

Consumer Services Committee Meeting Minutes

ACTION ITEM

New Contract

Contract Amendment

Other _____

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.

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|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| Item Description | Consumer Services Committee Meeting Minutes August 31, 2022 |
| Purpose/Scope | Review of the August 31, 2022, Consumer Services Committee Meeting Minutes to provide opportunity for corrections and historical accuracy. |
| Contract ID | Title Contract number, if applicable Recommended vendor, if applicable |
| Budgeted Item | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Text |
| Procurement Method | Text |
| Contract Amount | Text |
| Contract Terms | Text |

Consumer Services Committee Meeting Minutes

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| Committee Recommendation | Staff proposes that the Consumer Services Committee review, and if approved recommend the Board of Governors: a) Authorize the _____ contract with _____ for an initial term of _____, for an amount not to exceed _____, as set forth in this _____ Item; and b) Authorize staff to take any appropriate or necessary action consistent with this Action Item. |
| Board Recommendation from Committee | If approved at its <u>date</u> meeting, the _____ Committee recommends that the Board of Governors: a) Approve _____ for an initial term of _____, for an amount not to exceed _____, as set forth in this _____ Item; and b) Authorize staff to take any appropriate or necessary action consistent with this _____ Item. |
| Item Qualifies for Consent Index | This _____ item is a day-to-day operational item, has unanimously passed through the _____ Committee or otherwise qualifies to be moved forward on the Consent Index. |
| Board Recommendation (DOES NOT go through Committee) | Citizens' Staff proposes that the Board of Governors: a) Authorize the _____ item or _____ contract with _____ for an initial term of _____, for an amount not to exceed _____, as set forth in this _____ Item; and c) Authorize staff to take any appropriate or necessary action consistent with this _____ Item. |
| CONTACTS | Christine Ashburn, Chief – Communications, Legislative & External Affairs |

CITIZENS PROPERTY INSURANCE CORPORATION

MINUTES OF THE CONSUMER SERVICES COMMITTEE MEETING Wednesday, August 31, 2022

The Consumer Services Committee of Citizens Property Insurance Corporation (Citizens) convened telephonically on Wednesday, August 31, 2022.

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

Jillian Hasner, Chair
JoAnne Leznoff
Greg Rokeh
Phil Zelman
Christine Ashburn *staff*
Jeremy Pope *staff*

1. Approval of Prior Meeting's Minutes (June 1, 2022)

Chair Jillian Hasner: Thank you, Barbara. Hello, everyone. I am Jillian Hasner, Chair of the Consumer Services Committee. I want to welcome everyone to this August Consumer Services Committee Meeting of Citizens Property Insurance. I also want to welcome Governor Leznoff to the committee. So welcome. Thank you for being here today.

Today's committee meeting is focused on all that Citizens is doing to educate, inform and service our consumers and policyholders. I know that we are all praying for a safe Labor Day weekend that's coming up with the forecast of some possible storms. So I know the team is working hard. I want to again thank everyone for joining today, and I would like to call the meeting to order. To get this August Consumer Services Committee meeting started, our first order of business. I move to entertain a motion for approval of the June 1, 2022, Consumer Services Committee meeting minutes.

Phil Zelman: This is Phil Zelman, I make a motion to approve the minutes.

Chair Jillian Hasner: Do I have a second?

Greg Rokeh: I would second. It's Greg Rokeh.

Chair Jillian Hasner: Thank you. All in favor, say aye.

All: Aye

Chair Jillian Hasner: All right. The motion carries. Thank you.

Chair Jillian Hasner: We're going to start off today. I would like to recognize Jennifer Montero, Chief Financial Officer, to present on Florida's temporary market stabilization arrangement for the Committee.

1. Florida's Temporary Market Stabilization Arrangement

Jennifer Montero: Thank you, chair. The purpose of the temporary market stabilization arrangement is to provide an alternative or a substitute for an acceptable financial stability rating for insurance policies with mortgages backed by the Federal National Mortgage Association, which is Fannie Mae, and the Federal Home Loan Mortgage Corporation which is Freddie Mac.

Fannie Mae and Freddie Mac each provide an exception to the property insurance carrier rating requirements, provided that the company is covered by a reinsurer who assumes by endorsement one hundred percent of the company's liability for any covered losses payable but unpaid by the insurer for the reason of insolvency. This is known as the cut-through endorsement. How it works.

