

**CITIZENS PROPERTY INSURANCE CORPORATION**

**SUMMARY MINUTES OF THE  
CONSUMER SERVICES COMMITTEE MEETING  
Thursday, June 9, 2016**

The Consumer Services Committee of Citizens Property Insurance Corporation (Citizens) convened telephonically on Thursday, June 9, 2016 at 10:00 a.m. (Eastern Time).

**The following members of the Consumer Services Committee were present telephonically:**

Freddie Schinz, Chair  
Bette Brown  
James Holton  
Greg Rokeh

Phil Zelman  
Steve Bitar  
Christine Ashburn

**The following were present telephonically:**

Barry Gilway  
Sara Golding  
Cindy Brunner  
Kelly Booten  
Kendrick Reed  
Charles Elmore  
Andy Petkov  
Jennifer Farris

Aaron Russell  
Ashley Falco  
Eric Strauss  
Barbara Walker  
Marsha Watson  
Dave Newell  
Karen Holt  
Joe Martins

**MS. WALKER:** Thank you, good morning and welcome to Citizens' Consumer Services Committee meeting. We will convene with roll call.

Chairman Freddie Schinz?

**CHAIRMAN SCHINZ:** Here.

**MS. WALKER:** Governor Bette Brown?

**GOVERNOR BROWN:** Here.

**MS. WALKER:** Governor Jim Holton?

**GOVERNOR HOLTON:** Here.

**MS. WALKER:** Greg Rokeh?

**MR. ROKEH:** Here.

**MS. WALKER:** Phil Zelman?

**MR. ZELMAN:** Here.

**MS. WALKER:** Sha'Ron James? Christine Ashburn?

**MS. ASHBURN:** I am here, Barbara.

**MS. WALKER:** Steve Bitar?

**MR. BITAR:** I am here, Barbara. Good morning.

**MS. WALKER:** And I believe I heard Barry Gilway?

**MR. GILWAY:** Yes, Barbara, thank you.

**MS. WALKER:** Mr. Chairman, you do have a quorum.

**CHAIRMAN SCHINZ:** Great. I would like to welcome everybody to the meeting of the CSC this morning, and thank everybody for their hard work.

And I would like to go ahead and call the meeting to order. And the first item agenda is to go ahead and seek approval of our previous Minutes. Do we have a motion for any corrections?

**GOVERNOR HOLTON:** I will move to approve, Chairman, Jim Holton.

**MR. ZELMAN:** And I will second, Phil Zelman.

**CHAIRMAN SCHINZ:** Thanks, file, thanks, Jim. With that is there any discussion or anything else on the Minutes? If not, so moved that they are approved.

Prior to moving into the next agenda item I would ask for a brief response on the claims and what happened during our storm that just came through. Colin, which Tampa got a lot of water I found out watching TV. And Jay, I think that you are going to go ahead and provide that verbal update and if you would do that for us at this time I would certainly appreciate it.

**MR. ADAMS:** Thank you, Chairman. This is Jay Adams for the record. Tropical Storm Colin did make landfall in Florida. It came in in and around the Big Bend area, and then it exited just north of Jacksonville. Over the time frame we set up a CAT code on Saturday when the storm started occurring and Tampa did get

most of the direct wind and rain. Most of Jacksonville and areas north of Tampa just received, you know, large amounts of rain.

A little bit north of Jacksonville we did have some pockets of higher winds, but other than that, you know, the storm pretty much was a rainmaker. As of this morning we had 104 first notice of losses reported. Almost all of them are reported with roof damage.

To date we have either inspected or set up inspection for almost all of those that have been received. We have made contact on 91 of those. We are handling these claims as we would normal claims in our current managed claim model set up.

We do not anticipate that we will receive more than five or 600 claims out of the event, and we made that decision based on prior storms that have followed the same track. Now, if you have any other questions I will be glad to address those.

**GOVERNOR BROWN:** Jay, this is Bette Brown. I just want to compliment you on getting to those people so quickly and I think there is a story there that we should -- that we should tout, because I know it is only 104 but to respond that quickly, that is our goal. I know even if it is 10,004, but I think that somehow we could use that as a positive message to make sure everyone knows that we are there and ready.

**CHAIRMAN SCHINZ:** Go ahead.

**CHAIRMAN SCHINZ:** Go ahead, please.

**A VOICE:** My only comment was that I think I would agree, I think that is an excellent suggestion and we could incorporate that with some of the call Citizens first, you know, information that is being released. I think it ties in very, very well with the call Citizens first campaign that we are working.

**GOVERNOR BROWN:** Because of the response.

**CHAIRMAN SCHINZ:** And I echo Bette's response, too. I think that is just commendable on how everybody responded and the results that we are having so far. I think one thing that might be nice to do is go ahead and get staff to prepare a press release and have it released showing that how Citizens stayed on top of this and how the catastrophic team responded and, you know, getting, you know, 90, 95 percent of the people already taken care of or looked at or scheduled for inspections is just absolutely superior.

