

Market Accountability Advisory Committee March Minutes

ACTION ITEM

New Contract

Contract Amendment

Other - Committee Minutes

CONSENT ITEM

Contract Amendment

Existing Contract Extension

Existing Contract Additional Spend

Previous Board Approval _____

Other _____

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

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

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

Item Description	Market Accountability Advisory Committee Meeting Minutes August 31, 2022
Purpose/Scope	Review of the August 31, 2022 Market Accountability Advisory Committee Meeting Minutes to provide opportunity for corrections and historical accuracy.
Contract ID	N/A
Budgeted Item	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No - Not applicable
Procurement Method	N/A
Contract Amount	N/A
Contract Terms	N/A
Committee Recommendation	Staff recommends the review and approval of the August 31, 2022 Market Accountability Advisory Committee Meeting minutes.
Contacts	Kelly Booten, Chief Operating Officer

CITIZENS PROPERTY INSURANCE CORPORATION

**Summary Minutes of the
Market Accountability Advisory Committee Meeting
Wednesday, August 31, 2022**

The Market Accountability Advisory Committee (MAAC) of Citizens Property Insurance Corporation (Citizens) convened via Zoom webinar on Wednesday, August 31, 2022, at 10:00 a.m. (ET).

The following members of the Market Accountability Advisory Committee were present telephonically:

Dave Newell, Chair
Allen McGlynn
Brian Hodggers
Greg Rokeh
Jorge Hernandez
Lee Gorodetsky

Lissette Perez
Susanne Murphy
Steve Roddenberry
Kelly Booten, *staff*
Christine Ashburn, *staff*

The following Citizens staff members were present telephonically:

Barbara Walker
Bonnie Gilliland
Carl Rockman
David Woodruff
Eric Addison
Jay Adams

Jeremy Pope
Ray Norris
Stephen Mostella
Tim Cerio
Wendy Perry

Call Meeting to Order

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

Chairman Newell: Thanks Wendy. Thanks everyone for being here today. I know everybody's busy. We will try to be expeditious on getting through the agenda, but certainly want to encourage you all, if you have an issue or a question, please let's address it as we are going through each tab.

1. Approval of Prior Meeting's Minutes

Chairman Newell: Do I hear a motion behind tab one to approve the prior meeting's Minutes from June the 8th, 2022?

A motion was made by Lee Gorodetsky and seconded by Brian Hodggers to approve the June 8, 2022, Market Accountability Advisory Committee (MAAC) Minutes. All were in favor. Motion carried.

2. MAAC Charter Review

Chairman Newell: Behind tab two I will bring in Kelly Booten, but I believe Kelly we address this charter on an annual basis, right?

Kelly Booten: Correct.

Chairman Newell: Yes. Kelly, go ahead and talk to us about the MAAC charter.

Kelly Booten: This charter is a pretty easy one as most of it is prescribed in statute. Specifically, the statement of purpose and the committee composition is really copied and pasted from the statute. I think that the meeting and communication section is pretty consistent with the topics that we discuss, and the same thing with primary responsibilities. I will leave it up to the committee if you want to make any changes.

Chairman Newell: Okay, committee, have you all had a chance to review this and are there any discussion points or changes or do you think we need to update any part of the charter? As Kelly said, a lot of it's based in statute, so there's not a lot of wiggle room here, but we can certainly address some things if you would like to.

Lee Gorodetsky made a motion to approve the Market Accountability Advisory Committee (MAAC) Charter. Lissette Perez seconded the motion. The charter was unanimously approved with no changes.

3. Market Update

Chairman Newell: Behind tab three, which is certainly a hot topic amongst all of us on this call, is the marketplace here in Florida. So, Kelly, provide from your vantage point a market update, please.

Kelly Booten: Okay. In Section three there are a few slides that I will cover. Wendy, if you want to move it to the Policies-in-Force slide. Thank you. All right, so the story is a story of continued growth. As of August 28th, we were at 1,020,202 policies, slightly above a million, and at approximately 13 percent of the market share with the predominant growth being in the personal lines account.

The next slide goes into a little bit more detail on the last four months of policy growth for new business, this is new business only, and you'll see July was a record month with 76,133 and that is predominantly driven by Southern Fidelity which had a July 15th date attached to it. We did postdate to the end of August on those. It's all predominantly driven by homeowners, and there was an up tic in dwelling as well. At the bottom you can see up tic in the Tampa Bay, southwest Florida, and Orlando areas. Next slide.

