

## Exposure Reduction Committee September 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.

<b>Item Description</b>	Exposure Reduction Committee Meeting Minutes September 20, 2022
<b>Purpose/Scope</b>	Review of the September 20, 2022, Exposure Reduction Committee Meeting Minutes to provide opportunity for corrections and historical accuracy.
<b>Contract ID</b>	N/A
<b>Budgeted Item</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No - Not applicable
<b>Procurement Method</b>	N/A
<b>Contract Amount</b>	N/A
<b>Contract Terms</b>	N/A
<b>Committee Recommendation</b>	Staff recommends the review and approval of the September 20, 2022, Exposure Reduction Committee Meeting minutes.
<b>Contacts</b>	Kelly Booten, Chief Operating Officer



**CITIZENS PROPERTY INSURANCE CORPORATION**

**Summary Minutes of the  
Exposure Reduction Committee Meeting  
Tuesday, September 20, 2022**

The Exposure Reduction Committee of Citizens Property Insurance Corporation (Citizens) convened at The World Golf Village Renaissance in St. Augustine Florida on Tuesday, September 20, 2022.

**The following members of the Exposure Reduction Committee were present:**

Nelson Telemaco, Chair  
Carlos Beruff, Board Chair  
Jillian Hasner  
Kelly Booten, *Staff*  
Christine Ashburn, *Staff*  
Jennifer Montero, *Staff*

**The following Citizens staff members were present:**

Ajay Kumar	Jeremy Pope
Barbara Walker	Joe Martins
Barry Gilway	Mathew Carter
Bonnie Gilliland	Michael Peltier
Brittany Warner	Ray Norris
Carl Rockman	Shawna Flager
David Woodruff	Tim Cerio
Eric Addison	Violet Bloom
Gene Bednarek	Wendy Perry
Jay Adams	

**The following Citizens staff members were present telephonically:**

Alden Mullins	Karen Holt
Brian Donovan	March Fisher
Doug Hageman	Sarai Roszelle
Forrest White	Stephen Guth

**The following were present:**

Adam Schwebach, Gallagher RE  
Dave Newell, FAIA  
Kapil Bhatia, Raymond James  
Nathaniel Johnson, B of A Securities  
Christian Sandino, Zoom (telephonically)  
Sasha Stipanovich, Raymond James

**Call Meeting to Order**

Roll was called and a quorum was present.

## 1. Approval of Prior Meeting's Minutes

**Chairman Telemaco:** I would like to entertain a motion to approve the Minutes for the July 12<sup>th</sup> meeting.

**Board Chair Beruff made a motion to approve the July 12, 2022, Exposure Reduction Committee Minutes. Governor Hasner seconded the motion, and the minutes were approved.**

## 2. Exposure Reduction Dashboard

**Chairman Telemaco:** It passes. I would like to move on to the second item on the agenda, the second item is the Exposure Reduction Dashboard with Kelly Booten and company.

**Kelly Booten:** Good afternoon. On page 3 behind the dashboard is the current results graph, and this graph we produced the material before the August numbers were out. The August numbers also have us at 13 percent market share and approximately an annual in-force policy count change of 49 percent.

The new business for August was 49,886, which kind of brings us back to our, quote, new normal. June and July were higher than average. June was 65,581 predominantly due to the FedNat<sup>1</sup> insolvency, and then July was 76,219 predominantly also with Southern Fidelity and Weston.

The next slide is the dashboard that shows the progress on four of our programs, Inspections, FMAP, Depop, and Clearinghouse. Just the notable items on here:

- The inspection program is progressing as planned and still on target to reach approximately 13 percent by the end of the year.
- New business - an eight percent on policies-in-force.
- The FMAP program has 280 participating agents, which is up from the prior month and month end a year ago.
- Depopulation - we did have a depop approved for November which will add to this depop count for the end of the year. 8,213 for one company was approved in November, and we have three December requests for companies to take policies in December, totaling 18,000. Those have not yet been approved by the Office.

**Board Chair Beruff:** Excuse me Madam Chair -- Mr. Chair. I am sorry.

**Chairman Telemaco:** It's okay, go ahead.

**Board Chair Beruff:** So, when they make the request, what is the percentage they end up taking? Is it about 20 percent?