If a company is downgraded and loses its acceptable financial stability rating, and the Office of Insurance Regulation (OIR), confirms that the company meets all of the requirements of the Florida Insurance Code, then the company can qualify to participate in the temporary market stabilization arrangement as an alternative or a substitute for its acceptable rating. Through an order issued by the Office, an endorsement is authorized. The company enters into the agreement to provide cut-through endorsements with Citizens and provides the endorsements to the policyholders.

This allows the company to continue to write new business and issue renewal policies which they would not otherwise be able to do without an acceptable financial stability rating, therefore, consumers would not need to seek coverage elsewhere, and the agents would not need to renew policies. If the company later becomes insolvent, then Citizens would be liable for any covered losses unpaid by the company after the Florida Insurance Guaranty fund, FIGA, paid the covered losses up to its statutory limits. As an example, \$500,000 for homeowners, and \$300,000 for condo units.

Citizens' liability is the excess of the loss of the FIGA limits. For example, if a covered loss on a homeowner's policy is \$650,000, FIGA would be liable up to its statutory limit of \$500,000 and Citizens will be liable for the remaining \$150,000. This arrangement is temporary and ends no later than June 1, 2023. And I will pause and ask if the committee members have any questions.

Chair Jillian Hasner: Members, do you have any questions of Jennifer?

Greg Rokeh: Not at this point.

Jennifer Montero: Great. Thank you very much.

Chair Jillian Hasner: Thank you for the presentation. I know you all have been working very hard on that. So, thanks.

Chair Jillian Hasner: Again, any other questions?

Gov. JoAnne Leznoff: Yes, this mechanism have we assessed the potential additional liability for Citizens given current recent events?

Jennifer Montero: We have. I've actually talked to FIGA, and in the last, since 2018 they have only had one claim that's been over their limits, so it's probably very minimal that we would have any liability unless companies -- because a company can only go into this arrangement if they are downgraded and they're not insolvent. So if a storm puts a company into insolvency, they're not eligible for this. The whole point of this program is to take companies that are viable and can still write business that have lost their acceptable financial rating. This is a workaround for them to continue to write new business and issue renewals so that they do not go insolvent, but it is not to support insolvent companies.

Gov. JoAnne Leznoff: All right, I understand. And the recent downgrades, did they recently downgrade three, or is it pending, or what? What's the status there?

Jennifer Montero: UPS, United Property and Casualty was downgraded to an M, however, since then their rating has been withdrawn to my understanding. And Weston, their rating was withdrawn as well. And I think those are the only two that were part of the 17 companies that there was a potential of downgrade being threatened.

Gov. JoAnne Leznoff: Okay. And what's happening with the remaining 15?

Jennifer Montero: They've all been affirmed by Demotech. So, they all have acceptable financial ratings. So they're not affected with this program at all.

Gov. JoAnne Leznoff: Okay. And what's the status of this program with Fannie and Freddie?

Jennifer Montero: My understanding is, OIR, is having conversations with them currently.

Gov. JoAnne Leznoff: Okay, so it's not approved? They've not given a thumbs-up to this yet.

Jennifer Montero: My understanding is that they are still in conversations about that. I think there's still some analysis being done on their part.

Gov. JoAnne Leznoff: Okay. Thank you, Jennifer. Thank you, Chairman.

Chair Jillian Hasner: Any other questions?

Greg Rokeh: Yes, Chairman Hasner, I've got one other quick question. Jennifer, does this have any negative implications right now for Citizens in your reinsurance purchases?

Jennifer Montero: No, no, this is a different program. This is more of a we're guaranteeing something. We're guaranteeing that if that that if they do, if a company is in this program so that they can continue to write business; that if they have any losses -- first they have to go insolvent then, if they have losses that they're paid in full, so FIGA will only pay certain statutory limits and Citizens is guaranteeing to pay the additional losses above and beyond FIGA's statutory limits. So it doesn't really affect our reinsurance program at all. That's totally different. This is more of a guarantee for those additional losses. They're not covered by our reinsurance program.

Greg Rokeh: They would be paid out of Citizens reserves?

Jennifer Montero: Correct.

Greg Rokeh: Okay, but would that not affect ultimately your reinsurance costs if your reserves were lower?

Jennifer Montero: It could for next year, but this program does expire on June 1st, so this program would be expired before our new program next year would be effective. It would not be effective until June 1st.

Greg Rokeh: And just to be clear, United is in fact not using it now, correct?

Jennifer Montero: We have an agreement with United. The OIR did issue an order for that, however, most of the recent news is that they are going into voluntary runoff with their personalized book of business. So I don't see that - they're not going to be using it, for the benefit of the program is to be able to write new business and to issue renewals. So the fact that they're going to voluntary runoff, they will not be writing any new business or renewing any policies. They do have their own full reinsurance program to cover them through the 2022 hurricane season.

