Christine Ashburn: I can try.

Lee Gorodetsky: Christine, this is Lee Gorodetsky. You may not know this, but the roof Bill, if it does actually pass, I'm kind of questioning it because the House last year didn't pass it and that is where it is now, I think, so it still seems unlikely, but if it does, does that impact Citizens? That's one question.

And the other part of it is, and maybe you don't know because it's other carriers, but do you think there's going to be a provision like we have with a lot of carriers with water damage limited in full water? Will that be something that we'll see likely in the future from roofs with ACV or replacement options at a much higher price?

Christine Ashburn: Currently the concept on the table actually doesn't contemplate ACV. It contemplates a roof deductible for non-weather losses. So, it would be a separate roof deductible of two percent. ACV, from what I believe to be true, is off the table, but it would be a roof deductible. So, you would have like a similar hurricane deductible for roofs for non-hurricane. It's really, I think in concept, really intended to be a wind/hail deductible. Would it impact Citizens in the sense of we have not seen the roof problem, no. We would probably wait, I think, to see what the market does, because we don't want to be more robust in coverage in the market, but we'll just have to see. That really is kind of the sticking point of this all right now is whether or not there is anything that could be done on the issue. Like I said, it hasn't been a Citizens issue, but we are growing in those areas of the state where roofs have been a problem, and Kelly, please elaborate and jump in, because I am --

Kelly Booten: Yes, I was just going to add to that, Christine.

Christine Ashburn: Please.

Kelly Booten: It really does come down to comparable coverage and what we would do or probably need to do based --

Christine Ashburn: Right.

Kelly Booten: Based upon what the market does, but we wouldn't be the leader in doing it.

Christine Ashburn: Right. But we wouldn't want to have no risk deductible if everybody else has one.

Kelly Booten: Correct.

Christine Ashburn: Right. So, we will just wait and see. I think the other issue that is really out there, and I think it is a fair question is, if they were to do this, will people write? I don't know that there is a strong answer on that from some of the market players, yet. Like, does a two percent deductible get you over the hurdle of this roof problem and I am not sure there is a solid answer, chairman, on that one.

Lee Gorodetsky: So basically, this is going to be like a third deductible for roofs only.

Christine Ashburn: Yes, and it would be only for roof coverage. You could not actually require a deductible for AOB. So, if your house burned down, you would not probably apply the roof deductible, because you would apply the AOP. It's very specific. You have to have an actually sound discount for the deductible. You cannot charge more than one deductible on a claim. Really, it's aimed at wind and hail, non-weather, non-hurricane wind and hail. But we'll see what happens. I think from the market's perspective roofs are a major issue, and you guys know that, I am preaching to the choir, and this is an attempt that is not quite ACV to get at that problem. So, we will see.

Lee Gorodetsky: Thank you.

Christine Ashburn: You are welcome.

Chairman Newell: Anything else for Christine?

Greg Rokeh: Chairman Newell, this is Greg Rokeh.

Chairman Newell: Hey, Greg.

Greg Rokeh: I just wanted to get myself on the record. I am on the phone, and I joined a couple of minutes late.

Chairman Newell: Okay, all right, well, welcome, Greg.

Susanne Murphy: Mr. Chairman, this is Susanne Murphy, same for me.

Chairman Newell: All right, welcome, Susanne.

Susanne Murphy: Thank you.

Chairman Newell: All right, Christine, I think you're off the hot seat.

Christine Ashburn: Thank you, Chairman.

Chairman Newell: So, go back and advocate.

3. Planned 2022 Product/Rule Changes

Chairman Newell: So, go back and advocate. All right, let's turn our attention to item number three. Karen Holt is going to bring us up to date on some product and rule changes impacting Citizens.

Kelly Booten: Flip to the next page and let me do the preamble while she is getting her audio fixed. These changes have not yet been presented to the Board, so they are proposed changes that staff will be taking to the Actuarial and Underwriting Committee the third week of March, and from there they have to be filed and approved by the Office. These are just our recommendations at this point. They are all based upon changes to help with efficiency and operational churn, so to speak, on clarity in the rules that already exist, and to bring our forms up to date with ISO standards.

Karen, are you there yet? All right. I will just go through this real quick and see what questions you have. It clarifies the business use rules which are already ineligible. Farm eligibility, again, clarifies that commercial farming and ranching are not eligible. It clarifies adult daycare, adult family care, assisted living facilities, the business use that includes care, these types of care that are not eligible. It simplifies the rule for daycare to reference state licensing requirements rather than restating them. Clarity on exotic animals. It is a big question we get asked all the time, so we thought, let's clarify this and maybe it would stop a phone from ringing.