**MR. ZELMAN:** Mr. Chairman, this is Phil Zelman. I have a quick question.

**CHAIRMAN SCHINZ:** Yes, sir.

**MR. ZELMAN:** And that is have any of these claims been reported by third parties at this point, or was everything direct through an agent or direct from the insured?

**MR. ADAMS:** I don't have that information at this time, but based on the timely reporting of these claims we feel that these are from the insureds. My guess is these are lifted shingles or shingles that may have blown off of people's homes and they probably had water intruding into the home. So I think we probably got these claims directly from the insured, the majority of them.

**MR. ZELMAN:** Okay, that is good to know.

**CHAIRMAN SCHINZ:** Any other questions of Jay? With no other questions, let's go ahead and go to tab two, the water program update. And Christine, I would appreciate it if you would come in and give us an update on agenda item two.

**MS. ASHBURN:** Absolutely, thank you, Mr. Chairman and members of the committee. Good morning, it is good to be with you today.

So I wanted to provide a very brief update. I am happy to answer any questions. As you know, we, everything that we are working on here at Citizens outside of course of our ongoing catastrophe preparedness that Jay will update you on in the next item, is really trying to get our arms around the significance of the water losses and what that is doing to our organization with the strain on the claims organization and the workload that is putting on Jay's team, and most importantly, what it means for our customers at rate time.

So I wanted to just provide, we are doing something a little bit differently as an organization and we are very excited about it. We are really working as an Enterprise wide team with all facets of these different pieces of this program coming up through one steering committee and it is really your ELT and whether it is a communication side or the product changes side or the claims side or contract repair efforts that are being worked on that we are all on the same page and that we are making sure all of our messaging is on the same page and consistent across all pieces of the campaign.

And we have even pulled in the rate, the rate filing piece because we know that water will be a driver of the rate need that you all are going to hear about at the Board meeting in a couple of weeks.

So I just wanted to walk you through some of the efforts that we are, you know, spending some time and some resources on. Barry mentioned that when he was speaking with GOVERNOR BROWN at the outset of the call some of the legislative outreach we have already taken on. So I am happy to walk you through and of course answer any questions.

So, of course, our overarching message with Citizens from a communications standpoint really with this campaign is to say call Citizens first as you all know, you know, and we, as I said, we have enhanced all of our communication to include that. You will see it in most of our press releases when it relates to storm season, storm preparedness. Throughout the year and we have had some exciting opportunities that have come up, that I will share you with you in our materials because they were not quite finalized yet.

But just to walk you through, call center outreach, obviously that is the key, to get folks, to remind folks really to get everyone back to the idea that when you have a claim or a loss, your insurance company should be your first call, not your last call, and unfortunately, the data tells us that in pockets of the state that is exactly what is happening. We are the very last group to know about the loss, many times as Jay will -- can tell you and has told the Claims Committee, after a lot of the work has been done.

That is a shift in thinking from what traditionally happens when you have a covered loss. And it is exciting to hear that we are getting quick reporting in the Tampa Bay area following Colin.

So since February, all new and renewal policies, personal lines policyholders are receiving a policyholder ID card and claims reporting brochures and information in their declaration packet. Both of those materials are in the process of being updated and programmed again to now include the specific details regarding the policy form changes that are effective on 07/01, for new and renewal customers regarding the duties after a loss, the \$3,000 kind of stop point on emergency repairs, the requirement that Citizens be provided an opportunity to inspect before permanent repairs can begin. Those items that you have seen before. All of our materials are being updated to reference that specific information to ensure we are doing everything in our power as we tell them to call Citizens first, know we are really serious about that you need to call us first and now here is why.

In March, Miami-Dade, HR call centers as you all know received a direct mail postcard with call Citizens first magnet. That was a pilot just because of cost and based on agency back, the agents absolutely loved the magnet. They believe it is a huge piece of the puzzle and they actually would like us to be able to provide them magnets in their offices to hand out at the point of sale. So that is something we are looking to do on a per request basis.

We are looking at claims reporting data from our areas of the state to assess the potential impact and the desire to maybe geo target and do addition areas of the state where we see claims timelines slipping, working with our claims partners, of course, with Jay. Starting in July the updated letter which you have a copy of is a call center letter that goes in the new business packet that will explain those policy form changes and the importance of calling Citizens after a loss.

We are also, I think one of the critical pieces that I am glad we have decided to do with full support of the steering committee is starting in July, all impacted policyholders of the new policy form changes which of course would be our homeowners' policies, H-03, our dwelling policies and our condo unit owners' policies, those are the three policy forms that have the new duties after a loss requirement with respect to the temporary measures and calling Citizens and allowing a time to inspect prior to permanent repairs beginning.

So for the first year -- was there a question? Okay. In the first year following at least to start following the implementation on 07/01 or later, all new and renewal customers at the time of their renewal, within a week or so of their renewal occurring will receive a direct mail postcard if they are impacted. So this isn't that you may be impacted, this is you get this postcard this means this page impacts you and I believe in your -- in your materials you have a black and white copy of that postcard.

