

Exposure Reduction Committee July 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 July 12, 2022
Purpose/Scope	Review of the July 12, 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 July 12, 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, July 12, 2022**

The Exposure Reduction Committee of Citizens Property Insurance Corporation (Citizens) convened at The Alford Inn on Tuesday, July 12, 2022.

The following members of the Exposure Reduction Committee were present:

Nelson Telemaco, Chair
Carlos Beruff, Board Chair
Jason Butts
Kelly Booten, *Staff*
Christine Ashburn, *Staff*
Jennifer Montero, *Staff*

The following Citizens staff members were present:

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

The following Citizens staff members were present telephonically:

Sarai Roszelle	Stephen Mostella
Stephen Guth	Wendy Perry

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. I think we are in record time, so I'm going to try my best to keep this on the same pace, but I'm not sure if I can guarantee that. I would like to call the first item on the agenda as the approval of the previous Minutes. Do we have a motion?

Board Chair Beruff made a motion to approve the March 22, 2022, Exposure Reduction Committee Minutes. Governor Butts seconded the motion, and the minutes were approved.

2. Exposure Reduction Dashboard

Chairman Telemaco: The first item on the agenda is Exposure Reduction Dashboard Update from Kelly Booten. Hey, Kelly.

Kelly Booten: Thank you. Good afternoon again. For this report, the dashboard quadrants are now each individual pages to accommodate real estate. The first dashboard page is on page 3. It shows the policies in force at the end of May at 883,333 or a 12 percent market share. As of last Friday, July 8th, policies in force were 937,835. A significant growth since the last Board meeting can be attributed to three insolvencies and one OIR ordered cancellation of policies. We have received about 28 to 38 percent of three of the four, and the last one, Southern Fidelity, has a cancellation date of July 15th. We don't have the results yet for that, but if the trend continues, we are going to hit at least 30,000 from that event when that happens. Barry plans to cover market conditions more at the Board tomorrow.

The next page shows the snapshot for FMAP, Inspections, Depopulation, and Clearinghouse. Notice that at Governor Telemaco's request we added the month end numbers from the prior year for a consistent look at the numbers and putting them in context.

Inspections ordered at the end of May was 44,828. As of July 9th, the number ordered was 80,489 and reviewed was 71,722. We have continued to improve the inspection ordering and review process, as well as add new automation. Examples include improved consideration of four-point inspections, additional automation of inspection types and vendors, and sending 40 percent of completed inspections straight to file. We have a plan with our vendors that increases volumes through the end of the year, allowing us to achieve our targeted 13 percent of new business policies inspected, and will also increase the renewals to 9.6 percent.

The FMAP results are also impacted by market conditions. Though the Consumer Requests and Agents Participating are higher than this time last year, the percent of offers placed is lower. Christine will share additional marketing information and improvements that have been made since the last Board meeting here in a minute.

On Depopulation, companies receiving the depopulation file is increased from two from the prior report. We have two active depopulation carriers and three to four showing interest in the November time frame. The April depop resulted in 5,457 policies taken, with an improved acceptance rate of 25 percent. We had been running traditionally at 15 percent. Total depop for the year is 8,897, and Carl is going to cover the Depopulation Survey later in the agenda.

As for Clearinghouse, risks submitted to the Clearinghouse continues to rise as agents are shopping the market trying to find additional coverage. Through the second quarter of 2022, there have been over 800,000 unique submissions, and all of 2021 was slightly over a million, so we have been pounded pretty hard through the Clearinghouse process getting quotes. There's also some new Carrier data in Carl's report, and I am going to cover the Clearinghouse Carrier report that Governor Dunbar asked us to do at the last meeting here in a few minutes.

And finally, the Citizens' Reimagined solicitation continues to progress. Since the last meeting four vendors were moved into negotiation with two of the vendors actively participating in a proof of concept. The goal is to validate their capability, make sure it meets our requirements and it's the best value to Citizens. The award date is currently set for late August; however, we believe

that the POC activity could push us into September, which would then have us bringing that contract for approval to the Board in December.

And then on page 5 is the forecast through 08/01 of 2023. The best estimate upper and lower bounds have not changed since the last report, and the actuals are tracking fairly close to the best estimate.

And that concludes my portion of the report, and I will turn it over to Christine if there's no --

Chairman Telemaco: Just a quick question. On page 4 at the bottom, the percent of risks rendered ineligible, or the number of risks rendered ineligible - do we have any metrics as to why they are ineligible? Is it all the same reason? Is there a predominant reason? Is there any way to get anymore granular on this?

Kelly Booten: The risks rendered ineligible here is due to price.

Chairman Telemaco: Just price.

Kelly Booten: Yes.

Chairman Telemaco: Okay, thank you.

Christine Ashburn: Thank you, Mr. Chairman. I would like to recognize Alden Mullins, our Director of Communications, to go over the Q2 and Q3 exposure reduction marketing activities and consumer educational opportunities.

Alden Mullins: This is just a quick snapshot of everything we've been working on in Q2 and looking forward to Q3. Depopulation marketing and education in advance of them getting a depopulation offer is a very large focus. Of course, we'll announce all forms, rules, rate changes as those come about. We continue our Google Analytics evaluation, and assessment education, of course, is a big focus for this group.

Q3, we are continuing our depopulation marketing efforts. Right now, we're working on revising letters, adding E-mails, creating a new RAT card, all to teach assessment education and, again, encourage the depopulation effort. We will be making more changes to FMAP.org, which I'll be going over in just a moment. More rate changes and always assessments. So that is Q2 and Q3.

Chairman Telemaco: Thank you. Is that it for the Exposure Reduction dashboard, so we are moving onto the Legislative Update.