Greg Rokeh: Okay, all right, Thank you, Jennifer. You clarified that.

Chair Jillian Hasner: Any other questions? All right, thank you, Jennifer, for the presentation. We appreciate it. We will move on to the next item on our agenda. We will have a presentation by Christine Ashburn, Chief of Communications, Legislative and External Affairs. The presentation will provide an overview of her team's efforts to inform on assessment education. Christine?

2. Assessment Education

Christine Ashburn: Thank you, Madam Chair and Members of the committee. Next slide, please. So just to start, I think, and Chair Hasner asked us to kind of dig into this. At the last Exposure Reduction Committee there was a listing of results from a Depopulation survey that we had recently done of policyholders to try to get a gauge for understanding why consumers choose to stay with Citizens. What makes choices related to what they choose for the property insurer. Important also to ask them their knowledge of our assessments. There was a survey conducted via email both in December '21 and April '22. Those that responded to December were not surveyed again in April '22, so we don't have duplicate responses. Of the 393,000 emails that were sent, about 289,000 or so were delivered. About 9, almost 10,000 surveys were submitted so a 3.5 percent response rate.

So just wanted to walk you through some of the relevant, just high-level responses, most notably, the assessment education piece that Chair Hasner wanted us to talk about, and what we've learned from this survey, next slide, please. So we asked the consumers that our policyholders the likelihood of keeping your homeowners policy with Citizens. As you can see, 59 percent of those that responded believe they're Very Likely to keep their policy with Citizens, and the next largest group was 16.9 percent, Somewhat Likely. So that tells us that folks want to be with us, whether it's pricing, et cetera.

The next question, I think is important to share is what is the most important insurance company characteristic when those consumers are making the choices. Not surprising is 42.3 percent of

those surveys believe the financial stability and paying claims ability is the number one reason that they look at an insurance company. Second to that, though of course, is trustworthy and treats customers well; and then third, the lion's share of the large group was 17.3 percent relating to the cost, and we know that that is, as costs get higher, that's got to be a larger consideration financially with everything we've got going on in America right now. So next slide, please.

So when we ask policyholders about the awareness of possible assessment on a Citizens policy, and as a reminder, we have a policyholder surcharge that comes into play before we assess non-Citizens policyholders and if we were to have a deficit in all three accounts, it's 15 percent per account. And a deficit in one account creates a policyholder surcharge in all three accounts. So in a worst-case scenario, a Citizens policyholder could be on the hook for up to 45 percent of their Citizens' premiums. But overwhelmingly 72 percent of our customers were not aware that we had the ability to assess, and we thought that would be the case, but this validates what we believed to be true.

But then we talk about willingness to pay more in return for a more comprehensive policy and reduce possibility of assessment. But 60 percent of those folks do still tell us they would not pay more. Then 32 percent, they say they would be willing to pay us maybe 10 percent more, and then 4.5 percent for twenty percent more and 3 percent for 30 percent more. So not surprising, although you know what's concerning to us is if we ever do get into that situation we know the reaction of our consumers at that time is going to be very different than what we're asking them when you're not actually paying dollars.

So, just as a quick overview of the assessment education opportunities that we've put into place and recently have enhanced, we have a new assessment banner on the website. We have additional information on the assessment page. We've updated our infographics. We recently did a policyholder newsletter in the last quarter, article titled Citizens' Assessment Florida's Hurricane Tax, and I will tell you the click rate on that article was markedly higher than the other articles. So the term hurricane tax seems to resonate.

We are including social media messaging in our regular editorial content. We've done another agent advantage blog post about it to remind our agents talking about this at a point of sale. We are leveraging that Florida public response emergency network sponsorship, which is the public radio network to start to in our rotation of advertisements, talk about assessment. Since we've grown so much so many more of our listeners are Citizens listeners to try to make it more current in their minds. If there is a hurricane tax out there, and if you're with Citizens, you're going to pay substantially more than if you were not with Citizens.

Next slide, please.