This one is the mix of policies by Coverage A range at the top and by age of home at the bottom. There is not a huge change here. We do have some policies that are encroaching above 700,000. I think in that 600 to 700,000 bucket there is about 14,000 policies, and in the less than 11 age of home there is about 5,000, which will be good for somebody to take.

The next slide is the look over the last four months for prior carrier. Universal P&C being the top, and then the Capital Preferred/Security First combined would be next.

On the next slide we get into a little bit of stats on what Citizens has been receiving on insolvencies and early cancellations. We went back to 2019 on this slide to show a pattern of the original policy counts that were in scope to be taken, the total policies that came to Citizens. Those numbers don't include some of the attrition that happens prior to an insolvency or an early

cancellation but are in the ballpark of when the insolvency happens, so they're a little bit fluid, but they're all based upon the same metrics here. You can see we've been in the 20 percent range until we got into 2022 and started going upwards with 41 percent on Avatar, 28 percent Lighthouse, FedNat was 30 percent. Southern Fidelity, we still have a little bit coming in on that. We were at 36 percent yesterday. Not on here is Weston, ran out of real estate. Weston has a September 7th date on it, and there's 19,780 policies. As of Monday, we had 5,771 policies on our books or 29 percent. So, there's still stuff that's going to come in from that.

On the next slide is the commercial lines view. A little bit different story, in that we don't tend to get a lot of the business actually bound, it's more about what we get in the workload for applications received and the work that goes around those applications. You can see that for Avatar we were at 28.8 percent. For Weston, there are 2,963 risks or 4,486 buildings. The majority are commercial non-residential wind, and as of yesterday we have received 681 applications or 23 percent. Those take a lot longer to process and a lot of those do drop out because they're getting quoted elsewhere, but that's where we were on Weston.

I forgot to mention United Property and Casualty, which we all know starts non-reviewing effective 1/01. For personal lines there are approximately 156,000 policies, and the majority of those are HO3, and it is an orderly non-renewal. We did meet with them yesterday and are getting a little bit more insight into their book and doing our best to help make people aware that there's other options than Citizens on that book. And I know they're trying to work through it, as well, and find someone to take some of that book. So, we are hopeful we don't get a high percentage of those.

That's the main overview I wanted to give on the market and how it is impacting Citizens.

Chairman Newell: Thanks, Kelly. Any questions of Kelly from the committee about those stats and what you all are seeing and hearing from your customers and relationships out there in the market?

Lee Gorodetsky: This is Lee. Kelly, thank you. I have maybe a couple of questions. Did you say that UPC's non-renewals were starting January 1st?

Kelly Booten: Correct.

Lee Gorodetsky: With the cancellations, is it starting or is that when they all terminate?

Kelly Booten: The non-renewals will start going out in September for a January 1st.

Lee Gorodetsky: January 1st?

Kelly Booten: Yes.

Lee Gorodetsky: And I know this is not our ability to do anything, but it is with Tallahassee Legislature. In 2013, Citizens' insurance dropped their Coverage A limits from a \$1 million to \$699,000¹ for Broward and Palm Beach, and Dade from a million and-a-half to a million. RCEs in the last two years have gone up 40 percent. Clients can't even squeeze into Citizens' insurance even though they want to and need to, and they're stuck going to surplus, and right now a lot of them, because of the Weston wind problem, are having to go ex-wind. So, it's a real problem out

¹ Verbatim correction: Stated as 699

there. I don't know if it's being discussed by anyone because it has been a problem for several months now.

Kelly Booten: Well, I will try to put Susanne on the spot here and see if you want to give us an update --

Lee Gorodetsky: Thank you.

Kelly Booten: -- on what is going on there.

Susanne Murphy: So, as you pointed out, Lee, it's a statutory cap of a million dollars in Miami-Dade and Monroe with 700,000 cap statutorily in all other counties. We are looking at whether there's evidence to support a finding that there's a lack of competition in other counties, which is the standard by which an order could be issued that could find no competition in other counties, and therefore, apply a million-dollar max. Whether there's enough data to support that finding is what we're trying to determine. The last time we did this it was pretty clear, and it was, gosh, it was a number of years ago that we did a competitive study that resulted in the different limits for Miami-Dade and Monroe. It was pretty clear, and I think that the data that we looked at thus far is not as clear as it was years ago, so we are trying to use other sources of data to determine whether or not we can make a finding of a lack of competition, looking at what companies are writing policies above 700,000 and up to a million, how many non-renewals for policies in those coverage amounts, trying to use all the sources of data possible to be able to determine whether we can conclude that in a particular county, and if so, which county, there is a true lack of competition that would justify a different coverage limit.