3. Special Session D Legislative Update

Christine Ashburn: Thank you, Mr. Chairman, and members of the committee. As you all are aware, the Legislature did convene a special session in late May to address the growing property insurance crisis that we are in as is evidenced by the size of Citizens. We worked very closely with state leaders on ideas and concepts, having meetings with all of the key appointing offices, and also, during and after the special session, future leaders of the House and Senate who are coming in following the election. It was made clear by all involved in the House and the Senate and leadership in the state of Florida, that the focus for this session was not about

Citizens and was in fact on the litigation issues plaguing the market and the roof issues we are seeing, some of the conversation we had earlier.

I am excited and happy to report that in the conversations we have had with incoming leaders, there is an absolute recognition that more needs to be looked at, including changes to Citizens, but of course, it's a cart and horse. If no one is writing, exposure reduction is difficult. Hopefully, some of the changes enacted by the special session will help the market come back a little bit. Then, of course, more to be done there, I am sure. And then, hopefully, a Citizens-related package for the regular session. There's a lot of good indication there's an appetite and acknowledgment that some changes do need to be made that we have talked about in the past regarding depopulation and the effectiveness of the Clearinghouse.

So, just quickly, I know all of you have received updates from me on this in detail throughout the session and then following the session, but I wanted to highlight some of the key items. As you all know, there was a RAP layer program for two years funded underneath the current attachment point for the Florida Hurricane Catastrophe Fund. While we are not eligible to participate in that layer, it is free coverage from the state. There are provisions that would allow us to assume the coverage. If there was an insolvent Carrier and we were to take on that exposure and they had wrap coverage, then that could move to us or another private market carrier, which I think is a good incentive to, hopefully, see some coverage be taken if say you had an insolvency during hurricane season when everyone's already got their coverages.

They did fund the My Safe Florida Home program that was put in place following the '04 and '05 storms. It has not been funded in quite some time. Through October of 2024, the program will provide a two-to-one matching grant of up to \$10,000, prior to that it was a one-to-one matching grant, for additional mitigation features on homes with replacement cost value of less than \$500,000 located in a wind born debris region. While this doesn't directly impact Citizens, obviously mitigation is important. There are going to be reporting requirements by the Department of Financial Services where they are going to need data from carriers on how many people got loans, got the grants, and what features they put on their homes, and then what the savings for their premiums has estimated to be from that program. So, we are going to work with DFS on what we need to be tracking and when so that we can be sure to be a helpful partner when the time comes.

It does require prohibited advertisements in Chapter 489. As you will recall, there was a federal court ruling striking the anti-solicitation provisions of Senate Bill 76. This actually amends that section of law to require that certain insurance fraud and deductible disclosures be included on advertisements by contractors, and there would be a violation of law and fines, etc., and licensure activity if those disclosures are not permitted. Hopefully, that will defer some of the bad acting going on, or at least advise consumers of what they're getting into.

It does require that a claimant must establish that an insurer has breached the contract in order to prevail in a claim for extra contractual damages and bad faith. While we are not subject to first party bad faith, this was a big change and a helpful change for the private market where they've had a lot of bad faith issues. It does prohibit attorney's fees from being assigned or transferred to a third-party. So, no more attorney's fees for assignment of benefits. Hopefully, that will put those guys out of business, the ones that have been using that as a scheme.

It does allow for an optional roof deductible that is lesser of two percent of Coverage A or 50 percent the cost to replace the roof, and I think we've got some future roof changes coming that

would be allowable under the law for your consideration at a future meeting. It does prohibit an insurer from refusing to insure or non-renew a roof of less than 15 years in age solely because of the age of the roof. I was just chatting with Kelly from the last meeting. We will get together and look at the statute and the intent of the law following this meeting.

It does require that insurers must inspect a non-hurricane loss within 45 days for a notice of loss, and within seven days of assigning an adjuster, an insurer must provide upon request information related to the adjuster assigned. It does allow insurers to receive fees for suits dismissed for failure of the Claimant to file a pre suit notice. So, that is an additional positive that started with the NOI process in Senate Bill 76. So now you could recoup fees under certain circumstances. It does establish a rare and exceptional standard for attorney fees multipliers to apply on property suits. That was previously not the standard. This conforms with what the Federal Supreme Court standard is for multipliers. So hopefully, that will be a positive.

And while there have not been a ton of multiplier cases, you will hear the other side say that the dollar amounts associated with some of those multipliers are pretty significant, and candidly, make the indemnity payments to the insured pale in comparison. So, I think it was an important move there.

There are some clarifications on what services fall under an AOB. We had some vendors out in the marketplace trying to argue that because they weren't doing those services, that the AOB law didn't apply to them, so this tries to clean that up.

It does provide that if a roof was built, repaired, or replaced in compliance with the requirements of the 2007 Building Code or any subsequent additions of the Building Code and has more than 25 percent of roof damage, that only the damaged portion of the roof must be repaired or replaced. Prior to this change, which is directing the building commission to make the change, if you had 26 percent of damage or more, excuse me, 50 percent or more damage I believe, the whole roof has to go. This is now saying if 26 percent of the roof is damaged and it's built in compliance with '07 or later, you don't have to replace the whole roof, you just have to fix the repaired damage. That has been driving claims activity and lawsuit litigation activity for both Citizens and the private market more than anything else. So those are the changes.

There were also condo law changes that were put in place and --

Board Chair Beruff: Excuse me. Can I ask --

Christine Ashburn: Of course.

Board Chair Beruff: Do you have any numbers on how significant the change is in the amount of roof claims that might come in with the new law compared to what has been coming in with the 25 percent as opposed to 50 percent represent? Do we have any numbers globally on how many of the litigation is roof related as opposed to water damage which is nothing to do with roofs?

Jay Adams: This is Jay Adams for the record. I would say that we are running probably 40, 45 percent, and it's all based on weather related claims. We still get litigation filed on Hurricane Irma from 2017. Tropical Storm Eta is another one that was in 2019, and we received lots of AOB related issues from both of those storms, as well.

Board Chair Beruff: Okay, but I guess my question is, how many of the roof claims will this law no longer require us to replace the whole roof? Has anybody got any numbers on or globally from the other insurers?