There is a cleanup in the material misrepresentation arson in broad rule. Adding convicted or pleaded no contest and aligns the timeline to 15 years across all types. It adds the SB 76 glide path rules so that we don't have to do a filing every year. And then there is a one word change in the eligibility rule to update the reference of offers of coverage from **any** authorized insurer instead of **an** authorized insurer.

Karen Holt: Kelly, I am here now, can you hear me?

Kelly Booten: Go ahead. Fix anything I've said.

Karen Holt: Perfect. It is like Kelly knows this by heart. So, any questions on that first part?

Chairman Newell: Any questions from the committee? Nope.

Karen Holt: Okay, so the second section is a little bit more detailed. I will let you know, we are proposing broad updates to all of our forms, but they're not major in most cases, we are just trying to move to the most current industry standards. We pulled out some highlights for you. A couple of things that are worth noting.

The first is that we are going to expand the scope of actual cash value calculations to include labor and overhead and profit. We currently do a holdback on some of our claim settlements. We hold back the full replacement cost and pay only the ACV until we have proof from the policyholder that they're going to do the work, so we are expanding the scope of how much we hold back and that should help, in the long run, to get the repairs done.

The next item is that we are introducing language to require that the insured must incur the cost for any part of a claim where we are paying to match undamaged items that are included. They're going to have to incur that cost as well. We will hold that back until we pay. So again, it is going to make sure that all the work gets done. We think these are very positive changes.

The next item is we are introducing a policy exclusion in the homeowner's products for certain coverages for any rentals that are done through home sharing services, like Airbnb or VRBO. We don't think those are appropriate for a homeowner's policy, so we are putting these exclusions in. In most cases those vendors do provide the coverage, but if they do, they should be carrying it.

The next item is we are expanding our exclusion for criminal or intentional acts or misrepresentation or failure to cooperate to include those acts that are not actually done by the insured, but they're under the direction or with the awareness of the insured.

Then the next item is we are expanding our exclusions to specifically exclude liability and med pay coverages for trampolines, skateboard ramps, empty pools, some things like that that we want to very, very clearly exclude.

And the next item is we are updating some policy limits just to catch up with some current terminology. We are putting NFTs in, we are addressing drones to appropriately exclude or limit coverage on those items.

And then the last item is what I mentioned, just general updates to better align.

Are there any questions on any of those changes?

Brian Hodgers: I have a question.

Chairman Newell: Yes, go ahead, Brian.

Brian Hodgers: So, it mentions there about property and a storage unit which is a very common coverage that the private market offers. It is currently in your policy, but then on the last sentence it mentions that you are doing this to better align with ISO. So, is they're going to be a removal of personal property in a storage unit or is it just going to be limited to things like the drones or the cyber?

Karen Holt: It's a limitation so that our contract language aligns with the industry. There will be the limited coverage, we just won't have completely unlimited coverage anymore.

Brian Hodgers: Can you expand a little bit on that, what limits you are looking at? Is it going to be limited to certain items or is it going to be a percentage?

Karen Holt: It is a sub limit, a dollar sub limit. I'll be happy, if you want, to get you the specific language, would that help?

Brian Hodgers: Yes, I would be interested to know because that is a very common thing. That is a common thing that a lot of insureds ask about because a lot of people have storage units these days.

Karen Holt: I will get you the specifics.

Brian Hodgers: All right, thank you.

Karen Holt: Any other questions?

Chairman Newell: Any other questions? Karen, just a couple of things. On that bullet point number one, is that something that, when you say you are trying to align it with ISO or the rest of the industry, is that something that the private market also includes in their calculations of ACV?

Karen Holt: The industry has been moving towards this. It's been a recent change and we think it is a very positive change. I don't know if Jay wants to speak up. This came out of Claims, but I believe, Jay, if it's correct, there was case law on this one that allows it. It's a pretty substantive

holdback. Now remember, the policyholder will get paid for it, it's just that they have to actually incur the work, which typically means --

Chairman Newell: Right, right.

Karen Holt: They don't have to pony up, but yes, the industry is moving in this direction.

Chairman Newell: So that's what I was going to ask on actually the first two bullet points. Is there some claim activity that is driving some of these changes?