Lee Gorodetsky: And the time frame for that? Are we looking like a few weeks, a few months, longer?

Susanne Murphy: I think it would probably be, if I had to guess, and it is certainly a guess, probably in another month or so.

Lee Gorodetsky: Thank you very much.

Susanne Murphy: And I think, of course, the issue that you raised about the Weston policyholders just not being able to find coverage at all because they're above the million-dollar mark --

Lee Gorodetsky: Right.

Susanne Murphy: -- will not be -- cannot be addressed outside of a statutory change.

Lee Gorodetsky: Yes, and what I am seeing here in south Florida, it's a lot of people who have the high value homes, and have homes free and clear, are just making decisions to try to go ex-wind would be at surplus or at Citizens, also, because they can't find the coverage and they're being renewed or whatever without windstorm by surplus. So, it's really a problem already. It's been for months, but it's getting bad. So, if we hopefully have some help in a month or two it will be good.

Brian Hodgers: Susanne, this is Brian Hodgers. I have a question.

Susanne Murphy: All right.

Brian Hodgers: When you mentioned the data that you are looking at for competition, are you only looking at data from admitted carriers, or are you also looking at surplus carriers?

Susanne Murphy: I think we look at all data points, because that would tell us if coverage can only be found in surplus lines or risks above the limits of Citizens. As a practical matter, we are trying to look at all data points that might inform us as to whether or not there is a lack of competition in a certain county, a geographic area.

Brian Hodgers: The reason I ask my question is, if you're looking at just admitted markets, I understand that, but if you are looking at surplus markets in that space of 700 to a million, the problem is all the surplus carriers that I am aware of have very high deductibles and a lot of restrictions, particular on water loss that admitted carriers don't. So, I don't know that we are necessarily comparing apples to apples there if you are looking at the surplus carriers included in that data.

Susanne Murphy: Again, we are trying to find any data point that could help us determine whether or not there are companies writing these limits in the various counties. So, I think looking at surplus carriers and what they're writing doesn't necessarily mean -- I guess your point seems to be that surplus carriers may be providing coverage, but it has limitations.

Brian Hodgers: Correct.

Susanne Murphy: Right, and therefore, the fact that there might be an offer from a surplus lines carrier to me doesn't mean that there's not a lack of competition in the market, if you understand what I mean.

Brian Hodgers: Yes. Thank you.

Susanne Murphy: My point is we are looking at all data sources. I am not saying we are concluding anything by looking at the surplus lines in and of itself, but that is part of our analysis.

Brian Hodgers: Okay, thank you.

Chairman Newell: Anything else regarding the market update? Hey Susanne, this is Dave Newell. Just one question since we have quite a variety of stakeholders on this call. Is there anything they can do from their specific association that they represent or things that they may be able to facilitate to help you all gather some of this information, or are you guys all set with the resources that you have to review for this 700,000 to a million change?

Susanne Murphy: I mean, I think we would accept any information from any interested party who wanted to provide it, but there needs to be an orderly determination about lack of competition in a county. You know, generally we are looking at the Hirschman Herfindahl Index, which is the typical way that competition is determined, but I think that's proven again not as instructive as it was years ago. So, if there are other sources of data that we could use to help us reach a conclusion about adequate competition in a county, I think we would be happy to accept it. And I know, Dave, that FAIA has had conversations with us about this, and if you want to organize providing us with additional data, we would be happy to receive it.

Chairman Newell: Okay, yes, we'll take that on. I just wanted to address that and make sure. So, I will reach out or have Kelly and them reach out and kind of lay out the groundwork of what we are looking for and if you all can help us gather some of that intel, certainly we can share with Susanne and the Commissioner.

Susanne Murphy: Thank you.

Chairman Newell: All right, Kelly, sounds like you are off the hot seat, just kidding.

Kelly Booten: Thank you for sharing it with me, Susanne.

4. Agency Management Services Update

Chairman Newell: Let's go behind tab four and bring in Carl Rockman whose team has certainly been busy over the last little while, but more recently with Agency Management Services. So welcome, Carl.

Carl Rockman: Thank you, Chairman Newell. For the record, Carl Rockman, Vice-President of Agency and Market Services.

I will begin with our traditional reporting on our Agents and Agency Counts on slide two. You'll note the significant increase in both agencies and agents over December 2021, but also notice that that growth is not significantly being driven by tri-county. We're seeing agent growth across the state, as reflected in Kelly's previous report, where we are seeing production in some of the areas that we don't traditionally see it in.