**Kelly Booten:** 25 on the last one.

**Board Chair Beruff:** 25 percent on the last one?

**Kelly Booten:** Yes

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<sup>1</sup> Verbatim correction: Stated as Southern Fidelity

**Board Chair Beruff:** But historically it has been running, what, 18 to 20 percent?

**Kelly Booten:** 15.

**Board Chair Beruff:** 15 to 20.

**Kelly Booten:** But the last one was a good success. We did a lot of marketing and Carl's team did a great job of training agents and agent appointment adoption, which significantly helped.

**Board Chair Beruff:** Thank you.

**Kelly Booten:** On the next slide are the PIF projections. This goes through the end of December 2023. Last month's committee was through June 1<sup>st</sup>, so the numbers are up because it goes out further. This slide was also produced prior to our current budget. It's not off by much. It's pretty much 1.5 million anticipated, if nothing else changes, with a 19 percent market share. That is the high-level metrics.

**Chairman Telemaco:** Thank you.

**Christine Ashburn:** Thank you, Mr. Chair. Just a brief update on consumer education. Following the last Board meeting and the conversations surrounding FMAP Marketing and the success of FMAP in its current state, we are focusing on working on consumer education, specifically in the depop space based on the survey results that you received at the last meeting regarding the lack of information and knowledge on assessments.

So, in the third quarter we've implemented enhancements for the depop offer letters and additional pre-offer educational opportunities. We've done some FMAP.org updates and have finished those. We are advertising in the newsletter and other places the rate changes that are coming on 10/01.

**Kelly Booten:** 10/01 commercial. 11/01 personal lines.

**Christine Ashburn:** Personal lines, and of course, focusing on assessment education.

In Q4 we are going to do an agent e-mail with Carl's team to encourage participation. As Kelly mentioned, agent uptake is a huge piece of depop's success. Created an info graphic on How Did I Get Selected for a Takeout that will be an insert in the offer letter eventually. Website updates. We are creating a new brochure in multiple languages relating to assessments that we will add to the policy information packets when the new business and renewal packets go out. If you will recall, about 27 percent of those that responded to the depop survey were actually aware that they could be assessed. I think, as Governor Leznoff mentioned in the Consumer Services meeting, those were the folks that were engaged and actually responded to the survey. So, in all likelihood in the larger population, it is probably less than 27 percent that are aware. That concludes my update on consumer education.

Sorry, now we are going to jump to Special Session D impacts. At Chairman Telemaco's request, obviously a brand-new Bill just passed at the end of May. We did put together, with Kelly's help and Jay Adams and a number of others, Brian Donovan, a very high-level potential impacts for Citizens based on all the key provisions. If you have any specific questions, I was not intending to

run through it line by line, but Kelly and I are available to answer any questions you might have on the specific kind of really, really early impacts. It is almost like the pre-season college football polls, way too early polls.

**Chairman Telemaco:** Fantasy Football.

**Christine Ashburn:** Fantasy Football, yes, but if you have any questions on these specific items Kelly or myself are happy to answer them.

**Chairman Telemaco:** Do we have any questions? Thank you.

**Christine Ashburn:** Thank you.

**Kelly Booten:** There's one more section to the dashboard, the Market Services Supporting Private Insurers. Again, at Governor Telemaco's request and discussion from the last meeting, he wanted us to go over some of the things that we do and some of the things that we are considering doing to help the take up on Clearinghouse and Depop.

I just wanted to highlight a few things. We continue to market, of course, the depop and Clearinghouse programs through regular meetings with current carriers, and really any carrier that will listen, about the program and its benefits and what our book is looking like and there's an opportunity there.

We also have worked on new relationships and new data for those that want to participate. So, one recent accomplishment is the establishment of a common data template that allows for easier sharing of information with the Office of Insurance Regulation, Receiver, Carrier to Carrier, we've got a standard NDA template that we provide. As we work really well with that group of people to make opportunities more readily known, I think would be the right word for it, it has helped, I think, with some business coming to Citizens by the carrier-to-carrier communication and taking up policies that way.

We continue to add additional information and data sharing options. For example, we have been working to remove barriers in getting enough information prior to companies getting their certificate of authority. That's kind of a big hurdle to get through. Then we have another option that isn't quite enough to model. We're trying to build a bridge there on what could we add to get it a little more easier to model.

Targeted agent training has made a difference in depopulation adoption rates as we discussed and making agents aware of options before bringing the business to Citizens. We regularly monitor the insurance market. We have quarterly financial analysis that Jennifer's team does. We have a weekly product and filing report. We are constantly searching for filings to see what we can glean from that, and a person in the product team keeps track of all of that and that helps us be aware of what's happening in the market. And of course, we have strong partnerships with our agents and carriers and get information through those avenues.

