

Claims Committee Meeting Minutes

ACTION ITEM

New Contract

Contract Amendment

Other Committee Minutes

CONSENT ITEM

Contract Amendment

Existing Contract Extension

Existing Contract Additional Spend

Previous Board Approval _____

Other _____

Action Items: Items requiring detailed explanation to the Board. When a requested action item is a day-to-day operational item or unanimously passed through committee it may be moved forward to the board on the Consent Index.

Move forward as Consent: This Action item is a day-to-day operational item, unanimously passed through committee or qualifies to be moved forward on the Consent Index.

Consent Items: Items not requiring detailed explanation to the Board of Governors. Consent items are contract extensions, amendments or additional spending authorities for items previously approved by the Board.

Item Description	Claims Committee Meeting Minutes September 1, 2022
Purpose/Scope	Review of the September 1, 2022 Claims Committee Meeting Minutes to provide opportunity for corrections and historical accuracy.
Contract ID	N/A
Budgeted Item	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No – N/A
Procurement Method	N/A
Contract Amount	N/A
Contract Terms	N/A
Committee Recommendation	Staff recommends the review and approval of the September 1, 2022 Claims Committee Meeting minutes.
Contacts	Jay Adams, Chief Claims Officer

CITIZENS PROPERTY INSURANCE CORPORATION

MINUTES OF THE CLAIMS COMMITTEE MEETING Thursday, September 1, 2022

The Claims Committee of Citizens Property Insurance Corporation (Citizens) convened on Thursday, September 1, 2022, at 1:00 p.m. Eastern.

The following members of the Claims Committee were present:

Scott Thomas, Chairman
Josh Becksmith
Jason Butts¹
Jon Palmquist
Jay Adams

1. Approval of Prior Meeting's Minutes (June 23, 2022)

Chairman Thomas: I understand Governor Butts may be joining us very shortly. I will start with a hello and a welcome to Governor Becksmith. I believe, unless I have forgotten something very embarrassing, this is your first appearance on the Claims Committee and first meeting.

Governor Becksmith: It is. Thank you.

Chairman Thomas: So, I am very glad to have you and look forward to working with you.

Governor Becksmith: Thank you.

A motion was made by Mr. Palmquist and seconded by Chairman Thomas to approve the June 23, 2022, minutes. All were in favor. Motion carried.

2. Approval of the Claims Committee Charter

Jay Adams: Thank you, Chairman Thomas. So, we do ask to have this just validated on a year over year basis. We usually do it in September. We have not made any changes to this Charter since I believe 2017, and what we would like to ask for is that this Committee just re-ratify that, so that we are good for the next 12 months.

Chairman Thomas: All right. First, welcome Governor Butts, I see it looks like maybe you have been able to join us, so we will note that, and we are glad to have you. I think it is also your first appearance on the Claims Committee meeting. So, hopefully we will show you that we do this pretty efficiently. In that regard, are there any questions about the renewal of the Claims Committee Charter, either this renewal or anything maybe to direct for next year when it comes up again? If there is not, I will entertain a motion to approve.

A motion was made by Mr. Palmquist and seconded by Governor Butts to approve the Claims Committee Charter. All were in favor. Motion carried.

3. Strategic Update

Jay Adams: Thank you, Chair Scott Thomas. I would also like to welcome Governor Becksmith and Governor Butts to the Claims Committee. I appreciate you guys being willing to serve on the Claims Committee, and anything that we can do to help provide information or answer any questions, please feel free to ask.

And with that, I would like to go ahead and do a strategic update. And for this particular strategic update, what we have done is, if we could go to the next slide, please. What we have done is, we have been trying to understand what is going on in our new suits coming in on a month over month basis. We have great reporting at Citizens across many different fields and functions. However, we really didn't have enough information to really draw out exactly what we were looking for. So, what we did was we identified every first party lawsuit and every AOB lawsuit that was reported for the month of June 2022. And we had our quality assurance team do a complete review to fill in the blanks of some of these questions that we were having, to try to give a better picture of what is going on with litigation. So, we did review 1,031 suits. 537 were first party and 504 were AOB, and as we have been communicating to this committee and to the Board, for some unknown reason AOB is running in excess generally of 50 percent month over month, and really has been the leading cause of litigation probably for the last six or eight months.