I think this is probably hopefully when we start to see depop happening again. I know Carl talked about it in the MAAC meeting earlier that we've got likely a likely participant in the November depop. We've updated the depopulation offer letter. So when you are selected by one or many multiple carriers in a depop for offers of coverage outside of Citizens, Citizens now is in charge of all the communications around that. We found years ago that maybe when other carriers were sending letters saying about this they used to handle that on their own. But those letters were just thrown away like junk mail. We all get advertisements all the time in our inboxes, whether it's our mailbox or our email box. And so we've taken over that process, and

our letter that goes out it tells them what the renewal estimate for their premium would be with Citizens, and also tells them what the premium offer would be with the depop carriers. What we have done here is really beef up and move forward an example about what could happen. We really want consumers to make that decision. So say, if you've had a \$3,000 offer with Citizens, and you've got a \$3,300 offer with the private carrier you probably have better coverage. But in the event of an assessment, you're going to pay significantly more of your premium charges with Citizens rather than if you're in the private market. So we're really hoping that when these letters hit mailboxes, and folks are looking at opportunities to leave Citizens, that they will take the time, if it's within reason, to really consider, leaving Citizens. Again, mostly for better coverage and for less assessment risk and surcharge risk on the back end if the wind blows. And as we all know, the larger we get, the more likely it is that we could have assessments following a major event or several major events.

So we're excited to see if this letter and the efforts we're putting in place help us with the population when we do have carriers engaged. But, as we all know until the market overall is healthier and more folks are writing, our ability to enact change and move folks out of Citizens will continue to be limited, but we are hopeful that this will be one of the pieces of the pie that helps us depopulate Citizens, because when the wind does blow, and if we do assess we understand fully how frustrated customers are going to be when they see these billed at their mailbox, and I believe that's my last slide.

Chair Jillian Hasner: Any questions for Christine? Thank you, Christine, for the presentation and the work that your team is doing.

Christine Ashburn: Thank you, Madam Chair.

Phil Zelman: I do have a question.

Chair Jillian Hasner: Mr. Zelman, go ahead.

Phil Zelman: Hi, Christine!

Christine Ashburn: Hi, Phil!

Phil Zelman: How are you?

Christine Ashburn: I'm good. How are you?

Phil Zelman: Good. So I'm familiar with the Citizens programs, as you know. Many clients when they've gone through the process of depop two or three times are going to say, let me stay with Citizens. I don't need to go through new underwriting, new reports, new whatever the process is that the insurance company has. It does come down to how claims handle it. Citizens, if you call Citizens first, when you're having a water damage situation, you have much more coverage with Citizens than you would with the standard market because you bypass the ten thousand dollars if we're using your recommended vendors.

Christine Ashburn: Right, the managed repair program. Yes, right.

Phil Zelman: So you know, there are advantages to being with Citizens. If carriers start going under, everybody's going to be assessed, and it's going to be on all policies because it's coming from the Florida Guarantee Association. We're in a world of hurt, as we know. I was on the phone with a couple of staff members before this call, and you know they're going nuts over the Western situation. Trying to get a hold of clients, new reports. You know all of the process that we're trying to do on the front end instead of doing on the back end. So it's very challenging for the agencies today to be dealing in @19:52 (INAUDIBLE). It used to be the bread and butter of many, many agencies. So I do want to congratulate Citizens for stepping up to the plate, and this has been many years. This isn't anything new. But the website's been enhanced a number of times, so an individual can go to the website and get information, they don't necessarily have to go to their agent, who may not be as well educated as they should be. So let's keep up the good work, and let's hope the wind blows someplace else.

Christine Ashburn: Absolutely. And, Madam Chair, if I might, I failed to mention, based on these survey results, one of the things we are going to do. As you know, we have a very robust brochure program where we are happy to share in multiple language our brochures on education, whether it's what happens when a claim is filed, understanding your coverages, if you have a mobile home understanding your coverages, all of the pertinent issues, AOB. We are working on an assessment brochure that we want to make available to our agent. So at the point of sale when you are sitting across the table that the agents have an easy trifle to walk consumers through, and we'll make that available again in all we do Haitian, Creole, Spanish, and English. We make those available. We print the English versions readily. We're happy to print other versions if requested, and that is a free service to our agents, because it's our job at Citizens to help empower our agents to educate consumers so they can make the right choice for them, and hopefully with assessment knowledge. If there is a smaller price difference, we're going to see more consumers when the markets writing choose private sector coverage that is better coverage and less likely to have major assessments and surcharges in the event of storms.

Chair Jillian Hasner: Yeah, the work that you all do overall on your education efforts is tremendous. So not just in this assessment area, but just in all areas. So thank you for what you and your team do.

Christine Ashburn: I've got a great team. We've got a great team, and we're happy to support the needs of the agents and our consumers and all of our stakeholders, as you know. So when we have that ready, I'm happy to share a copy of that with the committee.

Chair Jillian Hasner: Great. Thank you. Any other comments or questions?

Gov. JoAnne Leznoff: Yes, ma'am, Chair with your permission. So you have a 3.5 percent response rate, which is low. But given that you had almost 10,000 respondents, I would consider that, that its ample. Is that correct?