Jay Adams: We wouldn't have that. It would depend on the loss, right. So, if you had a wind event that affected the entire roof structure, this would not make a significant impact.

Board Chair Beruff: Right.

Jay Adams: But I will tell you in the older homes that we insure --

Board Chair Beruff: Right.

Jay Adams: -- that is where it will make an impact. Most of those are in the southern geography, and in those scenarios, any of them that are up to date beyond 2007 for the Building Code, then that's when we get to apply that rule where we no longer have to replace the entire roof.

Board Chair Beruff: Thank you.

Jay Adams: Sure.

Christine Ashburn: Mr. Chairman, I will tell you anecdotally, and as you know, the roof issue did not start in what we would call southeast Florida. It really started, candidly, where we are here in the I-4 corridor area. I will tell you that many carriers believe that this was a very important provision and they felt strongly that this would make a difference and take away one more reason that they settle claims and get litigation because it's all about the replacement of the roof. But it's anecdotal from them.

That concludes my report unless there any other questions on this session?

Chairman Telemaco: Yes, kind of related to this question. I see about 10 or 12 bullet points here, and I think some may be more worthy of celebration than others, but I'm curious how many of these would you say are going to have a significant impact, and is there anything else that we need to be thinking about that is still left on the table that we would love to see happen for us to be able to make a significant dent?

Christine Ashburn: Certainly, you are correct, there are some here that are better than others. I think the prohibition of the fees for assignments is huge, and I can give you one bullet that would fix the market. The elimination of one-way attorney's fees. It was on our list by the way. We knew, that's the home run, that's the silver bullet, but it's a very tough statute to change and we have changed it successfully twice in the last three years. We're not all the way there yet, but I mean, honestly, that would be the biggest item that the Legislature, if they could tackle it, that would change the dynamic of litigation in Florida. I mean, we represent eight percent of claims nationally, Florida does, and 79 percent of all litigation for property claims in the country.

Board Chair Beruff: In the attempts that we've made legislatively – excuse me, Mr. Chair?

Chairman Telemaco: Please.

Board Chair Beruff: Have we ever proposed getting rid of the one-way attorney's fees and capping it so that the person suing wouldn't be responsible for more than some number?

Christine Ashburn: Mr. Chairman, I don't believe there's ever been discussion about that specifically, but there absolutely have been provisions proposed to just make it loser pay or put a scale together. '76 is the first attempt at that for first party with AOB, it was similar to AOB, but different on the structuring because --

Board Chair Beruff: It might be more tolerable --

Christine Ashburn: Right.

Board Chair Beruff: -- if you, because here's the problem, we have many problems in this particular issue, but one of the problems is you get Mr. and Mrs. Smith who have a friend who's got a friend who's attorney, and the attorney goes, hmmm, I could see a big paycheck here and says, but if you lose you are going to have to pay the other side's fees and that, legislatively, is very difficult because the Legislators, most of them will know that it could be a big bite, it could be 50, \$100,000 in legal fees or more. So, if you capped it, then at least the lay person is protected, that the worst that could happen if they lose is some number --

Christine Ashburn: Right.

Board Chair Beruff: -- which still benefits us because the other guy gets zero. I mean, his attorney that took the case gets zero, but the losing side, Mr. and Mrs. Smith, are only on the hook for some number that is capped.

Christine Ashburn: Right.

Board Chair Beruff: Because the Legislature's concern is John Q. Public not being well informed enough and then being hoodwinked and then all of a sudden the attorney who hoodwinked them, he's like, well, I'm not going to get any money, but you know, you've got to pay this guy \$125,000, and then that would be intolerable for the public in general.

Christine Ashburn: Certainly. I think it's definitely worth exploring, because you are absolutely correct that one of the bigger issues relating to that statute is the idea of the David and Goliath where you've got these big insurance companies with beives of lawyers and then you've got Mr. and Mrs. Smith who --

Board Chair Beruff: Who got taken down a path to file a suit that really wasn't that great.

Christine Ashburn: Right.

Board Chair Beruff: But the attorney figured maybe he could get something out of it, and then all of a sudden, they lose, and they get stuck with the bill because they had a less than scrupulous attorney advise them.

Christine Ashburn: That's correct. That is the concern, and I think protecting the consumer at some level potentially, --

Board Chair Beruff: Right.

Christine Ashburn: -- like you are talking, about could be absolutely worth discussing, and we can work with Tim and the team to bounce around some ideas on that.

Board Chair Beruff: All right, thank you.

Christine Ashburn: Thank you.

Chairman Telemaco: That is a good idea. Any other questions? Okay, great. Thank you, Christine. Next on the agenda is the Clearinghouse survey. That is Kelly.

4. Clearinghouse Carrier Survey

Kelly Booten: We conducted interviews with targeted admitted private carriers to gain a better understanding of their interest in the Clearinghouse participation. We basically did a divide and conquer. Carl and a couple of people on his team and myself called a bunch of the carriers and made contact with 27 of 39. It's pretty good feedback that we got, but we intended to cover issues related to participation in the program, also barriers for entry for those that weren't participating, and then the incentive topic that you asked us about, Governor Beruff, at the last meeting.

So, on slide three we have a breakout of the findings rolled up and we segregated them into reasons for carriers that are currently not participating and carriers that are already participating, but not currently making offers. We put these in the list of order that we got the information.

First was, do not need or want additional business. Well, that goes to the market appetite problem. I heard in my discussions that they have all of the channels they need to sell their business and to get the quotes that they need. They don't need the Clearinghouse. Citizens' premium is much lower, was the second number, the top contender in reason. Cost and availability of internal IT resources or just not an IT priority to connect to it. Tightly controlled small agency force. Don't want to give out the limited-service agreements that would need to be given out to make the offer stick with that agent. Cost to join in general. Skeptical of risks agents place in Citizens. Basically, you guys are getting the worst of the worst already. We don't really need to look at that. Or they are just plain not currently writing business in Florida due to the conditions in Florida. Some of the things cited were profitability and consistency or predictability of the type of business that they could get.