Karen Holt: There's industry activity, there is case law, and we do have some challenges with especially the second item with the undamaged item that are for matching. We have a lot of situations where those are never repaired. If you imagine a scenario where there is a water claim in the kitchen and two cabinets are damaged, but we have to pay for all the cabinets in the kitchen to match them. There are scenarios where the policyholders are not replacing all the other items, and this will require that they do the work. As it stands now, they don't have to actually come out of pocket on the money. They simply have to have a contract to get the work done, so it should not create any hardship. It will require that the work that we have paid for is done. Does that help?

Chairman Newell: Yes, oh yes. Any other questions from the committee? All right. Does that conclude your report, Karen?

Karen Holt: It does.

Chairman Newell: All right.

Karen Holt: Thank you.

Chairman Newell: Well done. All right, well thanks, thanks again, Karen. Let's welcome in Carl Rockman. Tab number four, Agency Management Services. Welcome, Carl.

4. Agency Management Services Update

Carl Rockman: Thank you, Chairman Newell. For the record, Carl Rockman, Vice-President of Agency and Market Services. I would like to start my report with a brief update on new business trends at Citizens.

The top left-hand section of this report indicates our average new business production for the months of October 2020 through January 2021 where we averaged 16,891 new business policies per month. The next four columns represent actual production for the past four months showing total new business production by product type with a total increase of the new business at 78 percent over the same four-month time period last year. The bottom section of the report details where the business is coming from, and while south Florida is not a surprise, I point out the increases in Tampa, southwest Florida and Orlando/SOLO is further indication that markets all over the state are becoming more reliant on Citizens.

On the next page, the top section will present new business volume by Coverage A. The key takeaway here is the combined five percent of new business that is 500,000 up to 699,000 and

the impact that the statute that prohibits Citizens from taking a home over \$700,000 in value or \$1 million in Miami and Monroe is having. The bottom section details age of home, and the key take away here is the percentage of homes under 21 years old with three percent of our new business consisting of homes less than 11 years old. This reflects how tight the markets are getting even on newer properties.

The last section of this report details the source of new business. On the next page you will see where our business is coming from by Carrier. In the past E&S carriers would be the primary source of new business, but that has now shifted to the Florida domestics and that is reflected here. I will take a pause here, Chairman Newell, for any questions or comments on market conditions.

Chairman Newell: Well, thanks, Carl. Any questions from the committee on those previous three slides? All right. Keep going, Carl.

Carl Rockman: Okay, great. So, we will get into our traditional report on our agent footprint. This slide will reflect the current distribution footprint that we have at Citizens. I am comparing here on the slide December 2021 to January 2022. So, you are only seeing a one-month Delta here, but I would like to call out something.

When you compare these numbers to December 2020, our total agencies were 4,791 versus 5,306. Total agents 7,638 versus 9,140. That agent count is up 1,500 in a year. Apologies for this slide not reflecting that, this is a month over month. I did want to point that out, Chairman Newell, that obviously with increase of policy count, increased agent demand and increased agent appointments is a function of the shifting markets and more reliance on Citizens. That is a tremendous amount of new agents to on board, but I believe we have done a very effective job with the investments we have made. We are getting good marks on agents that are coming to us for appointments in terms of our timeliness. Our education programs, in terms with connecting with those agents, I think it is reflected in the next few slides when we talk about performance violations and late submissions. We have on boarded thousands of agents and still held steady when it comes to the quality of the submissions from an agent perspective. And the next slide I think will reflect that story.

Here we get into our performance violation program. This is a traditional report that everyone is used to seeing. We ended the year at five percent of our new business had some type of a performance violation, and the types of violations are reflected to the right. The box to the bottom, again, is a reflection of how we are administering the program to the agents.

I know Chairman Newell and others take a keen view of a performance program is effective if it is treating the agents the right way and getting the right things across. And while we have done thousands of performance violations, you can see that the impact on the agents, while it is not insignificant, it is still holding and we are getting to the right agents that have the issues and need support, and the box below reflects the total amount of agents that have received a warning notice or a suspension in the history of the program.

We are seeing a little increase in suspensions, but I can absolutely tell you we have the attention of the agents now because in this marketplace the Citizens appointment is very, very important and those agents want to make sure that their sticking and performing to our requirements.