The postcard will be mailed. It will be on bright blue, a bright blue postcard, a neon color so it will stick out, easy to see, saying attention, Citizens policyholders, just to tell them the expectations after a loss have changed, your duties after a loss have changed, it is important to call us first or call your agent and if you have questions about what this means, call us or call your agent.

Agents, they are our huge partner. We are really working with Carl Rothman and Steve Bitar's team to really remind our agents that they can be a piece of the claims puzzle and agents, we want our agents to be actively involved in the claims reporting process and be sure that they are reminding their customers at the point of sale and at the time of loss that they can be a partner, and also that they need to get the claim in quickly to help keep costs down.

We did an agent webinar several weeks ago that was very well attended and very well received, and again, in our most recent agent roundtable we received a ton of positive feedback about the claims brochure and the magnet, and the ID card. In fact, they are really anxious to see what we can do to help them to be able to potentially hand an ID card out if we can get comfortable with the type of binding at the time the application is received to make them have the customer go home with the ID card which encourages them to call us first.

So as Barry mentioned we spent a few days last week in South Florida with the CFO and the new Commissioner, David Altmaier, and outgoing Commissioner McCarthy at the Wall of Winds for the kickoff of hurricane season, and then following our efforts there and the media efforts there, we were able to visit with several legislative members and Barry was able to walk them through the ongoing efforts that we are undertaking that water is getting worse, not better. That assignment of benefits is a component of that problem and we are doing everything in our power under current law to mitigate what we are seeing, but we do ultimately believe a legislative solution which would involve some sort of attorney's fees fix for that would be part of that.

One new thing we did actually just completed yesterday that was very exciting was we actually took the agent webinar on the policy form changes which told agents what to expect, what the changes meant and then of course what we were doing to communicate those changes. We adapted that webinar with the learning and development team here at Citizens and actually held our first legislative and Cabinet staff webinar.

We invited all legislative district offices, House and Senate committee staff, delegation offices to participate in a webinar and I am excited to say that for our first webinar we had 26 participants, 18 legislative offices, which is more than 10 percent of the legislative offices represented, three delegation offices from Miami-Dade, Broward and Palm Beach, the ground zero delegation offices were on the phone and House and the Senate insurance committee staff.

We got very positive feedback from the survey following saying this was very informative, are you planning to do more of these in the future. We would absolutely benefit from attending anything Citizens wants to tell us. And, of course, we had heavy participation in southeast Florida. That was very positive.

We also briefed legislative and cabinet staff here in Tallahassee in person in May on the changes and what we were doing to communicate and all feedback has been very positive that there seems to be a high level of confidence that we, Citizens, are looking at all aspects to try to be sure we are getting the message out about these policy form changes because if customers don't know what is expected of them after the loss we can't expect a behavior change.

Of course, (@15:43 inaudible) and in the media component of this has been outstanding. You have seen, we have FAQs, a media kit, we have written some editorial pieces from Barry, with Barry Gilway and then for the first time this is the exciting, this new and development, we are partnering with the Florida Public Broadcast Emergency Network as a partner with them during their alerts and warnings and their tropical updates throughout storm season to be a sponsor of that which of course as a part of that we will be able to remind our customers multiple times a day and 99 percent of the markets in Florida that it is imperative that they call Citizens first after a loss and how to reach us via phone or via the website.

And Mr. Chairman, and just one final component, of course, is we have a fraud awareness campaign that is also under the umbrella, partnering with the Division of Insurance Fraud and the Department of Financial

Services to try to stem the abuse that we have seen and the fraud that we see.

And in fact when we were in Miami last week we were able to meet with the State Attorney, Catherine Fernandez-Rundal. Barry was able to sit down with her and with two of her, her leaders in the fraud and organized crime team that work on the homeowners and the fraud claim that have been our partners on, you know, major arrests in the past and wanted to tell them what we are seeing now so that they understand kind of where things are shifting, whereas the old days it was a lot of arson in the fraud world that this water piece has been really become, you know, the driver for Citizens and they were very interested to learn about what we are seeing and the assignment of benefits and the water fraud arena. And with that I will conclude. We have given you several copies of materials, and I am happy to answer any questions.

**CHAIRMAN SCHINZ:** Thank you, Christine. Is there anyone that has any questions? I think it was a fantastic report and very, very informative. I am really impressed with the Florida Public Broadcasting station and the emphasis to call Citizens first so that all of the consumers out there and the Floridians know to call us first instead of going ahead and, you know, doing an AOB. So thank you very much for that.

Does anyone have any questions for Christen on agenda item two?

**GOVERNOR HOLTON:** Chairman, Jim Holton, and I would also like to re-enforce that. I think up in Pinellas County a lot of people are talking about that and even the editorial boards here at the Tampa Bay Times are getting a much more favorable impression of Citizens I think than they have had in a long time with a lot of these initiatives. So I compliment you, Christen and staff on that.

One specific question I had for Christine. Can you elaborate a little more, Christine, if possible, I know it is early on before the next legislative session, but any, any real legs to any of the Bills with attorneys one way attorney fees or incremental efforts along that way, or is it too soon to kind of tell a direction of the session?