For those that are participating but not extending offers, the number one item was our premium is much lower; don't need or want the business, and/or they've changed their internal underwriting engine. By that I'd say, at the time Clearinghouse was created back in 2014, people might not have had the platform to do the type of quoting that's done for multiple carriers, and that's plentiful right now and they have their own engines to do that.

So, to the question on incentives, we didn't hear that if you threw a bunch of money at us, that would make us join. I think what we heard was, that's great if you are going to offer some incentive we will take it, but it wasn't like a driver to participate. And then --

Board Chair Beruff: I have a quick question. A lot of the policies that we are taking are houses that are relatively new, meet all the current codes. When they go in the system for this particular program, is that highlighted right at the top? So, we get 100 applications --

Kelly Booten: Yes.

Board Chair Beruff: -- and 50 of them are houses that are less than 20 years old. Is that highlighted so when they're looking at policies they might want to buy in the Clearinghouse, right off the top this roof is less than 20 years old or whatever two or three conditions make a big difference to an outside carrier?

Kelly Booten: Yes, the most common characteristics are highlighted, and it renders itself in real time --

Board Chair Beruff: Right.

Kelly Booten: -- that Citizens and a list of the other -- well, actually without Citizens first, with the carriers that can make an offer out of the Clearinghouse, and it will show the characteristics of that property right next to that to each other so that you can see the difference. So, year of construction is a popular field. I would say that our book of business is older, predominantly older --

Board Chair Beruff: Right.

Kelly Booten: -- year of construction. It's just that we have more business coming in than we typically would because we are writing so much business that has newer properties, but it's still a minor amount of the total overall book.

Board Chair Beruff: Okay.

Kelly Booten: If that just made sense.

Board Chair Beruff: Thank you.

Kelly Booten: So, our conclusion and path forward on the last slide, basically the effectiveness of Clearinghouse is diminished due to a decade's worth of use. There's greatly decreased carrier appetite and premium differential is a problem; however, it still has, as we know, a very important role in determining eligibility for Citizens and it's statutorily required. Therefore, we do believe that what we are doing with Citizens Reimagined is intended to solve some of these problems by making it easier to connect to it, using the platforms that agents and/or carriers are already connected to, and getting higher adoption because of it being easier to use.

That concludes our report.

Chairman Telemaco: Thank you. A quick question. How many, sorry if I missed it, but how many of the participants in the survey were in the not participating bucket versus the participating, but not extending offers bucket?

Kelly Booten: Yes. I have this here, but I don't have it broken down with the number. I'll look that up, if you don't mind, while we move to the next topic and then I'll have it to you in a minute.

Chairman Telemaco: Thank you.

Governor Butts: We essentially have one carrier that's taking business right now out of the Clearinghouse?

Kelly Booten: Actually, there's about four and that's going to be in Carl's report. They are small amounts, but there are four.

Chairman Telemaco: Thank you. And then I guess, you know, I am aware of all the work that is being done at Citizens Reimagined and we will talk about that in a minute, but outside of that, the first two reasons why they're not participating, or they're participating, but not extending offers are consistent, right? Our premiums are lower, and they don't want the business.

Kelly Booten: Yes.

Chairman Telemaco: So where is the magic bullet for that, anybody? I mean, this is tough stuff. Right? This is like an impossible challenge, but I would love to see if we can think of some other creative ways for the next meeting. I don't know, like just get in a room and brainstorm a bit. And I know you guys have been doing this every day, but I feel like we have to try to do something, because these are two glaring issues that seem like impossibilities, but I would at least like to bang that around a little bit.

Kelly Booten: Okay.

Chairman Telemaco: Yes, thank you. Next on the agenda is the Depopulation Survey.

5. Depopulation Policyholder Survey

Carl Rockman: Thank you, Chairman Governor Telemaco. For the record, Carl Rockman, Vice-President of Agency and Market Services. I would like to present the results of our Depopulation Policyholder Survey. On slide two it lays out the premise for the survey and what we did. Citizens sent a survey to HO-3 policyholders to gauge consumer mindset regarding policy value, price, and emerging technologies. The resulting data will bring more information to private carriers, that's why we did it, interested in participating in depopulation, Clearinghouse and/or rollovers. The survey was conducted via e-mail in December 2021 and April 2022. 393,309 e-mails were sent, 288,331 delivered, 9,948 surveys were submitted with a 3.5 percent response rate. The following survey results reflect aggregate data from those two e-mail events. On slide three, because the survey was intended to help companies participating in depopulation, we wanted to understand the policyholder's likelihood of keeping their current Citizens policy. The results show that 59 percent were very likely, and 16.9 percent were somewhat likely to retain their current policy. While that's indicative of the support and service Citizens is providing, it also confirms that a depopulation carrier needs a strong value proposition to get the policyholder to consider them.

The value proposition starts with the question on the right, with what the policyholder considers important. The largest response, 42.3 percent want a financially stable company that can pay claims, closely followed by a trustworthy company that treats customers well at 28.2 percent. 17.3 percent indicated that offering the lowest price was important. Our takeaway here is that depop companies' promotion of their financial strength and rating and their commitment to service are as important as any price they offer.

Slide four presents our next question, and the next question asks the most important factor when choosing an insurance company. Here the results indicate the advice of an agent is still important to 38 percent of the respondents. 20 percent value a company's reputation and 15 percent seem comfortable with performing their own research before making a decision. You will notice that price was not an option on this question, and we wanted to explore other factors that drive the policyholder's decision other than price.

To contrast those important factors, we asked the policyholder what the least important factor was in choosing a company. 35.5 percent indicated they would not make the decision on price alone and 22 percent did not see innovation or technology as a value add. The lower percentages here for trust, reputation and financial stability further indicate those factors that drive policyholder values.