The next slide will reflect where we are so far this year, and I am pleased to report we had our best month ever at one percent. That is a one-month trend. I am not going to bank on that quite yet until other months evolve, but we will take it. I do think we are getting the attention of the agent community. We are getting a lot of outreach and intake from agents who want to make sure they're doing the right things, and we are working diligently to make sure our communication, our underwriting consistency, all those things we are heavily engaged in making sure that this space is not taken for granted. So much work remains and that will show up on the desks of the agents as we engage them through our website, through our agency management contacts, our field managers and other communication views. The next slide --

Chairman Newell: Excuse me. You brought up field managers, this is Dave Newell. But how is their role expanded in helping with this program to keep these numbers kind of leveled off and, in some places, reducing field managers play?

Carl Rockman: Right. The six field managers that we have for our 9,000 agents, we made a strategic decision a year and-a-half ago to point them at new agents. So not exclusively, but they do spend a lot of time engaging a new agent who also shows up on the production side. It is so important that we get to those new agents quickly and early, that they engage our education platforms, that they understand our requirements, because 1,000 new agents not understanding is going to put enormous stress, not only on us, but also on the customer experience. So those field managers have a specific role to connect with those new agencies, make sure they understand the rules, they are remarketing and marketing the risks appropriately, and that they're also a resource, the field manager for that new agent along with, Chairman Newell, those field managers working intently with our tier one, tier two, and tier three agencies. The agencies with more than 500 accounts, because we definitely want to make sure that those agencies because of the risk involved in them not having the support they need on the customer experience.

We are very pleased to have a very modest field management footprint. We think that they're highly effective. We get great reviews on their engagement when they meet with agents, and we are very, very committed to support agents in traditional ways that they're used to, but again, with a very modest footprint that is more appropriate for Citizens.

Chairman Newell: Okay, any other questions for Carl on the performance violations? All right.

Carl Rockman: Okay, next slide, please. This will reflect the late submission programs. While we always monitor the quality of the agent submission from an underwriting perspective, this is the time service element. It is very, very important that agents remit their documents within the required time period so our underwriters can evaluate those risks and take appropriate action if necessary. This slide will reflect that we ended the year with five percent of our new business having documents submitted after the 15th day after the effective date. That is obviously a trend above the four percent you see reflected in 2018 and 2019. A one-point deterioration, but on an enormously bigger volume. The one percent report in 2020, I will remind the committee about COVID and where we thought it was prudent to go ahead and suspend this program just due to the issues with COVID and customer relationships and getting back and forth with customers. Again, the agents under the program are reflected below. We are administering it appropriately, we are reaching out to the agents that have help and this is not creating, I think, any undue stress in the agent community and the vast majority of agents are within standards and delivering required documents within the required time period. That concludes the agency performance section, any questions?

Chairman Newell: Yes, any questions of Carl?

Carl Rockman: Okay, next slide, please. This shows where we are this year, at seven percent. So again, we are seeing a slight deterioration here, but these are very, very easily remedied situations when we engage the agents and remind them of the document rules of the ability to upload. Once we see an agent that might need support, we are heavily engaged to make sure these numbers don't deteriorate. So, we'll monitor that. Next slide, please.

Turning our attention to our Agent Outreach efforts. The foundation of our agent outreach is our Agent Roundtable. We just met with our Agent Roundtable on February 23rd, a two-hour meeting. Barry and Kelly were both able to attend that session. Robust conversation with our Agent Roundtable going through all of the changes that Karen presented to you. We had some very good discussion with the Agent Roundtable about those changes, plus additional initiatives in the technology space and other areas that will impact an agent. We do so appreciate our Agent Roundtable members. They give us more time than we deserve, and we are going to continue a steady cadence with the Agent Roundtable, particularly as these markets are shifting and you can see the publish dates there.

The second piece of our Agent Outreach is staying in close ties with our agent association partners, all of which are represented here on this committee. We are going to continue our partnership with live training events and at the conventions, so we will have a presence at the conventions, from a training perspective, to make sure if agents need a little tune up on Citizens or just want to connect with our staff in a more meaningful way, we will be there.

The fourth bucket that you see there, Citizens Live Training. This is a session that we're starting where if we can get out to the community, now that COVID is lifted, and do more traditional training, we are prepared to do that. We just concluded a successful session in Tampa, and for the first time we will be in the Solo County area next week. We will be in Solo doing live trainings with those agents who, as you saw on the prior reports, are becoming a little bit more dependent on Citizens. If they need us, we just want them to do it correctly. So, we'll be there, and future classes will be posted as we see a need.