Next slide, please. So, the first thing I would like to discuss is the average days to report the claim from the policy effective date. And really what we looking for here is, are these claims being reported on new policies written? So, Citizens obviously has experienced expedient growth over the last year, and what we wanted to do is see was this coming from in force business or was it coming from new business? As you can see here, we have listed the perils on the bottom portion of the graph and the number of days on the vertical. And you can see that on average we are getting claims that are greatly over one year old reported. And what that indicates to us is it is obviously claims are being reported significantly late. Excuse me, not claims, these would be the lawsuit counts.

Next slide, please. So, what we looked at here is the average days from the date of loss to the first notice of loss. So, this is they have had a loss, now they're finally reporting it to us. And again, you can see that the claims for wind and I will include hail in that same category, and really what we are talking about is roofing related claims here. You can see that most of these are being reported up to a year, but significantly longer time frame than when they should be. The top graph is representative of assignment of benefits, and the bottom graph is Representative of our first party lawsuits.

Next slide, please. So, the next thing that we tried to look at was, was there representation pre-suit, and when we look at representation at the first notice of loss, you can see almost all of these claims that moved into litigation had some type of representation, about two-thirds of them did. The attorney represented 138, the public adjuster 223, and then if both were involved, that was 163. Then we looked at representation pre-suit. Now, with Senate Bill 76 that went into effect July 1, 2021, the reality here is 100 percent of these should show that there was representation, because you can't file a lawsuit without an attorney.

So, we will move on to the next slide. Now, we are going to look at the suit counts by the date the claim is reported, and again, really what you see here is that we are getting the majority of these lawsuits reported on older claims. Again, in a lot of cases much older claims.

Next slide. This is really the same type of look, but now we are looking at it by the date of loss, and again, you can see that most of these claims are being filed on older claims.

Next slide, please. When we look at it by the cause of loss, we see that wind is the leading indicator and water close behind, but more of a gap than we have seen in the past. Prior to Hurricane Irma we were running non weather water claims or this water category, somewhere between 52 and 58 percent month over month as the leading indicator for lawsuits. After Irma, wind has primarily been the biggest report of new claims. And just to kind of sum up what is going on here is we believe that some of the actions that we have taken with our Special Investigation Unit, some of the things that we have done from a fraud perspective has gotten some of these bad actors moving away from reporting these non-weather water claims, because again, many of those have fraud and abuse contained in those.

When it comes to these wind claims, so Hurricane Irma has a date of loss, Tropical Storm Eta has a date of loss, Tropical Depression One from this year has a date of loss. These pocket storms and things that we have in Florida that drive some of these roofing claims, they can all point back to a date of loss. Now, that does not mean that there is no fraud included in here, but that gets them further down the line for being able to have a valid claim than would be some of these staged non weather water losses.

Next slide, please. When we look at the suits by county, again, we see really the same thing that we have seen all along, and Elaina is going to report on some of this, but Miami-Dade, Broward, Palm Beach and Hillsborough are the lead counties for the month of June for new suit reports.

Next slide. Now, this slide is a little interesting, and this slide really is focused on assignment of benefits, and really what this slide shows is that when we get assignment of benefit lawsuits that the majority of these lawsuits have more than one lawsuit associated to a single claim. So, when you look at that bottom axis where it says the number of suits per claim, there is columns for one, two, three, four, five, that is the number of suits that were submitted against a single claim. So, you can see that more than half of what we received for the month had two or more lawsuits attached to a single claim. Now, that can be one vendor. So, an example could be a mitigation vendor. That vendor likely would submit an assignment of benefits for the emergency water extraction, and then they would assign a second AOB to any repair work that they would do. And when you get to more than two of these, then what you are seeing here is potentially multiple vendors working together to try to bring lawsuits against Citizens.

