

Exposure Reduction 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	Exposure Reduction Committee Meeting Minutes March 22, 2022
Purpose/Scope	Review of the March 22, 2022 Exposure Reduction 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 22, 2022 Exposure Reduction Committee Meeting minutes.
Contacts	Kelly Booten, Chief Operating Officer

CITIZENS PROPERTY INSURANCE CORPORATION

**Summary Minutes of the
Exposure Reduction Committee Meeting
Tuesday, March 22, 2022**

The Exposure Reduction Committee of Citizens Property Insurance Corporation (Citizens) convened at the Marriott Hotel on Tuesday, March 22, 2022.

The following members of the Exposure Reduction Committee were present:

Nelson Telemaco, Chair
Carlos Beruff, Board Chair
Marc Dunbar
Lazaro Fields
Kelly Booten, *Staff*
Christine Ashburn, *Staff*
Jennifer Montero, *Staff*

The following members of the Board were present:

Governor Jillian Hasner
Governor Scott Thomas

The following Citizens staff members were present:

Andrew Woodward	Joe Martins
Barbara Walker	Mark Kagy
Barry Gilway	Mathew Carter
Bonnie Gilliland	Michael Peltier
Brian Donovan	Ray Norris
Carl Rockman	Stephen Mostella
David Woodruff	Thomas Dubocq
Eric Addison	Tim Cerio
Jeremy Pope	Violet Bloom

The following Citizens staff members were present telephonically:

Jay Adams	Sarai Roszelle
Jennifer Dilmore	Stephen Guth
Karen Holt	Wendy Perry
Nancy Staff	

The following were present:

Adam Schwebach, Gallagher RE	Dave Newell, FAIA
Bryan Friendshuh, Gallagher RE	Kapil Bhatia, Raymond James
Danny Kriss, Gen Re	Nathaniel Johnson, Bank of America Securities

Call Meeting to Order

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

1. Approval of Prior Meeting's Minutes

Chairman Telemaco: Good afternoon and welcome to the March Exposure Reduction Committee meeting. I would like to call to this meeting to order, and as the first item, entertain a motion to approve and adopt the Minutes from our last meeting in December.

Governor Lazaro Fields made a motion to approve the December 14, 2021, Exposure Reduction Committee Minutes. Board Chair Beruff seconded the motion. The minutes were approved.

2. Exposure Reduction Dashboard

Chairman Telemaco: I would like to call on Kelly Booten for the update on our Exposure Reduction dashboard.

Kelly Booten: Good afternoon, again. Behind tab two is the dashboard with some key metrics. Our policies-in-force count as of March 18th was 807,008 which was a growth of about 5,667 last week, 5,407 the week before. For February, we had 31,668 new business submissions. The market share as of the middle of April is about 10.6 percent.

On the second page is a description of some of the key metrics. For the Holistic Inspections program, as of March 15th, we have ordered 26,868 inspections, 11,000 of them are pending. Our goal is to order 13.3 percent of new business and 6.89 percent of current policies-in-force, for approximately 148,000 inspections. Of course, this fluctuates with the growth. The program is up and running and is on track. We'll have more metrics as we have more data become available on the success of the inspections program.

For the Florida Market Assistance Plan, consumer requests are on pace to exceed year end 2021, and participating agent counts are fairly flat. Most of the statistics will improve as we increase marketing efforts in 2022. Also in March, just last week or the week before, we released additional enhancements to the system to make it easier for agents and participating carriers, basically in matching leads and additional filters.

On the Depopulation program for February, we had Florida Pen take 3,440. Vyrd was originally in the February takeout, they moved it to April. Twenty-two thousand letters have gone out and the policyholders have until April 7th to make elections.

For the Clearinghouse, we've still got two of the eleven connected carriers actively participating, and are on pace to have 1.8 million unique offers presented in 2022.

For Citizens Reimagined, we had one full submission and a partial submission to the solicitation, so we decided, on February 8th, to do a reject all. We went out and remarketed to additional vendors. We cleaned up some of the language in the solicitation to make it obvious of the different ways you could submit. We made it clear about partnering with other vendors and had

a very successful pre-bid conference last week. It felt like there was more energy this go around. The responses are due mid-April. I will pass it off Christine.

Christine Ashburn: Thank you, Mr. Chairman. Just a quick up --

Chairman Telemaco: Before we move on to that slide, can you go back to the dashboard, itself? Yes, that slide. I think it would be helpful if we included another column between the year-end 2021 and the year-to-date number to show the year-to-date for the year prior. In other words, up to February 18, 2021. And the same with the key metrics, just have another column in there so that we can compare our progress year-to-date to last year's year-to-date. Does that make sense?

Kelly Booten: Yes.

Chairman Telemaco: All right, thank you.

Governor Dunbar: Can I ask a question?

Chairman Telemaco: Sure

Governor Dunbar: On the next slide, the key metrics, the Clearinghouse, we only have two of the eleven connected carriers actively making offers? And of the eleven how many carriers are there total in the Florida market?

Kelly Booten: Eleven out of, what is it, four something, Karen? Forty?