**MS. ASHBURN:** GOVERNOR HOLTON, it is early, especially because it is an election year and we have an odd situation with after redistricting that every, every legislative district is up for reelection and we have seen some district changes, just from an announcement today of folks swapping races in southeast Florida. With that being said I do believe there are a number of incremental changes that can pass. One of the things that we are facing as an organization and Barry talked to me about this last week is there are separate, there are a couple of camps in the insurance industry.

You have got certain carriers who continue to hold out hope and focus on the court system as a potential AOB solution where they have got some cases that they believe are strong cases that they have won or that are on appeal, that don't want to codify assignment of benefits in the statute without there being an attorney fee fix.

Our attorneys don't seem to believe that those will be fruitful, but, of course, there are lots of opinions about that. That being said, I think there is a decent chance that there could be some around the edges of incremental steps and I think there is a small chance that we would, we would have some success in the attorney's fees realm, and I say that because there have been some significant developments in other tort areas, most notably workers' comp, and that is with the Supreme Court ruling. And that is going to take a lot of the tort band width.

So I think that that, that has changed the dynamic quite a bit and to the extent I am not, I can't give you an

answer on that 100 percent because we haven't seen, you know, how much of that time but I do think that that is going to make it a heavier lift for us.

**MR. GILWAY:** Christine, if I might add. This is Barry Gilway for the record. One additional element I will put on the table, GOVERNOR HOLTON, is that just two weeks ago I participated on a panel at the Fair conference, and on that panel was Shawn Shaw from the Merlin Law Group.

And I was very surprised, I was prepared frankly to argue AOB, AOB in a very aggressive way. Shawn was the one who spoke first, and for the first time, this is the first time a component of the trial law, trial bar really spoke aggressively in support of AOB reform, including changes in -- that are required in the one way attorney fee statute.

So to me this is a potential, you know, crack in the dike, if you will, because it is something that was unexpected presentation from Merlin Law, and he did indicate that there are a number of attorneys that might potentially join a consortium in favor of AOB reform.

And we now are working very, very closely with Fair to really attempt to pull together, you know, a consortium of the trial bar, you know, that might support AOB legislation. So slowly but surely I think we are getting the message out and we are having an impact.

**GOVERNOR HOLTON:** Great, thanks.

**CHAIRMAN SCHINZ:** Barry and Christine, thank you very much for your efforts with the legislature getting this AOB turned around. I think that is really important that we should make a priority which you already have in the coming year. But anyhow, I appreciate that very much.

Are there any other questions on agenda two?

**MR. ROKEH:** Chairman, Greg Rokeh with just a comment and maybe a quick question. You know, this is, started out really as a southeast, southeastern Florida issue, but it is really, it has really grown. I am in Orlando and I had just a few weeks back I sent Steve Bitar some materials that had been delivered into my neighborhood.

Since then the same -- the same company has canvassed my neighborhood two additional times, and it is one of the companies that I have been told is pretty aggressive in the -in the assignment of benefits area. And I am in -- I am in a location, we have not been impacted with a storm since Charlie, Francis and Gene in 2004.

And so I mean, it is, it is -- it has moved far beyond the coastal areas and what we would consider to be the low hanging fruit. It is, you know, they are very aggressive and I think all areas of the state and certainly a wider group of insurers are going to be impacted as they are aggressively targeting these interior counties going forward.

**MR. GILWAY:** Yes, the information we have clearly shows that is true. The frequency, the frequency numbers for, you know, the tri-county area have certainly skyrocketed. They have gone from nine percent to over 15 percent, but the rest of the state frequency has also increased dramatically.

On a calendar year basis we are showing increases from -- from about three percent to six percent. So it is, it is very, very clearly is spreading from the tri-county area to the rest of the state.

**CHAIRMAN SCHINZ:** Let me ask you a question here. This is Freddie Schinz. Is this -- are the attorneys that are doing the AOB claims, is it focused on just a small group of attorneys, like six or eight, or a dozen of them, or is it just a broad wash of attorneys? In other words, are filing the majority of these suits?

**MR. GILWAY:** Let me give you the statistics. The -- there are six attorneys that are responsible for 57 percent of all the AOB litigation in the state, and there are 20 attorneys that are responsible for well in excess of 80 percent of the litigation.

So the answer to your question obviously is the vast majority of these cases are being brought by a relatively small group of attorneys that are really focused on this, you know, are focused on, you know, on the AOB, you know, issue. So it is a very, very focused group, you know, of attorneys that are really driving this issue.

**CHAIRMAN SCHINZ:** Barry, I wonder if staff could put together for the Board of Governor's meeting as an addendum to the CSC just who these lawyers are and what percentage, just a one page quick sheet which would give us some information of exactly who and where and how much that we could have, if that would be acceptable to you.

**MR. GILWAY:** Absolutely, and we, in fact, Christine and I discussed that just a couple of days ago in terms of what we are going to present. You know, we will be presenting to the Board in lieu of a, quote, traditional President's report, given that many Board members are involved in individual committees, but not in all of the committees, you know, the approach we will take for this Board meeting is Jay and John and Christine and myself will be presenting a special report on water.