Next, assessments. Page 5 will lay out the responses on this very important question. Our first question tested the policyholder's knowledge of the potential to be assessed. And the survey indicated some opportunity to raise awareness of that potential, and Christine and her team are highly engaged and will be presenting some findings and some follow ups at the conclusion of my presentation.

Our next question presented information on assessments and how much more the policyholder would be willing to pay to avoid it. 60 percent of the policyholders indicated they were willing to assume the risk, but 32 percent indicated a 10 percent increase above their Citizens premium would be tolerable. Good information here as potential carriers prepare their messaging and price offers.

Turning to page six. With the last portion of the survey, we wanted to better understand the policyholder's receptivity to new technologies that are intended to be a win for the policyholder and carriers who are looking to reduce cost and create a more robust value proposition.

On slide six we start with the policyholder familiarity with home smart devices. 51 percent indicated the presence of one and 13 percent more were aware and would consider using one. This indicates good adoption of these devices and opens the door for potential messaging for depop carriers.

The next question is on the bottom left. Takes passive home devices and prompts a response on their use and hazard monitoring. Here 33 percent of the respondents are using these devices for that purpose, which is a great starting point for carriers wishing to tie into hazard monitoring.

The next question is on the top right of page 6. What does the policyholder see as the most important benefit of smart devices? And while 73 percent say it's around alerts to them of danger or damage, 20 percent see the benefit in lower insurance premiums.

Last question on the bottom right gauges interest in devices that include hazard alerts and only five percent of the respondents indicated extreme disinterest further indicating the adoption potential of his emerging technology.

Slide seven further supports carriers' consideration of smart home spent sensors with 78 percent of the respondents very or somewhat interested in learning more about hazard monitoring. 88 percent very or somewhat willing to adopt or if provided for free, and 85 percent

feeling that it is very or somewhat important for carriers to raise awareness of hazard home monitoring technology.

I will be happy to take any questions on this survey before we read the conclusions.

Chairman Telemaco: This is great. Thank you. Have these results been shared with the marketplace in general?

Carl Rockman: We obviously want to share them with the committee first and present the results to you. We do intend on making this part of our depopulation program where we work with current and existing and emerging carriers to make them more aware, and obviously, publicly we are declaring that this information is available to any carrier that would be interested in sharing it.

Chairman Telemaco: Yes, I think this is great, because if the earlier slides are saying that the two reasons are Citizens' price is lower and they don't think they want any more business, but we can convince them that our business is actually not that bad, right, we actually do have some pretty good business --

Carl Rockman: Correct.

Chairman Telemaco: -- But, if in addition we can show them what the market actually wants, and it's not necessarily the lower price, right. If I am hearing the results of the survey correctly there are some other things that they could, you know, maybe we could help them highlight. We could help them highlight why they are a good option in place of Citizens. And this is hard facts that can help.

Carl Rockman: Absolutely. It confirms the approach that the carrier needs to present value to the consumer --

Chairman Telemaco: Right.

Carl Rockman: -- financial stability, reputation. I think this goes without saying, but the survey confirms that approach, that that's very, very important over and above, the price needs to be competitive, but there are other factors for those carriers to consider the approach.

Chairman Telemaco: Right.

Carl Rockman: And then the technology piece, a lot of InsureTech, a lot of new emerging things in this space. We were encouraged to try to promote, what is the consumer adoption currently on that, because there are some carriers that want to be disrupters in that space. They're looking for an edge to be different to the consumer. This indicates widespread adoption inside the Citizens' policyholder base already.

Chairman Telemaco: Right.

Carl Rockman: If a carrier wanted to come in and exploit that or leverage that, then it's sitting there. That's something we couldn't really confirm until we demonstrate.

Chairman Telemaco: Right, and not let them sell themselves short.

Carl Rockman: Exactly.

Chairman Telemaco: Right. Yeah.

Governor Butts: Mr. Chair?

Chairman Telemaco: Yes, please?

Governor Butts: Currently we have --

Chairman Telemaco: Can you turn your mike on?

Governor Butts: Is there any way to take a look at the 9,000, almost 10,000 respondents and compare that to the Coverage A value of those homes, by chance?

Carl Rockman: I believe --

Governor Butts: I am curious as to the folks that responded.

Carl Rockman: Yes, I'll have to go back to the survey administrators, Jeremy Pope's great team, and we will see if we can absolutely mine that back, and if we can at some level, I will be happy to report that back to you.

Governor Butts: Okay, thanks.

Carl Rockman: Yes.

Chairman Telemaco: Thank you for that.

Carl Rockman: So, I will just conclude with the next steps. We plan on sharing a summary and the aggregate data with current and emerging depopulation participants and to continue our effort to educate policyholders on assessment potential and the impact it can have on Citizens' premium. I want to turn it over to Christine and Alden for some commentary on assessments.

Alden Mullins: And this is just a quick visual of some of the assessment education that we have out there and that we are continuing to create. The assessment banner on the website, we talked about assessment education as part of depopulation. We know with the right key words that people are very interested in this topic. The policyholder newsletter that we titled Assessments: Florida's "Hurricane Tax", of all of the people that opened a policyholder newsletter that quarter, 40 percent of them went straight to that article, and it was the second article in the newsletter. So, they are interested, and if we put the right key words out there, we know we can help increase education on this. So just a quick visual of all we have in progress on this topic.

Christine Ashburn: One of the key items we are working to finalize right now is working with Carl's team and my team rewriting the depop letter to make the assessment piece more relevant, including an example to let them know, you could have a 45 percent surcharge in one year that would be owed and give an example of what that could look like for somebody, because I don't know how that couldn't resonate in your decision-making process. So that is

one. We are hopeful that when we have the future depops that we can attribute hopefully some success to that, because I mean, it certainly would make me think twice for my own home.

Governor Butts: Mr. Chair?

Chairman Telemaco: Yes, please.