Next slide. So, when we look at House Bill 7065, and this was the AOB legislation, is the

plaintiff attorney doing what they are supposed to do with these? And we are going to ignore the column labeled N/A, because that really contains first party lawsuits. So, as you can see by far the majority of folks are following the AOB statute.

Next slide. Were these AOB covered claims? And as you can see here, and again, ignore the N/A because those are potentially first party lawsuits, but by far about 75 percent of these claims received were a denial of coverage or some part of the coverage was denied. So, again, what we have been indicating in here at Claims Committee is after this goes through the NOI process, if is a denied claim Citizens really has nothing they can do if they continue to stand on that denial, and then the vendor at this point has no other option but to file suit based on what we have in place today.

Next slide. What is the reason for this AOB suit? And again, it is really denial is the largest driver. Scope and pricing is a little bit of it, but most of our scope and pricing issues are resolved through the appraisal process which is binding.

Next slide. Now we will switch gears and look at Senate Bill 76 which involves the first party notice of intent, and you know, are the plaintiffs doing what they need to do there? And again, overwhelmingly they are following the statute.

Next slide. So, we will look at it the same way as we did in AOB, was it covered? And as you can see most of the claims were fully denied claims. And again, the same thing holds true. If Citizens agrees with the denial when it undergoes this level of review we are going to uphold our decision and then the first party insured has no place to go other than to file a lawsuit. So, what was the reason for the first party lawsuit? Again, the majority of them are denial. There are a handful of scope and tries go issues, but again, most of those are being resolved through the appraisal process.

Next slide. So, just to conclude where we are. What we are really seeing is a lot of the claims or the lawsuits that are being reported are prior to any legislation that went into effect, whether it be for the AOB or for the first party, and again, this is all that late reported stuff. So, they're not having to follow the NOI process, all the notifications, they just wait until they're ready and then they file suits on those claims. Our older claims are being in line for current suit submissions, and again, many of those are related to wind from tropical wind related events. Wind and water still represent the majority of all the causes of loss. 75 percent of the AOBs are denied, and 85 percent of the first party claims were denied that went into litigation. We are seeing AOB vendors filing multiple lawsuits, and you know, an interesting statistic that really brings this all home for me is we are averaging about 1,200 new lawsuits per month, and we are only receiving 550 notices of intent. Now, the idea would be at some point in the future these late reported claims will catch up to the legislation that is into effect, and we should be receiving 1,200 notices of intent if we receive 1,200 lawsuits. So, the difference between those two numbers are really the lawsuits that are predating the new legislation.

Next slide. So, just a few quick bullets of the things that we are doing to try to help mitigate the litigation as much as possible. So, when there is a denial of coverage it is reviewed by multiple teams prior to the litigation decision to defend our position. So, we

have staff, highly trained staff people reviewing every NOI, notice of intent that is submitted to Citizens, and occasionally we do overturn those decisions, but a lot of times those decisions are upheld. And our current contract really doesn't allow for payments in these instances, and it results in defense position to prevent further litigation being filed for these claims. We are also waiting on court decisions for the applicability of AOB fees. Due to COVID, we have not been very successful in getting too many of our AOB suits tried through the courts, and really what we are looking for is the enforceability of the fee sharing agreement in that legislation, and we believe if that is upheld through the courts that is going to certainly make an impact going forward on some of these AOBs that are being filed.

We are fully leveraging the House Bill 7065 and Senate Bill 76 to resolve every claim that we can potentially resolve, and we are also going to be leveraging some additional alternative dispute resolution methods prior to litigation, and what we are going to do is we are going to leverage the DOAH process. And I believe Kelly Booten will probably be presenting something for the Board in the Underwriting Committee, but just a real quick overview of how that will work. So, DOAH is a Department of Administrative Hearings through the State of Florida. And what we will be doing for cases that are denied is we will be moving those over to the DOAH process, and their Judges will be ruling on our individual cases. And we are really trying to do a couple of things. A lot of our litigation today pends for over 400 days, and really what we are trying to do is get resolution for the policyholder on a much shorter basis. And through this DOAH process we believe we are going to be able to resolve most of these within 100 days or so. So, cutting about 75 percent of the time involved in the litigation process. Well, when we cut 75 percent of the time out, we are also going to cut a pretty large piece of our defense fees and costs that we have to pay, and this will impact also the plaintiff fees and costs. So, at the end of the day this will be a cheaper and faster resolution for the policyholder. And Chairman, at this point I would entertain any questions anyone may have.