Christine Ashburn: Yes.

Gov. JoAnne Leznoff: Of those, but it is of those surveyed where you got that idea of how many were aware of assessments, and how many were not aware of assessments, correct?

Christine Ashburn: That's correct, and it's based on Governor Leznoff, of the number of folks, candidly, that have the right policy types. And also we have email addresses on file. So it is a little more limited group compared to the full body of policyholders.

Gov. JoAnne Leznoff: Okay, so you're taking those that were the most responsive, the most in tune, the most cooperative, interactive, aware, however, you want to say it, and of those you still had a very significant portion that were unaware of assessment. My takeaway from that is that the percentage of people who are unaware is far greater than what the survey produced because the survey is, you know, you're getting responses from your most engaged customers, which tells me that the data is probably skewed significantly.

Christine Ashburn: I agree with your assessment. I think you can, we can easily concur, to your point, those who took the time to respond, are more engaged, and take greater care and understanding about insurance and their insurance policy and Citizens themselves. So likely, if it were the full body of policies, I absolutely believe that we would see a lower response rate of understanding and knowledge of assessment. I think that's absolutely true.

Gov. JoAnne Leznoff: Is there a requirement that, or do agents tell prospective customers verbally? Because you know, there's so much written material. And you're right, we're all bombarded by it, and I know myself that I've probably thrown reimbursement checks in the garbage because I'm flipping through the mail standing by my recycler before I even get in the door. So is there a verbal communication with policyholders about being assessed?

Christine Ashburn: There's not a requirement that there be verbal confirmation and or conversation in the law. There are disclosures in the policy documents. But to your point I work for an insurance company, and I can promise you that the Farmer's booklet that I have over here in my desk I have not read my own policy, and I work for an insurance company.

So there are statutory required, certain fonts, as you know from your background certain fonts or disclosures how many of those are getting read. But we do have an opportunity at the front of the deck packet. We have a welcome letter. We do a welcome email where it's in front of the deck page. It's the page that has your dollar amount you owe on it. So we do talk about these things in that and we should probably take another look to make sure we're doing the right thing on that, because we feel like we've got a better shot of someone reading an opening letter than the actual policy packet. So that's a follow up for me, because I can't recall exactly what we say about assessment, or if we address it, and if we don't, we should. So it's a great takeaway, and we do think we've got a better opportunity to get folks to read the two paragraph welcome letter or email than their policy packet.

Gov. JoAnne Leznoff: Right. And even I was looking at your letter, that you were proposing it talked about additional costs, and as a consumer, I look at additional costs, and I was like Oh, is that like shipping and handling? Is that an add-on? These are significant, --

Christine Ashburn: They are.

Gov. JoAnne Leznoff: --you know, or potentially significant costs. And so you know to me the alert kind of banner, the you know, very bold, you know you realize your premium looks the way it does. Well,

Christine Ashburn: We really mean it. We really really mean it. Yeah, this is serious.

Gov. JoAnne Leznoff: Yeah, this is not shipping and handling. This is --

Christine Ashburn: Right.

Gov. JoAnne Leznoff: --something that's going to impact your annual budget.

Christine Ashburn: That's right, and we do have the opportunity. We've used it in the past and do currently for what to expect in the event of a claim is actually inserting these brochures into the policy packets, so they get a glossy packet about assessments. We're not doing that today. But this assessment package when it's ready, that's one of the goals I have is to go ahead and make sure that goes to all of our policyholders at the time of purchase and renewal, and when we get into electronic documents some of that will change, obviously because they don't get the packets, but making sure at the time of issuance and renewal, we're educating them at every opportunity on assessment.

Gov. JoAnne Leznoff: Thank you, Christine. Thank you.

Chair Jillian Hasner: Anything else.

Phil Zelman: Yeah. One more comment.

Chair Jillian Hasner: Go ahead, Mr. Zelman.

Phil Zelman: This is Phil Zelman again. I think what the public needs to realize is Citizens educates their consumers, their insureds better than any other company I've dealt with. I've only been in the business thirty five years. So it wasn't that way years ago. Years ago we were lucky to get out a letter in English, and then, when it has to be translated to Spanish, you know it became a really big deal. What am I going back, Christine? Fifteen years?

Christine Ashburn: Yes.

Phil Zelman: So the attitudes of how Citizens handles, the consumer is so much different than it was. You know, they really need to have a that a boy or a slap on the back, or however, they need to be congratulated. Now, does everybody read that? Maybe not. But at least it's there.