Governor Butts: Number one, I think this is great. I think the survey was great. I have been seeing the social media posts and things like that. I think it's not only good for insureds, but it's also a remainder to agents out there that they've got to be talking about it continuously. I think this market for the next year and-a-half is going to be unbelievably tough, unfortunately, right? But I think if and when that time comes where it starts to turn, that this educational information will be one of those things that you will be able to look back and say, hey, we spent the last 18, 24 months educating people, now the opportunity has come up and that now that is going to help them take that step out of Citizens, or maybe it will be a little bit less gentle of a push from us, right, to move on. So, I think it's great work.

Carl Rockman: Thank you.

Chairman Telemaco: Yes, I 100 percent agree with that. I think, to that point in terms of the agent, I wonder if we can take that depop letter, if there is something like that that we can send to the agents, as well, I think that would be -- because, you know, insureds, I hate to say it, they don't always read what we send them, right. But an agent has a responsibility to make sure that they care for that client, and they will tell them, look, this may be cheaper, but you need to know this, right. So, I think that might be work looking at as well.

Carl Rockman: Right, understood.

Kelly Booten: I do have that number for you from the previous topic. From the carrier survey there were seven participating and then three former participants.

Chairman Telemaco: Seven participating.

Kelly Booten: Seven participating that were included in that 27.

Chairman Telemaco: Okay, thank you. Let's see. So next on the agenda is -

Carl Rockman: I am back up again.

Chairman Telemaco: Go ahead, Carl.

6. Depopulation, Clearinghouse, & FMAP

Carl Rockman: For the record, Carl Rockman. I would like to present the Depopulation, Clearinghouse, and FMAP report to the committee. Turning to page 2 it presents our 2022 Depopulation Results. I will update the committee on our final April results which were driven by a new carrier Vyrd to the Florida market. While the results were modest, we are encouraged by the improvement in the assumption rate to 25 percent, which is an indication of good selection by the carrier and great agent engagement with the policyholder.

Because of the current market conditions, we did not have any carriers participate in June or August assumptions, and none have come forward for approval for the October assumption, but as Kelly mentioned we are seeing some interest in the back half of the year. While it is not indicated on the slide, I want to point out the addition of a November personal lines assumption, and we are getting some indication of interest in that assumption.

Page 3 provides a summary of participation by carrier and tri-county results, and you can see it broken out there.

Page 4 brings us to the new business Clearinghouse. Here results are essentially flat to 2021, which is a result of agents presenting risks to the Clearinghouse that are not eligible for other carriers, and a lack of carrier participation in the Clearinghouse as previously discussed.

Page 5, the results from renewal Clearinghouse where the results driven by a lack of the 20 percent eligibility rule which applies to new business, which results in a lack of carrier participation as reflected on the next slide.

Page 6 though is new. Page 6 is a new data point, and we are proud to present additional data on the carrier participation dynamic. While we have 10 carriers connected to the Clearinghouse, their appetite to quote business and make offers is a reflection of the agent selection on what to present to the Clearinghouse and the carrier's overall appetite. Also presented on this page are the stats on renewal Clearinghouse where we only have one carrier actively participating.

And I will pause there for any questions on the results so far on Clearinghouse depopulation.

Okay. We will turn to page 7. Page 7 presents our results in driving agent and consumer adoption of the Florida Market Assistance Plan. We are making investments in this area and to provide a high-level summary on our progress, I would like to turn it back over to Alden and Christine.

Alden Mullins: So, we were tasked with analyzing the effectiveness of our marketing efforts and how those efforts are impacting the use of the FMAP website. The team, led by Pete Knowlton, took this assignment and they really ran with it. They had a lot of fun with it, I think. When we received the data from Q1 using our social media monitoring tool and also Google analytics which monitors the website activity, we were pleasantly surprised by some of the results.

There is a lot of activity going on, and also the data helped us by providing a clear direction on what our immediate, next steps should be to start improving FMAP. I will expand on that in a moment, but first I will talk you through our first quarter findings.

We started with the social media monitoring tool which is the top chart that you see on the slide, and this shows all of the impressions, clicks and engagement numbers. Now, I am going to really oversimplify this, but basically impressions are the number of times the ad is shown. Clicks are the number of times the ads were clicked, and then engagement represents the number of times the ad was shared or liked or commented on. After social marketing we wanted to see what was happening on the website, and this is where we used the Google analytics data.

The source column shows us how users are getting to FMAP.org. The organic search, they're finding us on their own, typically through a key word search. Referral means that they got to the site from a link that is provided on another website. We know we have links to FMAP from Citizensfla and from DFS, but the interesting thing is when we were looking at the data, we found that there are referrals to FMAP from sites that we don't have any partnership with. For example, there were referrals from an online mortgage lender. They have an article on their website about FMAP to help home buyers find a place to purchase insurance. Social, that's where they get to us from the social media ads, and Direct means that they typed in FMAP.org. They purposely visited the website.

The next columns are new users and total users. Total users include those that may have visited the website more than once. The next column is the bounce rate. The best way to describe this is the people that went to the page and immediately left it. They were in and then right back out. And the last column represents the amount of time that they spent on the website once they let the page load. Obviously, the longer they spend on the site they more engaged they were in the material.

So, we know what's happening with social, we know what's happening when they get to the website and how long they are staying there, but what happens then? That's what the last chart represents. This shows us that 267 agents placed 105 out of the 2,367 requests that came from an insured to help them find coverage. So that's a conversion rate of 4.44 percent.

On the next slide we put all of these puzzle pieces together. From the total visits we subtracted 51.97 percent which is the bounce rate. Those are the ones that were only there for a few seconds, which means 6,220 of them were good leads. These are the users that spent enough time on the page that there was a good possibility that they might give us their information. Of those, 2,367 gave us their information and asked to be contacted by an agent, and that's a 38 percent qualified lead conversion rate.

Now, the next slide shows FMAP activity during the same quarter over the last three years, just for comparison purposes.