Chairman Thomas: Thank you much, Mr. Adams, and we will open the floor to members of the committee. Any questions on that presentation or anything else while we have got you Jay? I know we have discussed this before, but real quickly. When we talk about claim denials, just outright denials, I assume we are talking about scenario -- well, I mean, they are clearly our insureds. We are not saying you don't have a policy, you are not insured. I assume the quintessential idea is that the loss is not the result of the occurrence under the policy?

Jay Adams: Correct, for a covered loss under the policy.

Chairman Thomas: Okay. All right, which is very different from, well, I assume if you had a claim, there was an occurrence, but we don't agree there is damage, that goes into the scope and expense side of it?

Jay Adams: Correct. And those are the ones when we are able to resolve it, we run that into the appraisal process. And again, appraisal is binding, so that ends the claim process for that individual claim.

Chairman Thomas: Okay, perfect. Anything else from anyone for Jay?

Mr. Palmquist: Mr. Chairman, I have got just a quick question for Jay.

Chairman Thomas: It is yours, go right ahead.

Mr. Palmquist: Jay, you, we talked a lot about that House Bill and the Senate Bill that has been passed, and you may have alluded to it a little bit with the notice of intents and the actual suits that are been brought. Do you have an idea with any good kind of number wise as to where we realistically see those going the second half of the year perhaps?

Jay Adams: So, I really don't see that there being any significant change for the remainder of the year. We see a slowdown typically in the lawsuit volume at the beginning of the summer. It flattens out a little over the summertime, and then typically in August and September we start to see it spike, and that all has to do with vacations and kids going back to school and that type of thing.

But at the end of the day, I don't think we are going to see any reduction in our trend. For the month of August, we had another record month. We are going to exceed 1,200 lawsuits for the month. And again, the majority of those look like they will probably be on older reported claims.

Mr. Palmquist: Thank you.

Jay Adams: You are welcome.

Chairman Thomas: Thank you. Anything else? All right, Jay, you remain around, we may come back to you, but thanks for that.

Jay Adams: Thank you.

4. Non-Litigation Claims Update

Craig Sakraida: Thank you, Chairman Thomas. Good afternoon. I am going to give a brief update from the non-litigated claims arena.

Next slide, please. I wanted to first touch on Tropical Depression One. This was a storm that impacted primarily south Florida from June 3 to June 6. Ninety-seven percent of the claims were reported as severity two or three which are generally involve minor damages consisting of interior water damage from roof leaks, minor plumbing losses from supply lines or drains and exterior damages that do not require the insured to leave the house. So, most of these that were reported were roof leaking, water coming into the house some form or fashion. Almost 90 percent of claims are reported in Miami-Dade, Broward and Palm Beach Counties, and 30, almost 37 percent were reported with representation at first notice of loss, which is extremely high.

Next slide, please. I am going to touch briefly on our commercial policy information. If you look over the last three, four years our policy in force count has actually decreased in our commercial book by about 1,000 policies. Our building count has increased, and our exposure has also increased significantly to over \$21 billion.

And a lot of this is due to what we call A rated buildings which we currently have 168 policies, 224 buildings, and we classify an A rated building as ones that are insured for greater than \$10 million. So, a lot more exposure out there for us in the commercial arena.

Next slide, please. This is a claims trend versus PIF increase, and the blue line or the blue graph there indicates our policy in force count and in the green you can see some spikes there with Hurricane Michael, Hurricane Sally, Tropical Storm Eta and then Tropical Depression One in June. So, our claim count is definitely on the rise. You can see over time there are valleys in it just depending on what season we are in, whether it is lightning season or storm season.

Next slide, please. Our non-weather water trends, once again they're increasing with our PIF as well. As Jay mentioned, last month was our highest month ever with 852 non weather water claims. So, we are seeing those are continuing to be a trend with us.