The last piece of our Agent Outreach efforts is what we call our Webinar Series. We will run a quarterly webinar series, and the themes that you see in that box will be what the webinar will be built around. Providing a great customer experience, making sure the agents understand our eligibility rules, they understand how to navigate our systems, they are providing a great claim experience, and ultimately, what can we do to help the agent save time and money, what can we do to help, and we are all about that. So, our webinar series will always contain messaging around this. We felt that this is where the agents have wanted us to go in terms of outreach and education, our round table has told us the same. With the great partnership with our communication team through Christine, our learning and development team through Violet and Palicia, we are just having enormous support and help, to help deliver this message and this level support to our agent communities. Published dates are there and we are looking for increased attendance as the year goes on.

Chairman Newell: Well, thank you, Carl. Any questions of Carl about the training schedule? You know, Carl, this is Dave Newell. Just one question I had. If anybody on the committee had a suggestion or something they're seeing in their own shop or talking to fellow agents, how could they relay that for you all to maybe build out one of these webinars?

Carl Rockman: Well, there is several ways of getting to us. All of the associations represented on the committee have a relationship with Marsha Watson who does tremendous outreach. I have relationships with all of the agents on this committee personally, and also your agency field manager is also a place for intake, and our Agent Roundtable gives us tremendous input.

We look at a number of things, Chairman Newell. We look at analytics and data on call volume, different things that we see internally where agencies might be struggling where we can offer support, but we also do take intake from virtually anybody who has a suggestion for us, because all suggestions are honored, and if we don't have something in the pipeline to either educate more formally or to communicate, we are certainly interested in what we might be missing. So, my e-mail, call me, that type of thing, Marsha is a conduit for intake and certainly suggestions are always welcome to make sure we are hitting the mark on the education and communication that we do.

Chairman Newell: Yes, Carl, I bring that up just to remind everybody that they have a role to play in some of this. If they're hearing from their different associations, to certainly pass that along so you all can deal with it and get in front of it versus maybe having to deal with it from a suspension standpoint.

Carl Rockman: Absolutely. Everything from the day-to-day to emerging market issues, the associations have been great partners with us and again through Marsha alerting our team to here is what is on their mind, here is what we are seeing. We are able to sense and respond to that appropriately either through a larger printing effort or specific communication, but we do appreciate the intake. Please don't assume if there is something out there, don't assume that we know, let us know, particularly committee members, particularly this committee, please let us know because you are the voice of your associations through my team and we want to make sure that if you're on the committee that you have a conduit to us and we are prepared to respond to anything that you might need.

Chairman Newell: Okay, well, good.

Lisette Perez: Chairman Newell, this is Lisette. May I say something?

Chairman Newell: Yes.

Lisette Perez: Going back to what Carl is saying, I have to say that they're very responsive whenever we do have some communication to share, and the meetings with Marsha are very informative, as well. It's a good avenue for us to give her feedback as to what we are hearing on our side. So, I would like to address the fact that you are right, Carl, thank you very much for those. You guys are very open to whenever we send you information and have questions that someone may present, you are very responsive, and we appreciate that. So, I hope all of the associations take advantage of that.

Carl Rockman: Thank you.

Chairman Newell: Yes, thanks for saying that, Lisette, because you know, we have had a little turnover on the committee, too, and so we just want to remind everybody that there is a lot of good communication back and forth that can be shared.

Carl Rockman: And we certainly would welcome any feedback or intake, and certainly day-to-day, we would prefer to hear that from you and the door is open. So please, reach out to us, connect with us through Marsha, through me, at any time that you are feeling anything around Citizens that we could know about, please don't be shy.

Lee Gorodetsky: Carl and Dave, hey, this is Lee Gorodetsky. Just a quick comment or question. I also want to say that the service is really generally very good there, although every once in a while, we do want to give one of them a written warning or something of the sort and give it back or get some credit to one, but normally they are very good.

The question I have, and you probably get this from the Roundtable people, but the biggest issues that we have in our agency, and I am sure I speak for most, is closing dates changes in mortgagee clauses. If your system doesn't have that mortgagee clause exactly the way they want it, it's a problem. Mortgagee date changes, I mean, we have to rewrite policies sometimes three and four times on the same client because of something simple like that. That, I think, would be huge if Citizens could solve that problem.