Governor Dunbar: So, we have two carriers out of forty admitted Florida insurers that are actively trying to access the Clearinghouse and take -- that seems to me to be a pretty glaring problem, right? Are there any ideas on how we cannot be sitting at two and instead be sitting on twenty-two?

Kelly Booten: Right. The eleven are in it and could open up any day if the market is conducive to them wanting to write more business. I mean, they're there. There is one we are talking to to get connected, so we are continuing to market it. Citizens Reimagined is an opportunity to reinvent the way that that works and make it much easier to connect to, but that is a longer-term project, of course.

Governor Dunbar: We did a survey, right, before we did the Reimagined RFP to try and figure out why people weren't participating, why carriers were out, right?

Kelly Booten: Not on the Clearinghouse, but our field managers are in constant contact, and we did go out and meet with carriers to try to get participation in it. Most of it has to do with the problems with the market and the rate, our rate being lower and the willingness to participate from that perspective.

Governor Dunbar: Is it possible to capture that in some kind of data that we can also have as part of the dashboard? While I am thinking about it, X, Y, Z insurance companies are not participating in the Clearinghouse because of *why*, so we are regularly monitoring so we can also communicate that back up to the appointing principals and policy makers and help Christine from a legislative standpoint. When they're wheeling in all this other stuff, one of the things that

we can say is, well, it would be really helpful to us if you would be participating in Clearinghouse, as well. What policy changes are needed to get you back over. And it's not just rate, there are other things, we know. To me, and this is from the CFO's standpoint, I would love to have a list of all of the ones that aren't participating and the why, so as he interacts with them and the Insurance Commissioner interacts with them and the Chairman interacts with them, we can have the conversation that a big part of this whole system working is you participating in the Clearinghouse.

Kelly Booten: Right.

Governor Dunbar: Because if you don't participate in the Clearinghouse then we've got to wait for you to do takeout on the back side we just assume, right? So, I just feel like we need to incorporate some kind of measurement that we're regularly checking to say, what is it that we have to do better, or if we can't do it what can OIR do, and if they can't do it, what can the Legislature do. I just throw that out there and I don't necessarily know what it looks like, I just feel like it's almost like the right direction, wrong direction poll that you do every month. It's something to tell us about these carriers, it is constant feedback, we're not participating this month because of this reason.

Kelly Booten: Okay. We'll do that.

Board Chair Beruff: They're primarily not participating because of our rates.

Governor Fields: Isn't it the lack of, I mean, the reason why insurance carriers are not taking our business is because no insurance carriers are writing business in the state because of the lack of capacity in the market, right? I mean, isn't that the main driver of this whole issue or am I --

Christine Ashburn: It's both of those. When the market is writing our rates are a problem, when the market is not writing it's because they're not writing, and rates compound the problem when they are willing to look at our business, right?

Kelly Booten: Right.

Christine Ashburn: Right now, we know that the capacity is shut down for most carriers in many parts of the state. So, that's the primary issue today, but long term, rates are an issue, absolutely. And remember the Clearinghouse threshold at renewal is still zero. Unfortunately, we were trying to move that to twenty this session. So, if it's a dollar more, the renewal customer doesn't have to take an offer, they can stay.

Governor Dunbar: I'd be willing to bet there are maybe six legislators that appreciate what two means on that Clearinghouse statistic.

Christine Ashburn: Yes.

Kelly Booten: Yes.

Governor Dunbar: And particularly, as related to the legislation that we didn't get this year and the importance of being able to push that up, but to also be able to say, don't trust us, we are

regularly every month talking to these folks and they're telling us right here, if you will just pass this legislation, we will have twenty.

Kelly Booten: Right.

Governor Dunbar: And do you know what that possibly could mean for us? That will help us so much from a depop standpoint. To be able to give that to them, it'd almost make it easier for you all to give it; presentations to staff so it can be in staff analysis and things like that. That was one of the things just watching the legislation that was moving through, it was very obvious that there was somewhat of a disconnect at the rank and file, almost certainly, but even in some pockets of leadership. They just don't appreciate how important that Clearinghouse will be, I think, for getting the market somewhat back healthy.

Christine Ashburn: And depop as well. I mean --

Governor Dunbar: Yes, yes, yes.

Christine Ashburn: We were able to share that we knew for a fact there were at least two sets of investors on the depopulation side who would create new companies and bring new capital if we could get that threshold from 'you can reject all offers in depop' to, pick a number, ten, fifteen, twenty; certainly, it wasn't four to start, that we knew there would be new capital. I think, in the short term, new capital is part of our way out of this. To reduce the growth of Citizens is new capital. It doesn't have the tale of AOB, don't have the hurricane litigation, that can come in under the new 76 construct and try to make money.

Chairman Telemaco: Was there, I don't know if you planned on covering it later, but was there results of the depop survey that was done?

Kelly Booten: The depop survey, we had some results from that, but the uptake on it was so small that they weren't very valid results, so we wanted to go back out and get more data and then bring it back, so we did not include it in this meeting.

Chairman Telemaco: Okay. So, there will be another depop survey?

Christine Ashburn: Yes.