Part of that report will contain exactly what you are looking for. It is, you know, we will provide -- we can provide as part of the advanced package a complete list of the top six attorneys, the top 20 attorneys. In fact, all of the attorneys that are -- that are, you know, litigating both AOB and non AOB, AOB cases, so we have that readily available.

**CHAIRMAN SCHINZ:** That would be great and if you would put their percentage and just put it on one sheet which would just be a basically a pass out so all of the Board of Governors could have them instead of like you just said, you know, the isolated committee. That would be great then everyone could have it to look at and tuck away and can be more aware of who and where and what.

**MR. GILWAY:** A good recommendation, Mr. Chairman. We will absolutely do that.

**CHAIRMAN SCHINZ:** Well, you don't know how much I appreciate it and thank for you looking into it before I asked the question. That is great.

Any other questions?

**MR. ZELMAN:** Yes, Mr. Chairman, Phil Zelman. I guess this question could be to Barry or Christine. I am just wondering how many of those attorneys are actually legislators and it seems like may have a

conflict of interest here?

**MR. GILWAY:** Well, we have one major, the third largest attorney on both AOB and overall litigation is the Trujillo firm.

**MS. ASHBURN:** I would clarify, that because they are professionals, the conflict of interest standard is very high, because they are all professionals and if you were to conflict them out none of them would be able to vote on many things. So I think I am confident that there is no actual conflict from a legal standpoint, ethics standpoint.

I know that the legislative standard is very, very high because of the professional and part time Legislature. And I would point out, Representative Trujillo has not been actively involved in the AOB conversations at the Capitol.

**CHAIRMAN SCHINZ:** Thank you, Christine. If there is -

**MR. ROKEH:** Chairman, Greg Rokeh.

**CHAIRMAN SCHINZ:** Okay, okay, go ahead, Greg.

**MR. ROKEH:** Mr. Chairman, Greg Rokeh with one other just quick question for Barry. Barry, it seems to me like it is not quite as simple at least down at the -- at the street level as with just a list of attorneys, because it seems to me like this is an intertwined web of many, many dozens or hundreds of different overlapping companies that are tied together like a web.

Would that be a better description? They may all flow downhill and end up with those, with those half a dozen or eight or 10 law firms, but the course that they take to get there is, is -- is pretty, pretty cloudy. Would that be a fair assessment?

**MR. GILWAY:** I would agree with that assessment completely. This is a combination basically of policy adjusted community, individual contractors, private contractors, and then specific attorneys that really focus on, you know, on the water damage in general and AOB, you know, specifically.

And, you know, there are many ways that we will be recommending in the next legislative session that actually were proposed in the last session under, you know, Senate Bill 596, that we would again propose, and they -they attempt to address, you know, each element of this what I will call consortium of players in the, you know, in the whole AOB scheme.

That is basically what it is in my opinion, is just a scheme. So we, so yes, I think there is issues relative to contractors, there is issues in the public adjusting community and there is most definitely issues in the attorney community.

**GOVERNOR HOLTON:** Mr. Chairman, Jim Holton, I will add to that. I participated in a great panel discussion with Jay Adams and Dan Sumner a few weeks up at the Tallahassee -- up at the Jacksonville office and we discussed a lot of the potential legal, ethical issues involved with these things and there are some ethical

conflicts potentially with PAs acting as attorneys, and this whole so-called group of loss adjustment consultants that are out there that might not have the proper licensure.

So there are a variety of other things. I think probably Jay and/or Dan will discuss that at the Board meeting, but there are some other avenues that can be approached through the Florida Bar and potentially through the Department of Financial Services, and DBPR regarding licensure and other potential and ethical issues here that can all intertwine with this whole issue. So I think those things can be brought up as well.

**CHAIRMAN SCHINZ:** Thank you for that, Jim, appreciate it. Any other questions? With none, let's move to agenda item three on the CAT preparedness update. And Christine, Steve and Jay, I would appreciate it if you would go ahead and take the floor.

**MS. ASHBURN:** Thank you, Mr. Chairman, I am just going to kick it off briefly just to remind the committee and anyone listening that CAT prep is a year around job for Citizens. It is an Enterprise wide partnership and I really want to allow Jay to walk us through the bulk of this and Steve with the EOC and of course part of our social media and our public awareness campaign ongoing is to remind folks that Citizens is ready, and of course now since we are ready they should call us first.

It is an ongoing, it is an ongoing part of our daily routine especially as we get closer to June every year and we were lucky to be able to kick it off this year as I said with at the Wall of Winds with the CFO and the Insurance Commissioner with Barry. And so with that I wanted just going to hand it over Jay to walk through the presentation.

**MR. ADAMS:** Thank you, Christine. Before I get started, MR. ZELMAN, I have an answer to your question. The 104 first notices of losses that were reported for Tropical Storm Colin were all reported by the insured, a tenant and a tenant occupied dwelling. None of them were reported with any representation.

**MR. ZELMAN:** Okay, well, that is good to hear for a start. We will see what I guess happens in the next few weeks. Thank you.