Christine Ashburn: Thank you, Phil, and that's one of the reasons we rely which we would like to rely on. So one of the other things we're going to do is add an infographic to the offer letter packet at the top that shows about assessments, because if you get a glossy card, that's an infographic that shows that you can not only be assessed for your Citizens policy. But for your boat owner's policy, your auto policy, your pet insurance policy, we're hoping that you know those are the enhancements that we're looking to do is, you know again, infographics. A picture is worth a thousand words and Phil's right. People don't always read things, but if you make it a good-colored, you know, just one card that goes in with this one letter. They're going to look at it. They're going to understand it. And hopefully at that decision point with depop, we can help get that number where we see the acceptance rate 15 to 18 percent in more recent years higher and higher, where we can start to see folks return to the private market, and, as we know, sadly, we're growing. But we're also getting a huge number of risks that are not residual market risks.

So there's good business at Citizens that the private market, when they begin to write again with all these reforms we'll hope they'll want to take. And again, better coverage, less assessment risk. You know, maybe you pay a little more. But you know I love Citizens to Phil's point. I work here, but I don't want to be with Citizens if I don't have to, right. But i'm very educated on that. So it's an ongoing process for us to continue, and as we learn how we communicate differently in today's day and age, with technology and everyone's on their phones. We continue to change the way we do things and look at the channels, and, in fact, madam, Chair, one of the things we are embarking on, and we'll bring you results when we have it, is an actual communications assessment. We're bringing in a third-party vendor to do a communications assessment amongst all of our channels, both for internal and external communications to figure out, are we using the right mark? What could we be doing differently? What do we do well, and where are we missing the mark, so we can continue to evolve and do better for things like this.

Chair Jillian Hasner: Well, and Mr. Zelman to your point, and thank you for that, Christine. But I want to point out that Christine was recently recognized by the Latin American Association of Insurance Agencies. She was awarded the Mary B. Fernandez Insurance Woman of the year alongside the insurance man of the year, Senator Jeff Brandis. So, Christine, congratulations to you on that award and that recognition --

Christine Ashburn: Thank you.

Chair Jillian Hasner: --for you, and on behalf of your team, for all the great work that you are doing to educate the consumers and Citizens. So thank you for your, again, for your hard work.

Christine Ashburn: Thank you, Madam Chair.

Chair Jillian Hasner: So anything else from anyone? If not, we'll keep things moving along. Thank you, Christine, for the presentation. Next, I'd like to recognize Jeremy Pope, Vice President of Customer Experience, to present on the Citizens consumer-focused self-service initiatives. Jeremy?

3. Self-Service Update

Jeremy Pope: Thank you Chair Hasner and good afternoon to you and the committee members. For the record, my name is Jeremy Pope, Vice President of Customer Experience. I will start today's update on slide 2 of your materials, and I wanted to share with the committee, both by a combination of both new self-service tools that we deployed as an organization. And in addition to exploring existing technology that we have, and finding ways to maximize it, we have been able to reduce our annualized call volume into our call center into the organization by over two hundred thousand calls per year, which is a reduction based on today's policy count.

These reductions that I'm speaking to, we are now realizing them today throughout the operation and they're based on the following two solutions. So the first one is our mortgage self-service portal. This is a portal where lenders can go to for any servicing needs as opposed to calling in and speaking to one of our live customer service representatives. We brought this solution forward to this committee back in December 2020, for support and appropriate spend, which was really a low investment, and at that time and part of our business case we estimated a 25,000 annualized call reduction of this solution which would be a savings of approximately \$165,000 per year. I'm happy to share in the fall of 2021 we deployed the solution, and for a

couple of months we watched the adoption rate with the various lenders, and then in April of this year 2022, we decided to uh, after working with lenders to get them signed up with the vendor that we use, which is called, Lenderdock, through the portal. We made the decision to shut that servicing channel down completely. We didn't think we were going to do that with the initial business case, but we saw the opportunity and we did that and what that has realized now is a 95,000 annual call reduction into the organization and that resulted in a \$825,000 annualized savings. So as opposed to \$165,000 savings per year, we're now looking at \$825,000 annualized savings for implementing this solution, which equates to approximately \$4.1 million in savings over the five-year contract that we have this tool. So I wanted to thank the committee for their support initially back in December and report out on what we're reaping as an organization for rolling this out.

Also, in addition to the mortgage portal, we also looked at, I mentioned maximize an existing technology we have today. So we took a look at our interactive voice response platform, which is our automated service that consumers call into, to listen, and to eventually speak to a customer service representative, if needed. We found an opportunity with our payment self-service process. And historically, we've had that system was on two different platforms. And we really focused on the user experience. We focused on how can we make it a more efficient process for the consumer to be able to make a payment through the automated service, and also try to reduce their effort when they do need to utilize that service.