After putting the data together, we can go to the next slide, there were four things that really stood out to us and quickly became our new short-term objectives for FMAP to see where we could make some small changes in our marketing approach and monitor the results to see how big of a difference they can make.

The first one, lower the bounce rate, that's obvious. And not only lower the bounce rate but increase the amount of time they spend on the page. For those that got to the website organically or by referral or direct, the average session time was well over a minute. Those that came to the page from social media, their bounce time was 92 percent. So very, very high. We want to increase the conversion rate, prompt more users to give us their information, and of course, we want to increase the number of clicks. Help more people find FMAP.

And last, although it's not on the slide, we want to get more agents to participate in the program. So how are we going to accomplish this. Next slide, please.

There have a number of ideas listed here, some of which are already in production and others that are in the planning phases.

One was we recognized we needed a clear call to action button on the home page, something that provides a “click here to do this” type of instruction to get people's attention and know that there is still more to do to complete the process. We are working on our search engine optimization. We've put key words on the website in multiple places. Key words such as Florida, homeowners, agent. By adding these key words in multiple places on the site, it helps it come up higher in search results. We are also using FAQs, blogs, more education on the pages, and all of this is either in production or being produced.

We are working on a website refresh, making the imagines and colors that seem to resonate on social media because the majority of our clicks came from there, we want to match what they see in social media to then what they see on the website. And the next few slides are an example of this.

This slide shows ads that we are currently --

Board Chair Beruff: Excuse me

Alden Mullins: I'm sorry

Board Chair Beruff: Mr. Chair?

Chairman Telemaco: Yes, please.

Board Chair Beruff: Can you go back --

Alden Mullins: Yes.

Board Chair Beruff: -- a little to page 9.

Alden Mullins: Yes.

Board Chair Beruff: Because you're saying that we get a lot of our stuff from social media, yet, when I look at the social source, they spent what appears to be seven seconds?

Alden Mullins: Correct.

Board Chair Beruff: So that's a bounce, isn't it? Okay, so I guess I am a little confused as to why we are spending a lot of time creating something that they're not looking at.

Alden Mullins: Well, we think --

Board Chair Beruff: I mean. And you can correct me, because maybe I'm misunderstanding the direction, but then you go to proposed enhancement, right, the page which we were just on.

Alden Mullins: Yes.

Board Chair Beruff: And then we are going to do this website because the social media is where we are getting some engagement. So, you think that by doing these changes they're going to engage for longer than seven seconds?

Alden Mullins: We hope so. What we've determined in looking at this is that the social media experience in those pictures that are on the next slide seem to resonate and create lot of clicks are not transferring over to the old website platform.

If you'll go to the next slide, please. So those social media --

Board Chair Beruff: That's the old website?

Alden Mullins: That's the old.

Board Chair Beruff: Yeah, that's boring.

Alden Mullins: So those bright colorful images, families, moving boxes, those seem to be resonating with everyone, but then from here --

Board Chair Beruff: Well, this is, are you covered for flood, let's scare them. Go to the one that you are proposing --

Alden Mullins: Correct.

Board Chair Beruff: -- might be the new.

Alden Mullins: Right. So, notice the carousel banner. It immediately offers help, check out our FAQs. There is the call to action, get started here. Actually, we ended up putting get started now.

Board Chair Beruff: You are asking them to do something.

Alden Mullins: Asking them to do something. The colors are much more similar to what they're seeing on the social media.

Board Chair Beruff: The next one.

Alden Mullins: Uh huh

Board Chair Beruff: Can you show me that one, because this is the one I thought was even better.

Alden Mullins: That's the last slide.

Board Chair Beruff: Page 14. I'm sorry, go backwards. That one seems to also be friendlier. Is that what we have now?

Alden Mullins: Those are the social media ads --

Board Chair Beruff: Okay.

Alden Mullins: -- that we are using today. And so that's where we are creating the similarity between the social media ads and the website.

Board Chair Beruff: But they're not clicking on this for more than seven seconds.

Alden Mullins: They click here, --

Board Chair Beruff: And bounce.

Alden Mullins: -- but when they get to the website, that's when they bounce.

Board Chair Beruff: Ahhh! So, this one's attracting them --

Alden Mullins: Yes.

Board Chair Beruff: -- then they go to the boring website. And now you are trying to get them back to our more fun website.

Alden Mullins: Yes.

Board Chair Beruff: Why don't we just make the more fun website more like the one that gets them to click.

Alden Mullins: Correct.

Board Chair Beruff: No, not to be, if you look at this one and put it next to the one that gets them to click, it's a lot more friendly than this one. This isn't as friendly as this.

Christine Ashburn: It's the social media ad.

Board Chair Beruff: Yes.

Christine Ashburn: Gotcha.

Board Chair Beruff: Yes.

Alden Mullins: And this has been --

Board Chair Beruff: Social media ad.

Governor Butts: I got a question.

Board Chair Beruff: Yes, please. No, go ahead. I mean, I am not the Chair. He's got to give you permission.

Governor Butts: I was looking at him, you're a Chair, too.

Board Chair Beruff: I'm confused.

Governor Butts: Is FMAP statutorily required and what is our spend for this? What does this look like in 2022?

Christine Ashburn: For FMAP?

Governor Butts: Yes.

Kelly Booten: The total spend for FMAP, the budget is -- I have it.

Governor Butts: Rough is fine.

Kelly Booten: Yes, but we do get reimbursed when money comes in –

Christine Ashburn: From carriers.

Board Chair Beruff: From Legislature

Christine Ashburn: From carriers.

Board Chair Beruff: From carriers, okay.

Kelly Booten: We're paying \$425 a year. So that revenue comes in and I believe we have net assets, so, I think we cover all of our costs through from what we take it from it.

Governor Butts: Okay, thank you.

Board Chair Beruff: I am sorry. Just to finish the commentary. Like I said, if you mimic the one that gets them to click and break it up, your eyes move around. When it's flat, this is flat. It may be nicer because you got call to action, but it's still flat.