**MR. ADAMS:** Yes, sir. I would like to start, please, on the slide that says 2016 catastrophe preparation.

Citizens is dedicated to year round planning, testing and coordination in order to continually validate the CAT plan and its scale-ability. What we mean by scale-ability is the ability for the Enterprise to move from non catastrophe claims handling to catastrophe claims handling in a very short time frame necessary to handle the immediate increase in claims volume related to a catastrophe.

To move to catastrophe handling Citizens has to leverage the vendor contracts for independent adjusters and start to set up scalable teams that are oversighted by Citizens staff. During our year round planning we focused on Citizens is ready media campaign, the CAT resources, scalability and CAT testing.

The next slide, Citizens is ready, is an educational campaign designed to enhance public awareness to how we prepare for catastrophe. This campaign is designed and educated by communications, legislative and executive affairs and leverages the following media outlets.

Social media, such as Facebook, Twitter, et cetera, Citizens' website and then our internal and external newsletters.

The next slide we begin to talk about scalability. Our quick response incorporates storm severity, projected number of affected policies within the storm path and our staffing needs.

The next slide, the two primary work flows for responding to a catastrophe are our managed claim model which we will refer to as MCM, where independent adjusters are deployed in the field, they respond to claims by handling them from cradle to grave, and what we mean by that is we assign the first notice of loss to them. They do all the investigation, make all the payments, and they close the claim out.

We practice this model year round in our non catastrophe claims handling model. The modified MCM model is the second model and this model relies on leveraging MCM adjusters that handle our non catastrophe claims volume to provide oversight to field independent adjusters in a variation of the MCM model just mentioned.

The difference in this model is that the experienced MCM adjuster provides oversight to the field adjuster via a task model which means the field adjuster only handles the inspection phase of the claim. When the inspection is completed the claim is returned to the desk adjuster for completion and all of those desk adjusters are oversighted by Citizens' staff.

The next slide, claims evaluates all of the available data from the different news sources to determine what stage of response will be invoked within the CAT plan. This is done primarily to understand the resource need as well as the claim handling workload model that will be utilized within the response.

We have identified three stages. A stage one storm would be something small, less than 10,000 claims, and a great example of that is Tropical Storm Colin. We have capacity within our normal claims handling where we absorb that. We follow the regular claim processes and we go ahead and adjust those out.

Stage two would be designated for a category one or two hurricane event. Stage three would be for a category three, four or five hurricane event.

The next slide, as mentioned earlier, the claims CAT team plans year round. During our planning phases that begins December 1st each year immediately following the hurricane season. The CAT team starts to work with each business unit across the entire Enterprise to review and enhance the individual catastrophe plans.

Those plans are further broken down into business unit tasks that need to be performed within each stage of response and are managed by the CAT team. The master task list becomes the working document that is utilized when the CAT plan is invoked. By pre-planning the task, the CAT team can easily manage each of the important tasks during the different phases of our response.

Our response phases are designated as follows. Watch, that is when a hurricane's projected path may impact Florida. Imminent is when there is a high probability of a hurricane projected path impacting Florida.

Landfall would be the first 24 hours after the storm has made landfall, and recovery is the peak of Citizens' claims activity. That is when the adjustment is actually starting to take place on the ground.

The next slide. Depending on the size of the catastrophe response, Citizens may have the need for additional office space to house the independent adjusters and other contingent staff utilized in the response. In order to be prepared for the additional space needs the CAT team analyzes all available Citizens' office space as well as looking at strategic locations for additional contingency space.

The options are as follows. We have the Everbank Center in Jacksonville which is our primary response location. Floor five of this building is dedicated solely to the CAT response. Sable Park in Tampa is another Citizens' office. That would serve as a backup to Jacksonville if we needed overflow space.

The next option would be to look at hotel or convention space and we have identified facilities in five key geographic areas for the 2016 season. And then we also would have a possibility for strike zone field offices if needed. And these are offices that would house adjusters really doing the field activity. We would put leadership out there to provide guidance and counseling, training and oversight to the folks that are actually adjusting those claims.

The next slide, when Citizens engages the CAT plan to a response, there are many moving parts. One of the challenges is the coordination of travel for many of the staff responders. During our planning season the CAT team works with our partners and vendors to secure some of the travel needs. Those needs could range from hotel accommodations and this is where our CAT out partners partner with our vendor relationship management group to secure temporary housing contracts. To date we have two vendors that guarantees accommodations for all of our emergency operation center employees.

We also have agreements for rental cars so that we can make sure that we can accommodate all of the travel needs. And then another layer is the P-Card travel. That is our corporate purchasing card and that would be utilized for non EOC volunteers that are going out to handle claims.

The next slide is our GIS tool. The Citizens' CAT response model utilizes independent adjusters to largely handle the response. One of the keys to this model being effective is for Citizens to determine what the resource needs are as quickly as possible so that our deployment requests reach the independent adjuster firms first.