We have a carrier pipeline tracker which includes 10 leads, 13 prospects and five customers. The leads typically include startups that aren't quite ready to pull the trigger or an entity in the process of signing an NDA to receive data. The prospects are primarily established companies considering depops, but not quite ready to do so. And then the customers are already established

customers that might be looking at other options; if they are already on depop they might be looking at adding Clearinghouse.

We are also open to explore any partnerships that help us help the customer find coverage elsewhere. Carl and I just attended a Surplus Lines conference, for example, and made some relationships there. It's a one off, but agent to agent communication is great in those areas where people can't find coverage even at Citizens.

Some of the new activities involve creating a new marketing package for depop and Clearinghouse. It's in the design phase. We've got information we share. It's good, but it could look nicer, have a little bit more holistic view to it.

Enhanced Analytics - a more direct assistance to identify those profitable policies and our knowledge about those policies and sharing it with those that participate or are thinking about participating.

And of course, we have Citizens Reimagined which is still in the solicitation phase. We're in the cone of silence, but it really has led to a lot of strategy discussions and Governor Telemaco has attended many of them as the observer. It's really making us think through how things work today and really what is the best choice for making it work better and get better carrier adoption when we make our decision about who to select. Right now, the award date is October 10th and it's going to be tight. We want to interview carriers again and ask them targeted, specific questions that will inform the solicitation. So those are the items that we wanted to cover today.

**Chairman Telemaco:** Thank you, any questions from anyone? I just want to commend and congratulate the group. I've seen the hard work and, obviously, there is a lot that you guys are doing to try to improve that chart that we saw a few slides ago. The marketplace isn't necessarily cooperating, but I can certainly see that you guys are doing everything that you can, so I appreciate that.

**Kelly Booten:** Thank you.

### **3. Depopulation, Clearinghouse, & FMAP**

**Chairman Telemaco:** Next item I believe we are on point three, Depop, Clearinghouse and FMAP update.

**Carl Rockman:** Thank you, Mr. Chairman. For the record, Carl Rockman, Vice-President of Agency and Market Services. Page 2 of my presentation will outline our depopulation results for this year. As Kelly mentioned we did have a carrier approved for 8,213 policies in November. That was Vyrld, a new entrant. In December, a total of 17,943 policies applied for and the Office will be working on approval in the next couple of weeks. I want to recognize the companies that are participating in the December depop - Edison Florida Pen, and a new entrant to the Florida marketplace, Loggerhead Insurance has applied to participate in the depop. As Kelly and Christine mentioned, we will work with Loggerhead as a new entrant to introduce them appropriately to agents, support their entry in any way possible to make sure that they have a successful entry into the Florida marketplace. So welcome to Loggerhead.

Page 3 of my report is just a summary of our takeout results based on tri-county and other areas for the two carriers participating. Looking forward to presenting these results for November and December as those new entrants come into the system.

Page 4 is our Clearinghouse update between 2021 and 2022. You will notice the results for both ineligible and uninsurable risks and offers remains relatively flat. This is a reflection of static participation in the Clearinghouse with our four main carriers, no new entrants coming in, and the relative appetite of the four carriers remaining relatively constant. We are obviously looking at Citizens Reimagined and other initiatives to improve ineligibility at point of sale, but these reports typically speak for themselves in terms of the carriers participating in the current system.

Page 5 will be the renewal Clearinghouse, and again, the results there reflect the carrier participation, but also I will remind the committee of that rate relativity on renewal. Twenty percent on new business, it's a dollar on renewal and obviously that has an impact on the overall results.

And page 6, as Kelly mentioned, is just another summary of the FMAP results. We did see some growth in agent participation but offers accepted and customers converted, again, reflect a hardening market in terms of customers finding other alternatives even when they are in the FMAP referral system.

That concludes my report. I would be happy to take any questions.

**Chairman Telemaco:** Any questions? Thank you, thank you, Carl.

**Carl Rockman:** You're welcome.

#### **4. New Business**

**Chairman Telemaco:** Is there any new business? Great. Seeing none, I would like to call the meeting to an end.

**Board Chair Beruff:** We are done, thank you.

**Chairman Telemaco:** Awesome, thank you. Appreciate it.  
(Whereupon the meeting was concluded.)