Carl Rockman: We will acknowledge that in the agency technology survey that we just administered that our Agent Roundtable helped us prioritize, being able to give you guys the ability to make a change on a bound policy was very much at the top of the list. Now, easier said than done in some ways. There are some consequences to allowing that. There might be some limitations on what we allow you to change, but I will acknowledge that once you've bound a policy and provided evidence of insurance to a lender, if something changes, you have to unwind it, go back, and it establishes a new policy number which can also have some downstream impacts. So, we are aware, Lee, that that's one thing and it does happen. And I know Greg is on the line from a real estate perspective. This is the kind of turbulence that you are counting on us to minimize. We trained to this, we work diligently with agents on work arounds, but yes, we are aware of that, but from a technical perspective there are some nuances to making that work that we are working through. I am not committing to anything in terms of delivery right now, but we will acknowledge that we have heard that, and the ART has made us aware.

Lee Gorodetsky: Thank you.

Carl Rockman: Thank you.

Brian Hodgers: Carl, I have a question.

Chairman Newell: Go ahead, Brian.

Brian Hodgers: Hey Carl. Along with the lines with what Lee just mentioned, is there any possibility to looking towards, we get instructions that somebody is going to escrow and we bind it that way and then they end up not escrowing and the customer needs to make a payment, where we can make payments easier, because it gets complicated because then people have to send in checks and we can't do electronic payments.

Carl Rockman: Yes, this is also at the top of the list in terms of payment changes, and essentially with an escrow, the system wants full money, full demand, but a lot of times when the

customer pays, they want to go quarterly and that is where the turbulence can begin, correct, Brian?

Brian Hodgers: Yes.

Carl Rockman: Yes, so acknowledging the fact that if the customer pays quarterly, that the system accepts that flawlessly and without any problems is very much on our radar. Ultimately, the system just wants the money, not so much who pays, but when you go from escrow full to quarterly customer, there is an opportunity for us to look at that and get better in that space. We are working diligently on that. It's been an issue for some time, but we are starting now to prioritize it way up the list and with the input from you folks and the concerns that we have here, we will continue to look at it and make sure it gets the attention it deserves.

Brian Hodgers: Thank you.

Carl Rockman: You're welcome.

Chairman Newell: All right. I think we are done with tab four, Carl. Do you want to turn to Tab five?

5. Depopulation & Clearinghouse Update

Carl Rockman: I would be happy to, Chairman Newell. We'll switch our attention to our reports on the Depopulation, Clearinghouse, and FMAP Programs.

The first slide will present our 2022 depopulation results. We did have a depopulation in February. We are reporting that 1.3 billion dollars of Coverage A was averted through that depopulation, with a little over 3,000 customers assumed at a 12 percent assumption rate. We did have two participating carriers. We had Florida Pen & Vyr, and we are very excited about both of those carriers participating. Vyr did enter into the depopulation. We had a little technical issue with Vyr first time out of the gate, not unusual with a new entrant, and Vyr had to back up on the assumption for February. If Vyr had participated and we had gotten the same rate or without Vyr, we would have had about a 15 percent assumption rate. So, if you are measuring the success by percentage, that bit probably took us down about three points, but nonetheless, Vyr is back in the April assumption. They're the sole participant in the April assumption that we just kicked off. It looks like we are going ahead and sending out 22,000, potentially in that range, for Vyr in terms of customer offers. This will play out over the next six weeks, and we will be reporting back.

Again, no commercial depop last year and no interest right now in the commercial depop space even with the little modest book that we have. We are going to continue to pay great attention to depopulation. It's one of the building blocks to exposure reduction, and a great depop program with great carriers is foundational to us getting this business back out to the private market. So, modest activity, but some activity nonetheless, and we will report on our success rates in future MAAC meetings. Next slide.

Lee Gorodetsky: Carl, this is Lee. Just a question on that topic. We have received a bunch of those, and it seems about one-third of them have prices that make sense to the client to make the move and two-thirds do not, but it used to be, and at least I thought it was a rule, maybe not

a rule, maybe a guideline, that the premiums were supposed to be compatible to Citizens' renewal so that they would go out.

Carl Rockman: Lee, there is no rule or no governing principle that says what the carrier rate needs to be, okay. Now, we do obviously consult with the carriers and common sense would tell you that the closer proximity that you have, the more take rate you're going to get. The agents on the committee clearly know how sensitive the consumer is with regard to that, but there's no governance over that; free market reigns. If the customer does want to pay a little bit more or much more for potentially what could be more significant coverage for them, we're going to let them make that choice and let agents, as trusted advisers, counsel them on that. We do work with the carriers, Lee, to make sure that there is a reasonableness factor that only they judge, and they're conscious of it, and we do know the position that puts you, as agents, in if these offers are significantly higher than they are paying. It certainly makes your job a lot tougher to sell it, we understand that, but no governing principle, no rule that says the carrier has to establish a certain rate.