The GIS tool is a Citizens built tool that allows the CAT team to make early projections of the resource needs. This tool dynamically updates the national hurricane center storm tracks as they are published into the tool. The tool then allows us to overlay the policies in force data and associate it to the storm's projected path. The result is that the tool identifies how many policies are in the impacted path which we will then utilize to project claims volume and resource needs.

The next slide is our resource calculator. As mentioned earlier, the CAT team takes each individual business unit's CAT plan and assembles them to make up the Enterprise CAT plan. Within each individual business unit plan we extrapolate how many additional contingent staff positions will be needed in order to respond to an event.

Each of these staffing models are loaded into our resource calculator. The CAT team takes the GIS tool estimate to determine the size of the storm response and then they enter this into the resource calculator. The calculator then provides an estimate of how many contingent resources will be needed for each business unit so that the deployment request can be submitted to the various firms.

This tool would also help us to understand if we would need additional office space or contingent office space that we didn't currently have.

The next slide, in order to be fully prepared to respond to an event Citizens has contracted with vendors to supply mobile emergency power and communications by satellite connections. Citizens currently employs multiple web based systems that will require an Internet connection and power for them to function. The capabilities of these solutions provide are 72-hour mobilization anywhere in Florida, two satellites capable of supporting 1,100 concurrent users and two 800 kilowatt generators capable of supplying power to a 65,000 square foot building.

The next page is our catastrophe preparedness testing. From December 1st through May 31st each year, the CAT team engages in planning as well as testing to validate procedures, policies, work flows, systems that

would be impacted during a response. The data gathered from these testing is used for continued improvement of our catastrophe plan.

The next slide goes over some of the testing that we do each year, and basically we look at accounting, make sure that they can handle the check printing capabilities. We stress test call centers to make sure they can handle our first notice of loss for the increase of volume.

We do deployment exercises and desk adjuster deployment to make sure the IA firms are ready to respond and they send adjusters out that are capable of taking our just in time training and then being able to turn that around and adjust claims.

We do emergency operations center deployment exercises. We do some personal and commercial lines undersigned writing drills. We test satellite and the generator and then we also test our telephony system to make sure the phones will handle the routing and the capabilities that we have to prepare for the CATs.

And with that I am going to turn it over to Steve Bitar. He is in charge of the EOC and let him walk through the rest of this. Steve.

**MR. BITAR:** Good morning, Mr. Chairman, and committee members. This is Steve Bitar for the record. I am sure as you can already tell from this presentation it takes a village to respond to a catastrophe. And so at Citizens what we try to do is keep our customer in mind and during a storm especially any type of catastrophe event, that is going to be the most impactful, stressful time for our customer. And so what we try to do in Consumer Services is make sure that we respond appropriately and set the stage as well as possible for a customer that has been impacted during a time of catastrophe. And so with that what we aim to do is set up an emergency operation center or what we call an EOC as close to ground zero as possible and as quickly as possible to ensure safety for our employees that volunteer. Usually within 48 to 72 hours we work very closely with Jay's team. We figure out where we need to be and we get out there as safely as possible and we actually set up a mobile Citizens' office. We use field service vehicles which are custom built. I would call them structured, if you will, where we can run our entire Citizens' operation and can be prepared to assist claimants and policyholders who have been impacted in that direct area.

The goal of the EOC really is to provide customer service support and to help the customer through this stressful time. For us what we try to do is help the customer file their first notice of loss, and also during a catastrophe they could have immediate need for shelter. And so what we will do is partner with a licensed claims adjuster who is on staff to help us determine if additional living expenses are warranted and we will cut a check in advance on additional living expenses right there in the field to help that customer get a roof over their head while they embark on the claims process.

We use our 103 trained volunteers as a pool of resources that we can deploy out into the field to help during this stressful time, and we try to make sure that we pick the best of the best. You have got to make sure that you have trained, empathetic employees that can be the face of Citizens in a customer's ultimate time of need and that really is the goal, is we deploy a group of employees out to the fields. They can work face to face with customers and set the stage for the claims process.

As you can imagine during a catastrophe especially our claims volume is going to be higher than normal. So we need to set the expectation for all of these claimants as to what will happen next. We file their claim, we issue their additional living expenses where appropriate and then we set the stage for who is going to be

contacting them next, when that is going to happen and what occurs during the life of a claim so they can understand the process that they are about to embark in and we take our responsibilities very seriously from choosing the right employees to training them appropriately and providing them with fresher training and also conducting an actual mock emergency operations center task.

On May 19th we fully deployed our emergency operation center. We set it up, we had our volunteers out in the field. We also recruited members of the claims team to act as customers who are impacted by a storm and put them through the entire process, and from that we gained a lot of learning as to how we can improve the process and better prepare for when a storm hits.

I will take you through a couple of these slides to show you some pictures. For us a picture is worth a thousand and words and I think these slides will show you. We set up tents, we tried to keep impacted customers out of the sun. We set up ice cold water for them to help them as they wait through the process and then we have an entire mechanism built to help file the claim, cut the additional living expense checks and move customers through this process as quickly and efficiently as possible.