Next slide, please. Just some data points. The new claims reported have increased 26 percent from July of 2021. Our non-weather water claims reported have increased 33 percent from the same time period. With our non-weather water claims for eligible policies we offer an emergency water restoration service. That acceptance rate has increased eight percent from June of 2021, and our Managed Repair Program rate has decreased a little bit from June of 2021, but it has remained relatively high with more assignments, but we also have more policy in force count. Our new non-weather water claims have increased 33 percent from July of 2021. So, once again, an increase overall in all claims reported.

And I just want to follow up, Citizens. We are ready to respond to a storm now that we are in the peak of storm season. That concludes my presentation, Mr. Chairman. I will gladly entertain any questions or comments.

Chairman Thomas: Thank you much. And we will open up the floor for any if there are.

Mr. Palmquist: None from me.

Chairman Thomas: All right, Craig, we appreciate the good report and the good work that you and your group do, thank you much.

5. Litigated Claims Update

Elaina Paskalakis: Good afternoon. Good afternoon, Chairman, and welcome to the new members of our committee. We look forward to working with you. I hope everybody is having a good day so far. I would just like to go over our litigation update. It can be found in tab five, and just a reminder, this update covers the expanded time from

January through the end of June of this year. So, we won't have July and August included in this report. So, the numbers may look a little different. That is the only reason I say that is the numbers may seem a little different from some of in the formation Jay provided, but his will have more of the current metrics included.

So, for that period of time we received almost 6,000 lawsuits up until the end of June of this year. That gives us an average of about 885 lawsuits, new lawsuits per month for that period of time, which is a 10 percent increase when we compare it to last year. Our pending volume is now in excess of 19,000 lawsuits which is a 25 percent increase as compared to the last year. This is due to two things. Not only the increased volume in litigation that we have been experiencing, but also it is that backlog that we have from the COVID response, because for almost two years the courts, while not completely shutting down, really did stop most of our trials, right, even a lot of hearing, hearings on dispositive motions. So, it really did create quite a backlog that is going to take us a while to get through.

Seventy-seven percent of our new lawsuits are out of the tri-county area. That has historically been the area with our largest producing litigation for us. That is though down nine percent in the overall distribution as we see more and more suits start to come out of the Tampa area. In my report we refer to that as the central west. So, it is the Tampa and surrounding counties, but we are starting to see the lit creep up. That has been going on for probably two to three years now. We kind of expect that to continue, but the tri-county is certainly the leader in the litigation that we deal with.

In terms of the policyholder being represented at the time of first notice of loss of the claim, that is now happening in 39 percent of the new suits that we have received, which is a 32 percent drop as compared to what we saw in 2021 at the same time period.

When we look at whether or not a policyholder disputed our claim adjustment prior to the lawsuit, in the past that had been a very high percentage of those lawsuits. We wouldn't hear a thing from the policyholder after we made the adjustment and made a payment or maybe we denied. The next thing we would hear would be a lawsuit, but that has gone down in percentage, but it has gone down to 12 percent that come in with no dispute which has been a trend for about a year and-a-half now, and we hope to continue to see that be a trend, because certainly this has been affected by the NOI statute. It will not be at zero percent probably ever, just because things happen, but we do expect to see that continue trending down right now. We believe that 12 percent is representative of those lawsuits that are new to us, but the claim predated the NOI statute. So, it was under the policy. It wasn't under the effect of the NOI statute. Excuse me, my thought is in terms of timing of new lawsuits, 29 percent of the lawsuits for this period of time were served within six months of the first notice of loss in the claim. Now, historically, what we have seen is in the absence of a catastrophe event the lawsuits come in later and later. So, we will see more of a gap between the first notice of loss of the claim and then when the lawsuit comes in. Following a catastrophe event, especially a very large one, we tend to see claims or lawsuits come in very quickly following the first notice of that claim. Sometimes we have seen them like 31 days after. When we look at the distribution of the types of lawsuits. Like Jay was talking about earlier, AOB lawsuits are the leading

type of lawsuit that we receive for our new incoming suits, and they represent 47 percent of the new suits, and that is a 78 percent increase as compared to the same time last year. So, we are seeing kind of a turn around on the chilling affect that the AOB statute had initially. We are seeing a turn around on that, and those lawsuits are flooding in. The pending volume of AOB lawsuits is also up by 24 percent, and that they now represent roughly a third of our pending lawsuits.