Chairman Telemaco: Okay. Thank you. Any other questions on this slide? You can continue.

Christine Ashburn: Thank you, Governor Telemaco. So just a quick update on the educational focus for both Florida Market Assistance Plan, but also overall for exposure reduction efforts. In quarter one, there are examples in the appendix of the new brochure we created that is in multiple languages for the Citizens-Ordered inspection program that Kelly spoke about. Obviously, agent bulletins, external website updates, the agent website update, FAQs on our website. We've continued with the FMAP campaign both in social media and public radio. Through ninety days on Facebook and forty-five days in Twitter we have had a reach of about 451,000 customers in the market for a cost of \$16,300. Mr. Chair, as we talked about before, social media advertising is incredibly cost effective.

Board Chair Beruff: Cheap.

Christine Ashburn: Cheap, exactly. And we are continuing with our public radio partnership that we have already precontracted with rotating the FMAP spots throughout the State of Florida. It's 13 public radio stations reaching 99 percent of radio customers throughout the entire state. I'm happy to show you any of the examples, but those have been our quarter one focuses. We did, in fact, also do a policyholder newsletter, as I know all of you receive it, focusing on the Citizens' assessments and the hidden Florida hurricane taxes. Again, the importance of home inspections and really highlighting the importance of customers having good relationships and working with their agent to keep them informed of things going on in their home or updates and upgrades so that we can be informed.

For quarter two we'll be focusing again on depopulation marketing. We want to review all of our current materials and try to add some additional pre-offer educational materials. One of the items that came out of our Miami meeting was, I don't know that we do a good enough job on the depop communications talking about assessments as we could be, especially given our growth and the fact that there are scenarios under which we could assess in the real world in worst-case scenario because of our growth. So, we do want to look at those. We'll obviously be talking about rate changes, communicating the rate changes as those get implemented, and then trying to conduct some additional Google analytics evaluation now that Google analytics is up and running on FMAP. I am happy to answer any questions.

Chairman Telemaco: Just a quick question. I know at the last meeting we talked about the marketing around FMAP being very different from any other marketing or communication that we have done for Citizens which is more informational than anything. Have we, we reconsidered the branding around FMAP?

Christine Ashburn: That is something that we do want to talk about. I know Carl and his team have some ideas, as do my team, because no one knows what FMAP is.

Chairman Telemaco: Right.

Christine Ashburn: It's clunky. That is the statutory term, but we've branded the Clearinghouse a little bit differently than the technical term in the statute, so I think we do have some room there. As long as we don't completely lose the brand of FMAP, but absolutely, because it is clunky, and it doesn't really tell you what it does.

Chairman Telemaco: Right.

Christine Ashburn: Absolutely.

Chairman Telemaco: And we do have some metrics around the penetration or the reception of the FMAP marketing so far, so it would be really interesting to see what we come up with and test whether or not our hypothesis is right, right?

Christine Ashburn: Absolutely, especially when we get through Citizens Reimagined –

Chairman Telemaco: Right.

Christine Ashburn: -- where we have a much more user friendly, customer focused portal, hopefully, when we get that bid out, yes. So yes, absolutely.

Chairman Telemaco: Okay, thank you. Is that it for that portion?

Kelly Booten: Yes.

Chairman Telemaco: We are now ready for the legislative update, Christine Ashburn, please.

3. 2022 Legislative Update

Christine Ashburn: Unfortunately, this will be a quick update. As all of you are aware, there has been lots of media about the inability of the Legislature to pass meaningful property insurance reform this session. In fact, there's already been some talk about a special session. Senator Jeff Brandis has already asked that the Governor consider it, and I know he wants to leave that in the hands of the legislator leaders. We were close. The House actually did pass the Citizens' package along with the omnibus property insurance items and ultimately it did not cross the finish line.

Candidly, most of what I would call the controversy and the inability for the House and Senate to come to agreement really focused around the roof problem that the private market is seeing in trying to find a roof solution. Initially, Chairman Boyd's Bill had allowance for carriers to offer an actual cash value only on roofs after a certain age. I think there was some discomfort around that in a variety of circles. Ultimately, the concept was then morphed into maybe a separate roof deductible like we see today for hurricane, no more than two percent. That particular idea came much later in the session, and they just couldn't come do a resolution on how that might work to be effective to try to get the market to open back up.

I don't know if there will be a special session. Just as a reminder, we did redistricting this year, so all 160 legislative districts are on the ballot. The Cabinet is up for re-election. I think it will depend on what the market looks like after the reinsurance renewals in June, and if there are any additional insolvencies that could apply pressure to need to do something. Otherwise, maybe we could see something done, hopefully, after the election. But if a catastrophic insolvency occurs, something along those lines that was large enough, I don't know that the Legislature would want to wait until March of next year, because remember, the session moves back there.