Christine Ashburn: Okay.

Board Chair Beruff: Just –

Alden Mullins: Yes, and we will continue to make improvements. The great part of the data is, we've been doing, you know, this is one quarter of data. It is the only quarter we have so far.

Chairman Telemaco: Right.

Alden Mullins: The second quarter results just came in. So, these small incremental approaches are really going to help us identify what's bringing people in and what's keeping them in. So, if the bounce rates don't improve, we will make further adjustments. When you go look at the website today, not all of this is even in place. We are working on the header and the footer and all of that is going to be happening over the next month or so, but we are progressing towards all of the things that I have outlined here today.

Kelly Booten: Like the Call to Action is there now.

Alden Mullins: The Call to Action is there.

Christine Ashburn: The Call to Action is there.

Kelly Booten: So is the better looking --

Alden Mullins: The better-looking images and the FAQs.

Board Chair Beruff: Our experience in digital advertising, when there is more movement, it gets more attention.

Alden Mullins: Okay.

Chairman Telemaco: And when I say more movement, it means, you know, the different size pictures and different colors all at the same time, and then it gets the eye to go to what they are asking for as opposed to this one here, it's just monotone.

Alden Mullins: Now, this does look static. There is movement on the actual website. The carousel at the top does rotate, so there's three different banners. This is just a mockup. There is movement already on the page and then I am sure the whole team is listening right now and having ideas about what they can add moving forward.

Christine Ashburn: The one thing consumers do not like is pop ups.

Alden Mullins: No pop ups.

Christine Ashburn: They do not like pop ups on websites.

Chairman Telemaco: Yeah, but page 14 is better than page --

Christine Ashburn: Got it --

Chairman Telemaco: -- 16.

Christine Ashburn: Understood.

Alden Mullins: Understood.

Chairman Telemaco: So, on page 14, I'm very curious to see the different campaigns or the different images on social media and what kind of click rates we have. Do we have -- can you get that for me because I am really curious to see that?

Alden Mullins: Yes, I think we can, I will check with our social media team. It's different on what times the ads rotate. It's different on demographics and areas, of course, location. I think they can break some of that down even further with our social media monitoring tool, so we'll get it that information for you.

Christine Ashburn: And by platform, too.

Alden Mullins: And by platform.

Chairman Telemaco: I think the way I would like to see it is, show me the ones that were most effective ranked all the way down to the one that were least effective, --

Alden Mullins: Okay.

Chairman Telemaco: -- so I can look at this and say, you know what, the one on the top right here was the most effective one and the one on the top left is the least effective one, for example. So, I would like to see that if that's possible.

Alden Mullins: Okay.

Chairman Telemaco: And then my last point on this is, and I know this came up at the last meeting, but the word FMAP is an unfamiliar term. I could see myself, honestly, clicking on "compare coverage", something friendly that invites me in and then I get to an FMAP website and I'm like, well, this is not, I don't want Florida assistance. So, I'm just curious, have we looked at the re-branding? I know we have a legal entity that we can't change, we can't change the name of that --

Christine Ashburn: That's true.

Chairman Telemaco: Yeah, that's not what I am saying. I am saying when they land on the page, maybe in smaller letters it says FMAP, you know, Florida assistance, whatever, but there's something more welcoming when they land on the page that says, okay, free insurance service, or something that says, okay, I clicked on this because I was interested. I landed on this; this is exactly what I was looking for. Now I am willing to respond to the call to action.

Christine Ashburn: Absolutely, and I think we have talked about the longer-term approach with Citizens Reimagined and the new platform and that more investment in that probably will make more sense when the platform has become the future platform, but I understand 100 percent what you are saying, we get it. Key words, we know it's a legal entity, it's the legal name, making sure it makes sense. Florida Market Assistance Plan doesn't scream property insurance help, right. It just doesn't. And I think that's important, and absolutely on our radar of things that need to be done and refined and find the catch. One of the things that I have recently noticed in reviewing the FMAP site is, in the content we don't even say right up front, this is a statutorily created program. With all of the fraud and abuse and fear of information sharing that goes on, we need to integrate that into our content immediately so that consumers come in and know this is a valid, legal, Florida legislatively created entity to help them find insurance. It's not fraud, it's not abuse, it's not some scammer. Those are easy fixes by the way, content fixes are very easy, but we absolutely understand and agree that the term, FMAP, doesn't necessarily scream help find property insurance. I think what we did learn, though, through this process so far is how many more entities that we are not associated with already linked to the FMAP.org. So, if we were to change the website URL, for example, we need to take that into serious consideration, because we have no way of knowing officially how many online mortgage companies or agents have linked to it on their page, not really an agent, but realtors. We know the realtors are one of our biggest sharers of FMAP information to try to find coverage before closing. So, those are all things we need to take into consideration as we move towards that more official re-brand and future state of the FMAP site and wording and all of that.

Alden Mullins: Tag lines.

Christine Ashburn: Tag lines. Thank you, that was the word I was looking for, sorry.

Chairman Telemaco: Yes, thank you.

Christine Ashburn: No problem.

Alden Mullins: The last thing to mention, in conjunction with Carl's team, the fourth item I mentioned earlier was agent participation, and we are working with Carl's team and the whole FMAP group to create an agent focused marketing campaign to try and get more participation from the agent side. We will be able to report more on that when we meet again.

That's all I have for today unless there are any more questions.

Chairman Telemaco: Any questions?

Alden Mullins: Thank you.

Chairman Telemaco: Awesome! Thank you. Thank you for the report. Appreciate it.

7. New Business

Chairman Telemaco: Any other business? Any other things we need to cover? No? Awesome. Do I have a motion to adjourn?

Board Chair Beruff: So moved.

Chairman Telemaco: Second?

Governor Butts: Second.

Chairman Telemaco: See no objection, we are adjourned. Thank you.

(Whereupon the meeting was adjourned.)