You'll also notice on the agency segmentation grid more agents growing Citizens' business, and that note at the bottom, 50 percent of Citizens' agencies have fewer than 50 policies in force. Prior reporting a couple of years ago that number was as high as 67, 68 percent. So, you're starting to see a little bit of a shift as agents look for solutions and markets tighten. A little more dependency on Citizens.

The next slide will be a quick report on our performance violation program. This is the slide we show the committee every meeting. It just orients you to what the performance violations are and what the aggregate results were for the last four years.

The next slide will reflect current results, and I want to point out to the committee the July results. You'll notice a significant change in the number of performance violations charged. We've made a decision internally on the performance violation program, primarily due to the influx of business from Southern Fidelity, and just the influx in business in general, we made a strategic decision internally to take a real hard look at the month of July. This reflects the consideration we are giving agents in the month of July based on the influx of Southern Fidelity business. That business can be submitted under special rules. We believed it would be prudent or was prudent to focus our program on the most significant issues related to underwriting quality. We are going to look at that again in August, but we did believe, just due to the enormous amount of business coming in in July, that it was prudent for us to look at the program and make sure that the discipline in the program met the expectations of what was happening in the marketplace. Next slide will be late submissions. This slide will reflect the overall performance of the program over the past four years.

On slide six you will also notice the same general situation where we looked at the late submission violation. We still put the alerts on the system, but on the violations we took a more relaxed stance there, primarily again due to the time limitations, submission time limits on Southern Fidelity and other issues. So, I think Citizens has stepped up here in this particular space to give our agents some support recognizing the enormous amount of activity that's happened in the month of July, and to make sure that we're meeting them more than halfway in terms of our performance programs and recognizing the realities of what's happening in their agencies.

The next slide will give a brief report on our agent outreach activities. I'll point out that we do have an Agent Round Table meeting planned for November 17th, and we'll be down in Monroe County next week holding four agent training classes. Looking forward to seeing our great agent partners down in Monroe County.

With that, Chairman Newell, that concludes my section of Agency Management. I will be happy to take any questions from the committee.

Chairman Newell: Okay. Committee, any questions of Carl about some of the stats and some of the work that they're doing in relation to the late submissions, and certainly binding violations?

Carl, this is Dave Newell. I just want to say, also, that for those of us on this call that represent agents, you and your team have been very good at reaching out to agents that are maybe struggling a little bit on submissions because they're not as familiar with the system, or they're new to the system, or the influx, as you see the numbers here. I just want to say, if anybody on the call has some concerns or needs, some additional training or whatever, please, please reach out to Carl. His team is on the ground. They're going into agents' offices, they're helping them virtually, whatever they can do to help. I know Carl and I have talked about this quite a bit, there's a lot of angst out there right now. There's a lot of agents and support folks that are working a lot of hours, and they get very nervous and concerned about getting a binding violation or a late submission notice, so on and so forth. So, as Carl said, they're looking at the whole program, but please, I encourage you all to tell your members to reach out to Carl and his team if they need some additional guidance, because it has worked. A lot of our folks have used those resources and have found them very, very helpful. Just again, Carl, thank you for that leadership and making some people a little less nervous in getting into the Citizens system.

Carl Rockman: Thank you for those kind words, Chairman Newell. It's a team. We stand in partnership with our great folks in the call center who the agents rely on greatly, and then our Agency Management team along with our Learning and Development and Communications teams. Everybody here is highly engaged and focused on supporting the agents during this very turbulent time. And again, if any agent is out there needing support, please don't be quiet. We're standing by to assist you both with online support, online resources, and the human touch. So let us know.

5. Depopulation & Clearinghouse Update

Chairman Newell: Anything else of Carl before we turn to tab five which is Depop and Clearinghouse? Carl, we will bring you back in, but just an opening comment. Certainly, the numbers speak for themselves and when we're in a position and the market rebounds, I'm sure there's going to be a lot of activity in and around depopulation. So, give us an update on where we are and are there any depops scheduled over the next few months.

Carl Rockman: Sure. Page 2 of this report will reflect the 2022 depopulation results. The month of November is currently open. We are anticipating at close of business today the approval numbers for the one carrier that has come forward to participate in the November depop. We will look forward to reporting those numbers at the appropriate time and carrier, but we do have some interest in the November depop, and December is still open. We would encourage any carrier out there with the capacity, we are standing by to assist. We have lots of great policies on the books that would love a new home, so we're looking forward to any carrier out there, and we won't be shy, we'll be reaching out to you, as well. We're looking forward to some November numbers in terms of approvals and then we'll be putting that in motion shortly with that approved carrier.