It was unfortunate and, Governor Dunbar, to your point, when you are talking about what's resonating both with Clearinghouse and depop, those that were in the know and who were involved with Chair Ingoglia and Chair DiCeglie and Chair Boyd and others, and Senator Perry, it really resonated when we talked about the new business eligibility at Citizens is 20 percent to get in the it front door, but when you are in Citizens you don't really ever have to leave, for the most part, in a reasonable way. And when we talked about the consistency of twenty, twenty, and twenty, 20 percent for new business, 20 percent for Clearinghouse renewal business, and 20 percent for depop as an eligibility marker, that did seem to resonate because it was consistent. I do think there were some concerns about what might happen, in depop specifically, if you had a carrier do a depopulation, say it was within 15 percent of our rates, they take the policy, what happens at renewal if that carrier then raises rates another 30 or 40 percent. Really what would happen then is churn and we would get that business back. So, I think there were some consumer related issues that we need to help work through and maybe there could be some data to show. I don't know what data we have, but we need to do better education on why that shouldn't be as big of a concern. Carriers that do the depop, they want to keep the business, and if they know if they raise rates more than 20 percent higher than ours, say we

were to pass that, obviously the customer would be eligible to come back to Citizens. If they're trying to build their book of business, they're going to shop for business within Citizens that they can be profitable on within a certain number so that they don't lose that business at renewal.

It was unfortunately, but I do believe we'll get to work immediately on all of those agenda items from this past year and really flesh out and have a significant draft Bill for how to merge accounts so that when the debt is gone from Citizens, we can actually do that. That will require legislation on the assessment side and the account structure side. I am happy to answer any questions.

Chairman Telemaco: Thank you for that. Do you have any questions? Governor Dunbar.

Governor Marc Dunbar: Yes, I guess it's more comments than questions. I mean, obviously, I'm in a unique situation. Laz is also a little bit, being up in Tallahassee and sort of being around the Legislature and having friends in the Legislature and stuff. I would throw these comments out there sort of as constructive criticism. We should be in a situation at Citizens being the insurer of last resort to have such credibility in the Legislature that when we come forward and say we need something, the legislative leaders and the Governor say, this is important. If the Chairman picks up the phone and says, I'm calling to tell you that this is what we need, then this is what we need. I've been doing insurance lobbying for a long time, and I understand the games that are played, particularly in the insurance world the way trains are billed and the collateral issues that wind up getting attached that must pass Bills and things like that, but the Legislature also, from a leadership standpoint, does a real good job protecting legislation for priority areas. When the Florida Lottery needs a piece of legislation, nobody in the gambling lobby is allowed to get on the Florida Lottery Bill. I'm not saying that the gambling lobby is any different from the insurance lobby, but it's all, for the most part, the same players, Christine, as you are well aware, and it's just the way it is. The Lottery doesn't come forward that often and when they need something, it is usually given priority.

I was disappointed that we didn't get the legislation, but I will say, I want to say there's blame to go around, but we have got to get to a place where we have credibility in the Legislature where our legislation goes clean. I'm looking back at Dave and, part of this criticism certainly goes to the agents, that fight shouldn't have been on our Bill. That didn't have anything to do with helping this place operate better. I have no problem with folks advocating for what they want and their views and seeking redress and all that other stuff, but we should be in a situation to say, that can be its own piece of legislation, not on our Bill.

I've watched, since I've been on the Board, that our stuff gets sucked into broader debates and broader discussions and it brings down legislation, and ultimately, at the end of the day, the broader market is, frankly, worse off because we can't get what we need. I could go on and on about what I think we should do, but I just wanted to be on the record as much for our team to understand our Bills need to stay clean, and we need to take a strong position that our Bills stay screen. If we can't have clean Bills and we don't have that credibility in the Legislature, then we have got to figure out why. That's an internal question for us. Why is it that we can't have clean legislation that becomes a priority and is one of the firsts Bills it is pass, because without us there is no real estate market in Florida. I mean, if we evaporate tomorrow, what happens to 800,000 Floridians that can't get insurance any place else? I don't mean to turn this soap boxy, but it really is directed to the Chairman since you're the one that's leading our ship. You've got a couple more years on your term, hopefully, maybe more, whatever you want to do, but we're going to rely on you a lot to fix this, because I think we've got a credibility problem.

Christine Ashburn: When you put rates up in an election year, there was a ton of hesitation to do something that would hurt consumers at a 20 percent rate. When it is rates, it's like that, and just in defense of us, we specifically asked for a Citizens only Bill. We got it in the House and Senator Brandis filed one in the Senate and then, ultimately, for reasons beyond our control, Senator Brandis was not going to be the vehicle and Senator Boyd merged property and Citizens. We specifically asked for a Citizens only Bill for the exact reasons you are talking about. But I will tell you that the House Bill got watered down because there was concern about going to a 20 percent threshold that quickly because of the rate impact on consumers that would be forced out of Citizens. When it's rates, it is always going to be political. If the Lottery went and did something like rates, it would be political for them, too.