Catastrophe related suits represent 41 percent of the new lawsuits that we have, and catastrophe lawsuits do represent or remain the leading cause of loss for our pending suits at roughly 50 percent.

Non-weather water suits are up 10 percent and now represent 20 percent of our new incoming, and they're also up eight percent in terms of the pending and represent 23 percent of our pending lawsuits.

And just to summarize these litigation findings. You know, we continue to experience the increase in the volume in both new and pending litigation and we don't see anything curving that at the moment. We expect to see that continue. Certainly, it is driven primarily by the significant increase we have experienced in the AOB litigation. The tri-county does remain the highest producing region for new litigation, but as I mentioned, we are seeing a proportional decrease due to the rising litigation out of central west. To date the most significant increase of the NOI statute has been the requirement certainly to notify Citizens of any disagreement with the adjustment of the claim prior to filing suit. That gives our pre-suit partners the opportunity to try to resolve some of these, but with the percentage of those that are coming in on denied claims where we stand on that they certainly then make their way to litigation.

Lastly, I would just like to direct your attention to tab seven. We will review and summarize some of the significant recovery cases, and as of July of this year, the gross recoveries were in excess of 2.9 million with 161,000 of that being refunded to policyholders for their deductible recoveries. So, that concludes my presentation for today, and I am happy to address any questions you may have.

Chairman Thomas: Thank you, Elaina. And we will open the floor for any questions.

Mr. Palmquist: Yes, thank you. I have one question if I could. Elaina, thanks for your presentation, very well done. You had mentioned in one of your slides that there was a decrease, a 32 percent decrease in the plaintiff representation at FNOL. Any speculation or idea why? Is that sustainable?

Elaina Paskalakis: So, I don't really have a really good answer for you on that, I don't. We are just seeing that trend. That is something that in the past used to be much, much higher. I don't know if Jay maybe has anything to offer in terms of that, but it is surprising in how much it is dropping.

Mr. Palmquist: So, at the point in time you are saying 32 percent as compared to 2021. Have you noticed, has it been a steady decline do you know?

Elaina Paskalakis: It has been over time, yes. So, we have been seeing the percentage of those represented at FNOL that translate into the lawsuits, the new suits we see come in. It has been steadily declining for a while, yes.

Mr. Palmquist: Thank you. Your comments on the AOB lawsuits. Is that surprising to you that we haven't really seen a decrease in the number and the percentage of AOB litigation?

Elaina Paskalakis: It is certainly disappointing. You know, we saw the initial chilling effect, but quite honestly as people understand the statute better and then understand ways around it or how to work within it and to sustain a business model, I think that is what we are experiencing. There has also been, you know, an increase on the multiple AOBs per claim, that has also been something that we have seen. So, in the past we would see just the water mit. Now it is water mit and then there is mold testing and then there is mold remediation all coming in as separate AOBs on one claim and that certainly has been increasing over time.

Mr. Palmquist: How disappointing. Okay, thank you.

Jay Adams: To answer your question, I don't know that we have the empirical evidence at this point, but my gut would tell me that the increase that we are seeing in the AOB submissions most of those contracts when they're submitted, they don't have representation, right. So, that is really a lot of time the first notice of the loss, and as it gets further into the process and, you know, the insurance carrier is not paying the demand of that AOB vendor, that is when they are partnering up with an attorney and filing a suit. So, between the presentation that I provided and what Elaina just went over, with the increase in that volume, I think that is what might be driving down the percentage of representation on first party claims.

Mr. Palmquist: Got you. Okay, thank you, Jay.

Jay Adams: Thank you.

Chairman Thomas: Okay, anything else for our Claims Litigation report, Vice-President's report? We are good.