The next slide will reflect the depopulation results by county for the current year and you have seen those before. No change since the last report.

The next slide, slide four, will reflect the Clearinghouse results. Again, no significant change here in Clearinghouse results. Primarily driven by just a few carriers participating in Clearinghouse versus prior years. This is the new business results on page 4.

Page 5 reflects the more modest results on renewal, and I will remind the committee about the price relativity match on renewal. Twenty percent on new business can cause someone to be disqualified from Citizens. We do not have that same rule on renewal. If it's within a dollar, they still qualify for Citizens.

And then the last slide will be our Florida Market Assistance Plan Update. Our big focus here is attracting agents to participate in the program. We will be doing a marketing push in Q4, encouraging agents with the requisite number of underlying appointments to join FMAP. We are making investments and enhancements to FMAP that we report on through our Exposure Reduction Committee. Our goal here is to increase agent participation in FMAP and also to raise the visibility of the platform for consumers to use should they need support in the Florida property marketplace.

With that, Chairman Newell, that concludes my report on those programs. I will be happy to take any questions.

Chairman Newell: Okay, thanks, Carl. Any, any questions of Carl about Depop and the Clearinghouse and certainly --

Lee Gorodetsky: Dave, Carl, this is Lee, sorry. Just one quick question on the FMAP slide. I know it said before you used to need 10 Carrier appointments to be able to do any FMAP depopulation.

Carl Rockman: Yes.

Lee Gorodetsky: With the Carrier appointment so difficult is that going to be changed or is that going to stay where it is?

Carl Rockman: Right now, we're going to hold to that. We do have a tranche of agents that are holding 10 appointments. Those carriers may be in and out of the market here and there, but the reporting we get still shows a good tranche of agents that have that breadth of reach in the market, and again, that will be our target group for the marketing. We think it's important that if a

consumer hits the FMAP platform that they have as much opportunity to get out to the private market as possible. Right now, there are no plans on changing that 10 plus appointments unless there is some radical shift in the market.

Lee Gorodetsky: Thank you.

Lisette Perez: This is Lisette. That was going to be my same question. Carl, considering the lack of appointments that there are now with carriers and some of them dropping off with all of the liquidations and stuff that have happened in the marketplace, sometimes it's difficult to get those 10 appointments on there. It's residential, right, you have to be a residential appointment piece.

Carl Rockman: Right. We certainly can take it back. I mean, we came up with the 10-appointment rule last year. Certainly, the market has shifted a bit. We can certainly take a look at maybe a more relaxed standard on that given the marketplace conditions, particularly after things settle with the last few insolvencies and certainly with UPC. So, we will take that back and report back if there's going to be any change in our stance. It is certainly flexible enough that we certainly could look at that and we will take the committee's recommendation to take a look.

Chairman Newell: Well, anything else for Carl on these points? Okay.

6. New Business

Chairman Newell: Do we have any new business, anything new before the committee? Okay.

Before we adjourn, I received a text. I want to make sure on the approval of the prior Meeting Minutes that we voted and approved those, and certainly after tab two on the Charter Review. So just to confirm the approval of the prior Meeting Minutes, I believe it was Lee and then Brian seconded that. So, all in favor of that, just make sure we are on the record. All in favor of approving those Minutes, please say aye.

(Chorus of ayes.)

Chairman Newell: Okay. So those are approved. Now go on to the MAAC Charter Review, I didn't get who first and seconded that.

Lee Gorodetsky: That was Lee, again, on first.

Chairman Newell: Okay.

Wendy Perry: And Lisette was second.

Chairman Newell: And Lisette, okay. So, all those in favor of approving that item, which is the MAAC Charter Review, please say "aye".

(Chorus of ayes.)

Chairman Newell: Okay. So those are approved. Let me make sure I'm doing that right. Okay, we're good. I got the high sign on my phone, so we're good there.

I know everybody's busy. Thanks for taking the time this morning to talk about these things and certainly get the perspective from Kelly, and certainly Susanne from the OIR, about some of the things that they're working on to assist us helping the policyholders of Florida. So, with that in mind, do I hear a motion to adjourn the meeting?

A motion was made by Lee Gorodetsky and seconded by Brian Hodgers to adjourn. Motion carried.

Chairman Newell: Okay, well thanks guys, meeting adjourned. You all have a great holiday, and we will see you soon.

(Where upon the meeting was adjourned.)

DRAFT