Governor Marc Dunbar: I hear what you are saying, and we may have a little different view on how those things went down, but at the end of the day, the Legislature allowed for a half billion dollars in assessments to go onto the backs of the citizens in the State of Florida. That was a rate increase on everybody, right? They didn't do anything to roll back the rates that were approved for us or for anybody else. So, the fact that it was rates, I don't know that I agree with that. The issue that I see is that the point I made earlier on the dashboard, when I said a half a dozen legislators truly appreciate what the 20 percent means, I really believe that maybe only 2-6 people believe or understand what that means. The sound bite I get, we don't want to effectuate a rate increase and stuff like that, but it's more the education process that I think was out there. The fact that we had sponsors that didn't honor our requests for our legislation to stay clean, like I was saying, we have to get to a place where it's not an option for them or we have got to pick different sponsors. At the end of the day, leadership's going to decide and do what they want to do, which is what they always do on this, but we have not gotten to a place, at least while I have been on the Board, where the Legislature is appreciating how important the policy changes are that we need separated from the rest of the industry, because there are things that we need that we need. There are things that the rest of in the industry needs that we also need, and we need to get to a place where we can pass our Bill clean. Like I said, there are a million ways to skin a cat. I was just disappointed this year, the way we kind of got highjacked.

Barry Gilway: Could I comment? I have a slightly difficult view, Governor Dunbar. I think in terms of convincing House representatives and the Senate, in particular, multiple visits with virtually every member of the committees, in addition to three out of four cases directly with the appointing officers, laying out the urgency of what we needed, the implications for example of the 20 percent request in terms of depop, and let me tell you, I think they were very educated in terms of the overall implications that we could benefit from. At the end of the day, in my estimation, it fell down because the House took a very, very strong position, not on the Citizens issues, because I think the Citizens issues would have passed freely, but the entire legislation package fell down because the House took a very, very strong position on roofs. There was never going to be any agreement relative to putting in a two percent deductible on roofs. That's why the legislation package failed, and I don't believe it had anything to do with our ability to strenuously make our points, aggressively make our points to virtually every member of the Senate and the House. They listened, they were supportive, we had a lot of energy going into it, and, frankly, it came down to one issue that could not be compromised between the two individuals in the House and the Senate.

So, I would disagree with you in terms of the respect that they have for Citizens as an organization, and their knowledge of the overall impact that Citizens has on the market. We clearly showed the implication, and we literally showed the companies that would, in all likelihood, go down and become insolvent should this continue, and sure enough, we were right.

All of that was communicated and communicated in crystal clear terms to every member of the Legislature that were involved in the specific Citizens and general legislation.

Even the Chairman got involved aggressively up front relative to communicating with all of the appointing officers on the urgency and spent quite some time laying out the urgency that we were facing and the implications of not getting involved. So even our own Chairman got involved in pushing the urgency associated with the legislation.

I disagree with your overall analysis, Governor, respectfully, but I do know that Christine and the legislative team and myself on multiple occasions visited directly with all of the individuals and spent an enormous amount of time letting them know exactly what the implications would be. So, that is just a difference of opinion.

Governor Marc Dunbar: Now, let me just be clear, because I didn't say that you weren't communicating. I think the point that I was trying to make, particularly for the Chair, is roofs didn't have anything to do with what we needed, that was not a Citizens issue for session. We all agree with that, right. And you said roofs is the reason why we didn't get our legislation, right. My point is, from a credibility standpoint, we could not keep our Bill clean. We could not keep our issue independent, right. This is my 30th legislative session. I understand how to evaluate the pass/fail exam that all lobbyists go through when we have to pass legislation. We either fail or we pass it. It is what it is, and then you go through the postmortem to try to figure out the why, right. All I am saying is, I'd love to see us get to a place where roofs was not part of the discussion. Experience of the Board stayed off the Bill because it didn't need to be part of the discussion. Those are their own, they can stand on there on, they can fight on their own. That's where I would like for Citizens to be and trying to figure out how we can get there. It is not to say we are not advocating, it's not to say that we are sitting at the beach and just taking the session off, I know everybody was fighting.

Board Chair Beruff: There were plenty of things, excuse me, Mr. Chair?

Chairman Telemaco: Yes, please, go ahead.

Board Chair Beruff: There were plenty of things in this Bill that we could have gotten done that were not roof related that would have been good for us. We couldn't decouple the Bill because it didn't come in clean to begin with. So, the advocacy by the people who were running the Bills were insufficient. We lost the game. Next. I don't want to lose again. So, we better have a game plan on how to make sure that the roof issue either gets dealt with in advance and there's a predetermined agreement for it or just leave it the hell out and we can get our other things done. At the end of the day, and I'll ask the question tomorrow, the projected bleed, which Ms. Montero shared with me a week ago Monday, is going to continue. So, we've got to find a way to not continue to eat our savings account. Simple. It's not complicated. Then you've got to depopulate. We got to run legislation that allows people to depopulate without the consent of the policyholder. There's no way that you are going to get that fixed any other way. I don't know what the appetite is and that was not part of this year's discussions.

Christine Ashburn: The appetite was what the Board position was, which was you can't stay with Citizens if the depop offer is within 20 percent.

Board Chair Beruff: Right, that was the solution within 20 percent. That can be part of the solution. The other solution is, at the end of the day we have a right to sell those policies without your consent, period, at any price, it doesn't matter. We need to be the owners of the policy. That's a statutorily required change.