Lee Gorodetsky: Thank you.

Carl Rockman: You are welcome. Any other questions on depop?

Lisette Perez: I do. It is Lisette, again. Hi. Going back to something Christine said regarding the depop provisions thresholds. If what Lee is saying that he's receiving from these Clearinghouse offers are significantly higher, and I am kind of thinking out loud here, right, because if you are pushing the thresholds and these prices are coming in significantly higher and they have to take it because it is an offer, oh boy, like what happens? We are going to like round robin on this. Isn't this eventually going to come back into Citizens when these renewals come back? Like how is that, and I am sorry, I don't see how?

Carl Rockman: Christine can weigh in here, but I think what Christine has represented is what's on the table, not official yet, is rather than just having the customer opt in or opt out of the depop, there would be a threshold that if the offer from the depop carrier came in at a certain percentage, the customer would have to go, okay. It would be like Clearinghouse, okay. You have to go to that company or seek other coverage, but you wouldn't be eligible for Citizens. So that is in play in order to work with depop a little bit more effectively, but also to incent carriers. The carriers are going to feel a little bit better if there is a sense that the customer and the price, if the carrier is within a certain percentage and a range, that they have an opportunity to move that customer because the statute allows that to happen. Similar to new business Clearinghouse and what potentially is going to happen in renewal.

Lisette, we are sensitive to the customer experience on this, but we have to do something in order to incent or move customers over to private market offers that we think are appropriate and a price range that is being established, potentially legislatively, is going to potentially cause that to happen. But again, the carriers have said it's tough for them if the customer chooses and has a choice and there is no price rule like there is in the Clearinghouse, it makes depop a little less attractive for them to participate in, so we are just trying to thread that needle for both parties to make it a win/win.

We do acknowledge and have heard over the years that if they are depop and then the rates change, they end up full circle. But I think we all have to know that the carriers set the rates, it's the free market, and the carriers are going to establish rates that they deem to be

appropriate, which makes the agent engagement in depop all that more critical, right, at the front end at the very beginning. Now, the rule may change the game a little bit because right now the customer has a choice one way or the other. The rule could change, if it passes legislatively, the customer may not have an option, but I think we have to acknowledge we have to do something in this space to incent movement out of Citizens and that's what that's designed to do.

Lisette Perez: I kind of wish we had other options rather than sending it to Citizens to begin with, rather than doing this, you know, circle thing back and forth, right? The customer goes out of Citizens because you force them because they have to accept an offer. The renewal comes in and it's \$4,000 higher than what they were paying, and then here we go again back into Citizens. As an agent I have to tell you that that's not really a solution. I mean, it works with the numbers, and it gets people out of Citizens for a while, but ultimately, they're back in because they just cannot afford to go anywhere else.

Carl Rockman: And we have shared that experience with new entrants that have approached us. I don't think it's in the carrier's best interest to have their retention go way down because they've done that, because they haven't set their -- I think everyone's acknowledging that this next wave, I think, is going to be filled with new entrants. Vyrd is clearly a new entrant. There are other new entrants that are going to look at the potential million policies that we have. I think we have to continue to work with those entrants to say, please, please, please, get your pricing precise where you can have some stability, capitalization, all of the things that are required for a carrier to hold a rate is in everyone's best interest. I think they're the only ones, though, that can set that and the ones that need to acknowledge. I know the agent community has been very vocal about this issue and the churn, and all we can do is work with well capitalized new entrants who have price stability and can hold that price that they offer initially, and that would be, to me, the success and the answer to the program.

Lisette Perez: It is also trying to get the customer to understand that paying \$1,000 more is in their best interest rather than staying with Citizens. That's a whole other conversation.

Carl Rockman: Understood, understood.

Lisette Perez: That is a whole other conversation.

Carl Rockman: These carriers are coming in and should be coming in with different features, different benefits. Certainly, there's limitations on our policies that aren't very attractive, like liability and pool screens to start with.

Lisette Perez: Uh-huh.