6. Vendor Update

Chairman Thomas: Greg, I know we have an Action Item. So, I think in your presentation to be helpful, tell us what the services is, tell us why we need it and compare it with what we have been doing already. How does it compare with whatever contract we currently have in terms of service and price?

Greg Rowe: Sure. Good afternoon, Mr. Chairman, and welcome aboard to Governor Becksmith and Governor Butts. And just to jump I with what you are looking for, Mr. Thomas, what we have now is a continuation of service that we are seeking requesting approval for another contract with Eagleview Technologies for a three-year term. And

our current term expires with them on January 28, 2023. And just to give you an update or a little bit more detail surrounding what Eagleview does. Basically, they provide detailed aerial imagery of homes or other buildings, and these include in their report really accurate measurements for roofs, walls, windows, door openings, and just a detailed visual of the property, itself. So, these reports actually integrate directly with our claims estimating platform, Xactimate. So, when a report is ordered it drops right into the estimate which is a huge time saving from an adjuster standpoint. It prevents them from in a lot of instances from even having to get on a roof and do the measurements. But for Citizens' standpoint it's a huge win in that we know that those measurements are going to be accurate, extremely accurate.

So, to date we have ordered approximately 20,000 of these reports, and those are continuing to escalate based on our PIF count, but what Craig will tell you is the greatest benefit for Eagleview is the utilization in a catastrophe response. So, as you can imagine in a cat we have so many properties with roof damage, and instead of an adjuster having to go from house to house to get the ladder out, to get on the roof, to do all of their measurements with their tape measure and put it into the estimate, we automate that roof report and it drops again into that estimate and it already has the entire house and roof system stretched and plugs in all the measurements. So, it automatically does that, and that is a tremendous savings on time and certainly with the measurement perspective.

So, to answer your question, we are not really looking to change anything. That is what we have in place today and we would just like a continuation of services with this particular vendor. And there is lots of vendors out there that do provide aerial imagery for us or for any Carrier I would say. What is unique with Eagleview is that they are the only vendor that actually has a direct integration with Xactimate itself. So, while other vendors can get us maybe some roof images and measurements, those are just static reports. They don't integrate with Xactimate. So, the adjuster would have to go in, manually sketch that roof, manually enter in all the roof measurements, which doesn't save a tremendous amount of time to be honest.

So, due to them being the only vendors that has that integration, we have procured these services through a single source process in accordance with our purchasing policies and the Florida Statutes. And so this proposed three-year contract actually includes the exact same pricing as we have today under the existing contract, which again is phenomenal in that the costs have not gone up. So, hopefully, Chairman Thomas, I have answered any questions, but I will certainly pause here to answer anymore before I move to the recommendation.

Chairman Thomas: Thank you, Greg, and we will open the floor for any questions on that.

Governor Butts: Hey Greg, thank you very much. I was just curious, do we use the Eagleview software for anything else other than claims?

Greg Rowe: No. Not as of now that I am aware of.

Governor Becksmith: Mr. Chairman, as a followup to Governor Butts' question, and I think I am guessing Governor Butts is asking about pre-loss and roof sensitivities. Do they, and this is more of just a general question, do they have the ability to help with that prior to loss, roof conditions, et cetera, especially as the rise on a lot of these commercial policies start to increase?

Greg Rowe: They do offer that. We have a separate contract with GIC through the NICB that gives us that pre imagery and post imagery for an event status. Eagleview, their bread and butter is really getting these images that are leveraged from a flight of airplanes. And they fly over those with those, you know, high resolution cameras. So, it takes longer for the pre and post imagery and a lot of that we absolutely have contracts in place through the NICB to leverage that, and Craig's team has continued to use that year in and year out, post event.

Governor Becksmith: Great, thanks. Just as one more follow up and hopefully we don't have to use it, but is there a cap on the number of uses that are allowed to use this for in the contract?

Greg Rowe: No, Sir, great question. There is no cap. The only cap would be will be what I will call self imposed cap, because we will propose a dollar amount and if we start to approach that we would come back to the Board or the Claims Committee to get approval before we went over that cap. But with this pricing, no, there is no cap.