Christine Ashburn: Yes.

Board Chair Beruff: To be our book of business.

Barry Gilway: Yes, we don't disagree, Mr. Chairman. I did not weigh it on depopulation or Clearinghouse. The reality as to why the Clearinghouse is not working is very, very clear. I sent out an interim report to all of you two or three weeks ago on eight major carriers, additional carriers that completely shut their doors. They just were not going to write any business, and they're *not* going to write any business until they really understand the overall reinsurance market and the implications of the changes in the reinsurance market before the June 1st renewal. Jennifer and I were out with D.E. Shaw, one of the largest reinsurers in the market, last night and he made it crystal clear. There are going to be major, major placement issues for any Carrier who wants to place any capacity below the attachment point of the Cat Fund. It just is not going to happen. Reinsurers, if they take that risk, are going to be charging exorbitant rates. So, you have a situation where there is no capacity in the marketplace, nobody wants to write any additional business. Then you have a secondary situation that you have been pushing yourself, Mr. Chairman, and that is, if you are in Pasco, Pinellas, Hillsborough, or Hernando Counties, we're charging 50 percent of the market rate. So, you have two main issues that are impacting depopulation and the Clearinghouse.

Kelly would agree completely. The fact that we only have two carriers participating, and only on a limited basis, just simply means the current system is not working. It is completely ineffective. Until you go to Citizens Reimagined and you open up that front end so that all 52 carriers can get in the door, and we make it simple for them to take business, it's not going to change.

Board Chair Beruff: When you were speaking earlier, Ms. Booten, is there a cost to the carriers to join Citizens Reimagined?

Kelly Booten: It would be their own internal cost with getting their system set up to interact with us, but we don't charge them a fee.

Board Chair Beruff: No, I understand we don't charge, but what is the estimate? Do we have an estimate of what that cost might be?

Kelly Booten: It depends on the system.

Board Chair Beruff: On the size of the business.

Kelly Booten: Well, more on the sophistication of their systems and how easily it is to integrate.

Board Chair Beruff: Is there a range, is it five grand, is it 100 grand?

Kelly Booten: It could probably range, I want to say, probably more than that.

Board Chair Beruff: More than that.

Kelly Booten: Uh-huh.

Board Chair Beruff: At the end of the day, if I can get 30 more people to participate in the system by writing a check to each of them for 100 grand, that's something we should consider as a Board, or 200 grand, because if they take off some amount of policies and their failure to invest capital because they're not sure whether or not it will be successful, it shouldn't be an impediment for us making it easier for them. Am I missing something? So, can I get a range for the next meeting in July?

Kelly Booten: Yes.

Board Chair Beruff: You know, it doesn't have to be exact, within 20 or 40 percent.

Kelly Booten: We will get that along with the report that you asked for.

Board Chair Beruff: This Board needs to entertain how to help get more people involved and what part of it is a cost of joining the system, then we should consider whether or not we subsidize it completely or 50 percent or something to incentivize their behavior.

Kelly Booten: Okay.

Board Chair Beruff: Especially since they're all bleeding and not making any money. They go to their meetings, and they go, well, do we want to spend 100 grand just to join Reimagined. No, I don't have the hundred grand I want to put into that business. Thank you, Mr. Chairman.

Chairman Telemaco: You're welcome. I have a question in terms of, you referenced the implications when made clear to the folks in the Legislature, I'm imaging both on the positive and the negative side. Right now, we're going to deal with the negative side, right. We're going to be facing the reality of our lack of action and what that does to us. I see some of the projections, they're not crystal ball projections in terms of how many policies we will have to inherit or have to handle for the balance of the year, but some of our estimates on the worst-case were up to 1.6 million policies, right, in the worst-case scenario, and best-case scenario has increased up to 942,000, which is kind of scary. Do we keep track of these and other implications and feed that back to the powers that be so that they are aware that this is how things are trending? Now that we're stuck in this path, we're going to have to deal with it, right, but do we keep them informed along the way? Okay, good, because I think it's important that we don't just wait until the end to say, oh this is what's happened, that we are letting them you know, look, I hate to say it, but we told you so, but let them know along the way. Does that make sense? Okay. So, there are channels to keep them informed on all of what we are seeing as our current reality based on our lack of action in the Legislature.

Christine Ashburn: We communicate constantly with the four appointing offices and committee staff. There are appointed folks in the Senate President's Office and the Speaker's Office, in the Governor's Office and the CFO's Office, absolutely.

Chairman Telemaco: Okay.

Christine Ashburn: Absolutely.

Chairman Telemaco: And those communications are in black and white. In other words, there are numbers that we can show them that are tracked, that we can say, here is what is happening, it is not just anecdotal.

Christine Ashburn: Absolutely.

Chairman Telemaco: Okay. I just wanted to make sure.

Christine Ashburn: And they receive all of the Board materials and legislative newsletters. We have a PolicyCenter® newsletter, we also have a legislative newsletter that is goes out throughout the year that talks about critical issues. We do office hours with legislators in their district. It's been more virtual because of COVID, but we are back to that. I am working with constituent service, that gives us face-to-face time with key legislators. We meet with incoming leaders; we meet with their teams. We've been involved with transition teams when the Cabinet has changed and educated as folks come in the door. It's constant. What we do is constant education.