So we redesigned that, that existing platform if you will, this year and we put everything on a singular platform, and what we were able to do, we went live with that several months ago, but we are now seeing a 60 percent increase in self-service containment which essentially equates to more engagement with that tool, Self-service tool. There's an 88 percent reduction in transfers to live customer service representatives due to errors that were encountered. The prior design, if you will. And we're seeing a 99 percent success rate with the transactions that go through that system today for consumers. So from a volume perspective and a financial savings, we are seeing a 25,000 annualized reduction in call volumes into the organization with this redesign of this platform and that equates to a \$217,000 financial savings.

In addition, again, while we were looking at our automated response system, our interactive voice response unit, I should say, we also were looking for ways to really connect the consumer with the agent where appropriate. So a lot of times with various servicing needs, you know, agents are able to service the policyholders as well, and it also gives the agent an opportunity to cross-sell, not Citizens products, of course, but with other products that they may write for. It's just a good wellness check if you will. So we really look to pronounce the agent information um, the contact information as much as we could on our automated service before connecting to Citizens, and we also activated an auto dial feature. So today, when consumers call, in addition to obtaining their agent's information, we can connect them instantly to their agent. So by doing this, this activation of the auto dial and also some redesign with some of our prompts, we have since day one, and we went live with this on May 20th, cut our policyholder call volume by 30 percent on a daily basis. And we are still realizing that reduction in volume. That equates to a 94,000 annualized call reduction which equates to an \$822,000 financial savings.

So these three different areas of focus the mortgage portal, pay by phone, the IVR prompt redesign and the auto dial feature that we activated, equates to a 214,000 annualized call reduction that we're seeing based on today's policy counts, and that is about a little over \$1.8 million savings in operational expenses that are directly tied to both staffing and outsourcing.

And one of the reasons we're so focused obviously around financial savings. One, it's fiscally prudent to do so. But we're really really focused on capacity. Capacity with our internal resources and also capacity with our vendors as we look to stabilize the operation during this this growth pattern, if you will, to ensure that we can meet the service needs of our consumers.

So positive story. Again, just want to come back and share with this committee and thank you for the continued support around our self-service areas of focus.

The next slide is just a visual. I won't go over it in depth, but this just really shows you when we went live in September with the mortgage portal, and just a visual here. And in April of 2022 is where we shut that service channel down. So again just wanted to show a visual to what I just went over

The last slide is really just an update on our customer portal which we brand as myPolicy. We had three different release or phases, if you will, that we set out to do this year with various enhancements. This is the customer portal that consumers can go and view policy documents and download documents now, but back in April we did activate the feature for policyholders to be able to not just answer various policy questions, but they can view and document, I'm sorry, they can view and download their policy documents today. We didn't have that feature activated when we initially rolled the system out, but in April we went live, and that has been successful. We are currently in the release two phase, if you will. And this is really all, I won't go over the specifics, but this is really just focused on a lot of back end work that's needed for our our phase three, the release three that's documented here in addition to working on an opportunity for it to be for us to easily be able to identify if a consumer has opted into the paperless option which we're going to activate and offer beginning in the fall of this year in the October timeframe. So we're working on some of that. So agents and customer service representatives and other staff that may directly service our consumers can easily identify if somebody is opted in the paperless delivery or not, or um actually enrolled in our myPolicy application or not, and taken advantage of that opportunity to educate the consumer as appropriate.

Release three is our big one here, and this is again scheduled to go live in October, and this will offer and allow a policyholder to opt into paperless delivery of their policy documents. So, and this is for the personal lines population, if you will. So we're excited to be able to offer that for consumers. We have some soft estimates that just in the print and mail expenses we expect to be able to say between 700 and a million dollars per year, and again, those are soft estimates because we're still trying to firm up our forecast for what our policy count will be in 2023 and beyond as those variables continuously change. But I did just once again offer this update to this committee and I would be remiss if I didn't highlight the team members that we have across the organization specifically, I know we have Brandon Taylor and Karl Justavino within consumer and policy services that have helped out in addition to so many different members on Kelly Booten's team, Sarai Roszelle and Pauline McKenzie, our BA support. And Aditya Gavvala's IT team, and also partnering with Christine's team on the various marketing and communication that's needed with all these enhancements. Anytime we go to release something for our consumers and expanded, a new enhancement or expanded functionality. It takes a lot of effort to be able to get the word out. So we appreciate all the support. So Chair Hasner, that concludes my update today and I will be happy to answer any questions if anybody has any from the committee.