In conclusion I will just say Citizens is ready and truly responding to a storm is not just a claims responsibility, it is a Citizens responsibility, and every department really comes together during a catastrophe to ensure that our customers are taken care. So with that I will be happy to open it up to any questions you may have.

**CHAIRMAN SCHINZ:** Steve, this is Freddie Schinz. I want to say this is, this is absolutely super and it appears that you have much success on this exercise that you did in your emergency operation exercise and just a job well done.

**MR. BITAR:** Thank you very much, Mr. Chairman.

**CHAIRMAN SCHINZ:** Any other questions for Steve?

**MR. ZELMAN:** No, just a comment, Mr. Chairman, it is Phil Zelman. And after sitting on this committee and numerous others with Citizens for many, many years they have come a long way through the entire process especially this CAT process, and it looks like with the reduced amount of policies that we have if we did get hit with a major catastrophic event, that Citizens is really on top of it now, more so than ever before.

**CHAIRMAN SCHINZ:** I would like to echo that, too, Phil, and at the same time, you know, just stress how important and how fantastic it is that Citizens now has taken the consumer and not that they didn't before, but is really reemphasizing the satisfaction of the consumer because the consumer is the one that we need to be concerned with being an insurance company. So I am just very impressed with what the next level you have taken this to, Steve.

**MR. BITAR:** Thank you very much, team effort.

**CHAIRMAN SCHINZ:** I know it is a team effort. You have got a great staff. With that being said, any other questions for Steve on the CAT?

If there are no other questions let's go ahead and move to agenda item four. And Steve, will you go ahead and continue and give us an update on the self service telephone payments, please?

**MR. BITAR:** It will be my pleasure. I just wanted to provide a quick update to an enhancement that we advised the committee about on our last meeting.

On April 1st, we actually did a soft launch of telephone payments. Just so that, just to remind the committee, currently a consumer can make their payment for premium by sending in a check or they can use our online manage my policy platform which allows the customer to serve themselves and use ACH payments online.

What we did was we extended that functionality to the telephone. So now if a customer wants to make a premium payment they can also do so by telephone. You can call our 1-800 number and that is available 24 hours a day, seven days a week, and a customer can actually prompt through the network and make a payment over the telephone.

So we started advertising that over the phone on April 1st, and it worked so well and our results were very positive that we decided that we could move forward with formal communication of the availability of that functionality.

On May 2nd, we communicated that to our agents and our agents now are helping us spread the word to customers. Like we said, this is 100 percent fully automated, it is available 24 hours a day. Here are some statistics for you.

In April when we did our soft launch we had 745 phone payments that were made without advertising at all. Customers simply found it on their own by calling us. In May after we advertised to agents our actual numbers through the end of May, I have updated these, we had 1,853 payments made by phone for the month of May, and we are now in the process, if you go to the next slide, of enhancing our communication by redesigning our current invoices so that when a customer is billed they will be aware of the ability to pay by phone. So we are working on invoice enhancements and hope to have that in a future release and we will start advertising it there as well.

And ultimately we are looking at our consumer soft service strategy. As you know, manage my policy is available, payments can now be made over the telephone. From a mobile perspective our website is optimized for mobile so if anybody wants to register for manage my policy they can actually make their payment over the phone using their iPhones or their smart phones, et cetera, and we are looking at other ways ever further enhancing our self serve strategy by looking at first notice of loss automation and being able to bring that to customers.

Again, we have no target date. We are evaluating the feasibility of that, but these are all things that are on our radar for evaluation and hopefully implementation in the future. So with that I will be happy to take any questions.

**CHAIRMAN SCHINZ:** Any questions for Steve? With that, with no questions then, our final agenda item is new business. Does anyone have any new business to bring forward for the CSC?

**MR. ROKEH:** Mr. Chairman, Greg Rokeh just with a quick comment. I know we covered this at the last meeting, I think, but I just wanted to just again reiterate how, how nice the -the new design has turned out

on the Citizens' website.

It is so much easier to use. It is so much user, it is so much more user friendly, very easy to navigate. I think that is a huge, huge advantage for you, it is very easy for a customer.

The banner ads on the top, you know, on the call Citizens first, and I think you are doing a great job with that.

**CHAIRMAN SCHINZ:** Thank you very much and I am sure everybody on the committee echos those sentiments also. And then the graphics are just absolutely fantastic, too.

Are there any other questions or any other comments that anyone would like to make before we entertain a motion to close? If there is no other questions or comments I look forward to seeing everybody on the 22nd for our Board of Governor's meeting, and also the next Board of Governor's meeting is scheduled for September 28th.

As we get closer to that date we will be forwarding another book, you know, to everybody so everybody can be prepped prior to that meeting, and if there is no additional questions or comments I would like to entertain a motion to adjourn.

**MR. ROKEH:** Motion to adjourn.

**THE COURT:** Is there a second?

**A VOICE:** Second.

**CHAIRMAN SCHINZ:** There is a motion and a second. So moved, the CSC committee meeting has been adjourned and look forward to seeing everybody next, in a couple of weeks. Thank you.

**A VOICE:** Thank you, Mr. Chairman.