Chairman Telemaco: Yes. I guess part of it, maybe what I'm thinking of is, it's a lot is communication, great communication, clear communication, but is it crisp enough that they can't miss it.

Christine Ashburn: Yes.

Chairman Telemaco: In other words, is a lot of it, I mean, there's a lot of information here. I can't tell you that I have read it all --

Christine Ashburn: Sure.

Chairman Telemaco: -- to be honest or that I've read it in detail, but I'm just curious if what's being given to them is actionable enough that they can say, oh I've got to do something about that.

Christine Ashburn: And it's also meetings. We're not just e-mailing bulk information. They do receive all of this information, and it is a lot of information. We've already, in fact, had numerous conversations about the need to merge accounts and what that would take. In fact, Senator Brandis tried to provide that we could do it with a one word change and we went to him and said, this is great, but we need new structure and, ultimately, his Bill didn't move again after that, and he said he would be willing to do whatever we needed in his Citizens only Bill. And so yes, we don't just wait until the crisis happens. In fact, for the last couple of years, Barry has been warning that this was coming, and maybe it took a little longer than we thought, but Barry has been saying all along that he was concerned with the trajectory of this market and insolvencies and reinsurance issues and litigation. And by the way, while roofs are not our problem, roof litigation, other than the hurricane litigation, is the number one reason the market is shutting down. It's the reason we are growing in the I-4 corridor where we have never been a significant part of the market.

I got asked to speak to a group of agents in Orlando for the first time in my career because they don't write for Citizens and now, we're their only market and that is 100 percent because of

runaway roof litigation in the I-4 corridor of the Tampa Bay area and the Orlando area. The Solo counties as I think we call them these days.

Barry Gilway: I'll make one last comment, Mr. Chairman, and that is that Christine and I, what, two years, maybe two and-a-half years ago were in the Governor's Office and we literally went through a list of companies that in all likelihood will be insolvent, and I will tell you that every single one of the companies, the four companies that have gone insolvent in the last year, Gulf Stream, American Capital, Avatar, St. Johns, they were all on the list. It's not rocket science in terms of looking at these financials and determining which of these companies are in trouble, which are going to have real problems getting additional capital and they're going to have a difficult time turning it around. So, we have been communicating and I think communicating as much as we can that it's coming. I think we are all expecting the worse at this point, because based upon what's available in the reinsurance market there certainly could be additional insolvencies.

Board Chair Beruff: Mr. Chair.

Chairman Telemaco: Yes, please.

Board Chair Beruff: But isn't it true that the reinsurance market's aversion to this market is primarily driven by the failure of the balance sheet of the insurance companies that want to buy reinsurance?

Barry Gilway: So, are the reinsurers following it?

Board Chair Beruff: Earlier you made a comment that the reinsurer, you spoke to somebody, you and Ms. Montero spoke to someone last night, that the reinsurance is going to be very difficult to buy from carriers in this market, right. But isn't the truth, the reason that they won't be selling reinsurance has to do with the balance sheets of the insurance companies, themselves, correct?

Barry Gilway: That's absolutely correct. In fact --

Board Chair Beruff: So, it doesn't affect us because we don't have balance sheet problems.

Barry Gilway: The last two major reinsurers that Jennifer and I met with directly, both major players in the marketplace, both indicated that our balance sheet is as strong, obviously stronger than anything else in the marketplace, and there is going to be a credit risk associated with the pricing of the carriers in the marketplace --

Board Chair Beruff: Right.

Barry Gilway: -- that simply have very weak balance sheets. So, it's increase in pricing and then potentials credit risks. I will throw it over to you, Jennifer.

Jennifer Montero: I was just going to add that the balance sheet problem is being driven by the litigation and that's why they don't like Florida.

Board Chair Beruff: Right.

Jennifer Montero: Everything is just going --

Board Chair Beruff: Understood, --

Jennifer Montero: -- up, up, up, up.

Board Chair Beruff: -- but at the end of the day they don't have a balance sheet that lends itself to people getting involved with them because they're going to go directly to the reinsurer pretty quickly.

Jennifer Montero: Exactly.

Board Chair Beruff: All right, thank you.

Chairman Telemaco: I think to the Chairman's point, Citizens is in a good position relative to the reinsurance marketplace as compared to the other players in the marketplace, right. We are well positioned.

Board Chair Beruff: We are the only player in the marketplace.

Chairman Telemaco: Yes, we are the only player, we are the major player, but we're well positioned financially.

Jennifer Montero: Correct. And all those policies that have just left, that those other companies shed --

Chairman Telemaco: Right.

Jennifer Montero: -- those have come to us. So, the reinsurers would much rather reinsure us with those policies than those companies with the same policies. We're not really taking capacity from them, they've given up the policies, we are just taking their capacity, but yes, we are a much better credit risk.

Chairman Telemaco: Yep.