Carl Rockman: It's up to the agent and that new carrier that we partnered, to make sure you can appropriately sell that value proposition. We work with these new entrants to say, listen, you are selling against Citizens. Let's put that together and we've seen evidence of that and are going to continue to see evidence of that, to put the agents in a strong position to say, this is why it's worth a dollar more, this is why you want to move. I'm a big believer that depop is not program, an agent at the center of that is the key. If the customers are trusting the agent to move and your voice in that is critical, and agents have been overwhelmingly supportive in depop, even despite some of the issues. I have overwhelming support from the agent

community in this space, and we want that to continue, but acknowledge there are some things we should continue to work on.

Lisette Perez: Thank you, Carl.

Carl Rockman: You are welcome, thank you. Any other questions on depop? Thank you.

Chairman Newell: All right, thanks Carl.

Carl Rockman: All right, the next slide just represents what happened in February. You can see that our great friends at Florida Pen, where it was with tri-county, and the rest of the state. The next slide will move into Clearinghouse.

This is Clearinghouse new business update through 2021, and then one month of 2022. Again, you can see the Clearinghouse results in some ways speak for themselves. I would point the committee's attention out to the red bar in 2021, where 7.7 percent of the business submitted to Clearinghouse had some type of offer, only two percent was deemed ineligible. The first month of 2022, you can see we've had a little spike up in at least offers, maybe not ineligibles, but offers. It could, again, be a one-month anomaly, we're going to monitor that. But again, the key to Clearinghouse effectiveness is entrants making offers that are priced competitive, that can come in and work with that customer and work with the agents and move them appropriately. We really only have about two carriers right now actively participating in the Clearinghouse. Any new entrant, and some have expressed interest in joining the Clearinghouse, any new entrant that would come in would certainly have an opportunity to change these results. We obviously welcome any new entrant out there listening. If they would like to join the Clearinghouse platform, we have great agents connected to the Clearinghouse that are looking for excess capacity and ways to help their customers beyond Citizens. These results haven't moved much, but the key will be new carriers, new entrants, and then we had a necessary legislative change in this space at 20 percent.

The next slide will be renewal, and you can see the renewal results are even more modest as they always have been. Renewal, it's not a 20 percent rule on renewal, it is a dollar. This is where, as Christine mentioned, any legislative change that might happen where we could get even four percent or five percent on renewal would not hurt. I don't know how big a bang it's going to be early, but we'll take it at some level to allow a new entrant or a carrier in the Clearinghouse to compete a little bit more effectively with the statutory rule that will require the customer to at least look at their offer and not be able to stay with Citizens. Any questions on the Clearinghouse before I move to FMAP?

Chairman Newell: All good.

Carl Rockman: Okay, thank you. I will conclude my report with a quick review of our Florida Market Assistance Plan program. This is a program that some of you may be familiar with, but this is an agent referral service that we offer. Agents join the FMAP platform. Customers engage FMAP by going into the FMAP.org website and putting in what is, essentially, a lead. I need help finding home insurance, and that lead is matched with participating agents. This slide reflects the activity volumes through 2021. The number of requests, 8,352 requests came in from customers. You can see how many of those requests were placed in the private market, and obviously, how much Coverage A was placed. We are making investments in this platform.

Through our Citizens Reimagined program, we have updated the FMAP.org website. We've made technical investments to make the experience better for customers and for agents. As part of Citizens Reimagined and exposure reduction, we are looking clearly at helping the consumer in this space and helping agents that want to be matched up with consumers, again just in the spirit of availability and making sure that the customers out there are getting the support that they need should they have a need for home insurance. I will take any questions on FMAP that you might have.

Chairman Newell: Any questions for Carl about FMAP? All right, well, thanks, Carl.

Carl Rockman: Thank you.

6. New Business

Chairman Newell: All right, committee members, anything under new business for the good of the order today? All right, I take that as a "no."

I want to thank everybody, again, today for being part of the committee. As we have discussed earlier, if there's issues, concerns, questions, please, please get them to Carl, and the team and they will certainly address them. We want to make sure, as we go through this process with the current state of the marketplace, that we address some of these things to make it a little bit easier and more user friendly for agents to transact business with Citizens. So, please make those suggestions and see how they can help us in that regard.

Do I hear a motion to adjourn?

Lee Gorodetsky: Motion to adjourn.

Brian Hodgers: I will second it.

Chairman Newell: All right, the motion and a second. Thank you all, have a great day. Meeting adjourned.

(Whereupon the meeting was adjourned.)