Chair Jillian Hasner: Great. Thank you, Jeremy, for this presentation. Any questions for Jeremy? Well, if there are no questions. Thank you, Jeremy, for this excellent presentation, I appreciate it. Any other questions or comments related to this committee?

Anyone have anything or any new business to bring before the committee?

Gov. JoAnne Leznoff: I just wanted to comment on that last presentation, and how impressive that effort is, and the work that was done, I'm impressed and thank you.

Jeremy Pope: Thank you, Governor.

Chair Jillian Hasner: Concur.

Phil Zelman: Just a comment, Chair.

Chair Jillian Hasner: Yes, Mr. Zelman.

Phil Zelman: Unless you are sitting in an agent's office it is really every agent that did business with Westin is going berserk at this point trying to put together what needs to be put together to replace the Westin policies. So I think my company has got 40 or 50 offices in the state. Every personal lines person has been assigned a certain amount of policies that are not what they normally handle to try and get everybody done by September 7. And everything or 90 percent, 95 percent is going to Citizens. Fortunately they're set up the way they are today. We are having very little issues with putting new business on the books. So now Citizens is going to look to depop, I've been through this process numerous times as you can tell. When it comes to the depop it is really tough depending upon the company that wants to depop, and we are going to have new companies popping up now to replace the companies that have gone under or have been taken over, however you want to phrase that. And the depop process is going to start all over again, and I have clients as I said earlier that have been through this numerous times and are going, just leave me at Citizens.

So those are the kind of battles that are fought in an agency where Citizens says, and the clients feel that Citizens is dumping them when there is a depop. They still don't understand that the process is and why the process is. So that is our daily battles that Christine works on, Carl Rockman who is head of the agency distribution. They do a fabulous job. Our meetings used to be, and I sat on the MAAC committee for 12 years, it used to be a battle. We used to sit there and actually battle the staff and it is not that way anymore. So it is a pleasure coming to a meeting like this and being able to say these things. Not everything is perfect, you are still going to have issues on a policy here and there and we have to move forward.

Chair Jillian Hasner: Well, we don't let perfection be the enemy of progress and it is nice to hear those comments and we, as you said, we will keep moving forward and our goal is to keep getting better on behalf of the consumer. So thank you for sharing that. Certainly appreciate your wisdom and knowledge of the past, but also how we can continue to get better as we, as we move forward. So thank you for that. And you are right, we have got a great team and some challenging circumstances, but doing a really great job.

Phil Zelman: So we have online payments now, you didn't have that for years. I mean, so you know, those are the simple things. Eventually we may get to credit cards eventually.

Chair Jillian Hasner: There is always tomorrow.

Phil Zelman: I know I am stepping on toes as I make these comments. So thank you to Citizens, thank you, Chair, for allowing me a couple of minutes here.

Chair Jillian Hasner: Absolutely. Thank you for your service. Well, any other comments?

Greg Rokeh: Just a quick comment from Greg Rokeh.

Phil Zelman: I was waiting for Greg to pipe up.

Greg Rokeh: You know, it is really amazing the progress that Citizens has made in the customer service area in the last decade. When I was asked to come on this committee I guess it was about a decade ago, Christine maybe can remember. Citizens didn't even collect e-mail addresses for their consumers. So the progress that has happened in the last 10 years has been, has been just tremendous. And there is a lot of people that can take credit for that, but primarily it has been leadership at Citizens that has allowed the staff to maybe think outside of the traditional box a little bit and come up with innovative ideas to try to get ahead of this, this huge, this huge policy count, and try to, try to be proactive in anticipating the growth, and it has turned out really well, and staff has done a tremendous job in trying to stay ahead of it, and I see nothing but good things ahead. So hats off to the staff on this, they have come a long way in a decade.

Chair Jillian Hasner: Thank you for those comments, appreciate it. Anything else? All right, well, if there are no other comments, questions or new business, then I would entertain a motion to adjourn. Again, Governor Leznoff, welcome and thank you again for joining.

Gov. JoAnne Leznoff: Thank you, and I will take up your request for motion and move to adjourn.

Chair Jillian Hasner: A second, do I have a second?

Phil Zelman: Second, I will second.

Chair Jillian Hasner: All right, the motion carries, thank you, we are adjourned. And I want to thank you, thank today's attendees for being here and for your participation in today's meeting. Our next Consumer Services committee meeting is scheduled for Wednesday, November 16 at 12:30. Again, thank you for attending, and please join us again in November. Thanks everybody, have a nice day.

(Whereupon, the meeting was concluded.)