Governor Becksmith: Great. Thank you very much and good job on that.

Greg Rowe: Thank you.

Mr. Palmquist: I had a follow up question. Just for purposes of clarification for the committee. You are not suggesting that this is going to take the place of an adjuster actually climbing the roof to assess the scope and the amount of damage on the roof, correct?

Greg Rowe: Well, there are certain roofs that we don't want our adjusters getting on. We certainly want them to get documentation that there is damage to the roof before we just pay for it.

Mr. Palmquist: Right.

Greg Rowe: But this prevents them a lot of times, especially on like a clay tower roof or a high-pitched roof from a safety standpoint, they can put the ladder up there, get pictures or use drone services to get pictures of the damaged property, but it saves time in the sense that they don't have to go up there and measure every slope. This actually automates that process for them.

Mr. Palmquist: Well, it automates the measurement process, but it does not automate the damage assessment process.

Greg Rowe: 100 percent. This is just to give us accurate measurements. It doesn't give us any information as to the damage and the extent of damage to that roof. You are absolutely correct.

Mr. Palmquist: Just wanted to clarify that, thank you.

Greg Rowe: You are welcome.

Chairman Thomas: Thanks. And Greg, I know the contract is for an amount not to exceed 2.1 million. I take it is a per report charge maybe with some base in front of that. Just a breakdown on how we do get invoiced by them.

Greg Rowe: Correct. So, it is, it is a per use. There is no upfront cost associated with that. So, the minute this goes live, the first report will be the first dollar we pay on it. So, we do pay on a per claim basis, a per report basis should I say.

Chairman Thomas: Is there any kind of exclusivity? I mean, let's say hypothetically within the three-year period Greg Rowe, Inc., came out with a better product that provided the same service. Do we have any obligation that we couldn't stop ordering from these folks and go elsewhere?

Greg Rowe: We certainly could. I mean, we would terminate for convenience. The caveat would be there could be someone better, we need them to really integrate with Xactimate.

Chairman Thomas: I get it. I am just trying to understand the scope of what, you know, it has always been through us when we do this and we say, approve up to X amount. Sometimes I am less concerned about that than I am what the minimum I am committing to, not the maximum.

Greg Rowe: Absolutely.

Chairman Thomas: So, all right well perfect. Unless anybody has any other questions. I am ready to hear an action item and vote on this thing. I don't know, everybody always tells me, do you actually need to read it to us, we have got it in the record. What are we doing here?

Mr. Palmquist: I think we decided last time we weren't going to read it in. We would go with the record as it is in the Minutes.

Chairman Thomas: I will gladly entertain a motion on the committee recommendation as set forth in our agenda minutes.

A motion was made by Mr. Palmquist and seconded by Governor Butts to recommend the Board of Governors: a) Authorize the Roof and Property Reporting Services contract with EagleView Technologies Inc. for a term of three

(3) years, for an amount not to exceed \$2,152,000, as set forth in this Action Item; and b) Authorize staff to take any appropriate or necessary action consistent with this Action Item. All were in favor. Motion carried.

7. Addendums & 8. New business

Chairman Thomas: I think that brings us to the end of our formal agenda items. There isn't a matter for new business which beyond welcoming Governor Becksmith and Governor Butts. I don't know if we have any, but I am ways like to open the floor if there is anything we have not covered, any item of discussion anyone has, I am happy to hear it. Otherwise, there are some addendums that are in there. If there are any questions about that. I think Elaina mentioned some recovery cases of interest. I know Mr. Cerio from the General Counsel's office, if there is anything he would like to discuss with us? But if not, I will entertain a motion to adjourn today's meeting.

Tim Cerio: Nothing to discuss, Mr. Chair.

Chairman Thomas: Thanks everyone for the quality work at Citizens, and thanks to the committee members for today and look forward to seeing everyone at some point in less than a month I believe. Take care.

A motion was made by Mr. Palmquist to adjourn and seconded by Governor Butts. All were in favor. Motion carried. (Whereupon the meeting was adjourned.)