Barry Gilway: I say that's my last comments. One of the interesting aspects which will impact depopulation, probably in the shorter term, is that as a result of the good companies shutting down as a result of capacity as opposed to negative risk characteristics on their book, our book of business is clearly improving. The Citizens' book of business is improving. We are writing newer homes. When you have an ASI Progressive sending out notices simply based upon roofs being over 15 years old, they're going to cancel 56,000 policies, it improves the overall book of business because it gives us higher Coverage A's, it gives us a better book of business, and frankly, there are investors looking at that book of business, and at the right time saying, hey, we can have the same benefit, Governor Dunbar, as FIGA, we can come in. The selling point of depopulation is basically the FIGA benefit, and they come in and they leave all the development behind and they can pick up clean business with no past history, and frankly, it's better business than they could have picked up from Citizens a year ago.

So, I do think there's an opportunity as time goes on, and as our volume increases, I think the overall flavor of our book of business is being recognized by many, and potential investors that would come in and say, hey, there's enough business, there's enough good business in there to participate in a takeout.

Chairman Telemaco: Any other further questions on this item? Okay, great, thank you so much, appreciate it. I would like to move on to the next item on the agenda, the Depop and Clearinghouse Update. Carl Rockman.

4. Depopulation and Clearinghouse

Carl Rockman: Thank you, Chairman, Telemaco. For the record, I'm Carl Rothman, Vice-President of Agency and Market Services. I would like to present the committee with an update on our progress in the Depopulation, Clearinghouse, and FMAP space.

Kelly was able to cover some of the February results on the key metrics dashboard, so I'd like to focus on the April results that you will find on page 2. We currently have the April depop in flight. Vyrd, a new emerging carrier of Florida, is the only participating carrier in the April depop. While approved for 42,045 policies, they've taken a more conservative approach and have made offers on 22,128 policies. As of Monday, 621 customers or 2.8 percent of policyholders have chosen to move to Vyrd. Forty-three percent have elected to remain with Citizens, and 53 percent have not registered a choice, yet. The deadline to make a choice is April 7th, and we will obviously be reporting the results of the April depopulation to the committee at a subsequent meeting.

Page 3 of the report is just a recap of the February depop by carrier. This is a little bit more of a dynamic slide when there is more participation, but our great friends at Florida Peninsula was the primary participant in the February depop. You can see the results there. Also, by county. We like to take an interest in tri-county versus the rest of the state and slide or page 3 represents that.

Governor Dunbar: Hey, Carl. Is Florida Pen, is that where Steve went?

Carl Rockman: I am sorry?

Governor Dunbar: Is that where Steve went, Florida Peninsula?

Carl Rockman: Olympus.

Governor Dunbar: Steve Bitar?

Carl Rockman: Steve Bitar is at Olympus.

Governor Dunbar: Did he go to Peninsula? No, where did he go.

Carl Rockman: He went to Olympus.

Governor Dunbar: Olympus.

Carl Rockman: Olympus.

Governor Dunbar: That's right. Thank you. Sorry. When you said, "our good friends", I was like, wait, who is this?

Carl Rockman: I like to compliment any carrier that giving us a hand.

Governor Dunbar: Thank you.

Carl Rockman: You're welcome, you're welcome. I'll move down to the Clearinghouse. Page 4 presents the Clearinghouse impact on new business submissions. I'll draw the committee's attention to the blue and red bars on the graph. The blue represents offers made by participating carriers that deem the new business ineligible for Citizens based on the premium comparison. In 2021, we ended the year with only 2.8 percent of new business being deemed ineligible. In our first month of 2022, we've seen a slight decline. We attribute that decline to lack of carrier participation, but also a wider spread as those carriers take increased rates and were unable to keep up.

We currently have two carriers participating with one carrier making about 90 percent of the offers. That said, our participating carriers are making a higher percent of offers, but the price presented is higher than the 20 percent threshold which makes the Citizens' policy potentially even more attractive to the consumer.

Page 5 will present the results of the renewal Clearinghouse. The majority of our personal lines' renewals are pushed through the Clearinghouse before they renew, and this allows carriers an opportunity to make offers. The results here reflect the current rule which only allows the Citizens renewal to be deemed ineligible if a Carrier offer is equal to or lower than Citizens. We were advocating for a change to make this consistent with new business where an offer of 20 percent makes the Citizens' policy ineligible, but that change obviously failed with the other legislative initiatives.

Page 6 of my report will present the final 2021 results for the Florida Market Assistance Program or FMAP. This will be the will final time we look at 2021, but we did want to present these results more as a baseline for our continued progress in this space as presented by Kelly and Christine previously. Obviously, our goal right now is to use these numbers as a benchmark and do what we can to exceed the number of requests coming in, participating agents, and obviously success of program. That concludes my report, and I will be happy to take any questions.

Chairman Telemaco: Any questions? Thank you, Carl, appreciate it. Seeing no further items on the agenda, I would like to entertain a motion to adjourn.

Board Chair Beruff: So moved.

Governor Fields: Second.

Chairman Telemaco: The meeting is adjourned, thank you.

(Whereupon the meeting was adjourned.)