

CITIZENS PROPERTY INSURANCE CORPORATION

**Summary Minutes of the
Exposure Reduction Committee Meeting
Tuesday, March 28, 2023**

The Exposure Reduction Committee of Citizens Property Insurance Corporation (Citizens) convened at the Sheraton Orlando North in Maitland, FL on Tuesday, March 28, 2023.

The following members of the Exposure Reduction Committee were present:

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

The following members of the Board were present:

Erin Knight
Jason Butts
JoAnne Leznoff
Joshua Becksmith
Scott Thomas

The following Citizens staff members were present:

Aditya Gavvala (telephonically)	Long Yang (telephonically)
Alden Mullins	March Fisher (telephonically)
Andrew Woodward	Mark Kagy
Barbara Walker	Mathew Carter (telephonically)
Bonnie Gilliland	Michael Peltier
Brian Donovan	Nancy Staff (telephonically)
Carl Rockman	Nick Groll (telephonically)
Doug Hageman (telephonically)	Paul Kutter
Eric Addison	Ray Norris
Forrest White (telephonically)	Sarai Roszelle (telephonically)
Jay Adams	Stephen Guth (telephonically)
Jeremy Pope	Stephen Mostella
Joe Martins	Sudheer Kondabrolu
John Schmidt	Tim Cerio
Karen Holt (telephonically)	Violet Bloom
Ken Tinkham	Wendy Perry (telephonically)

The following were present:

Brian Smith, Forvis	George Smith, George Smith PLLC
Christian Sandino, Zoom	John Generalli, Wells Fargo
Coleman Cordell, B of A Securities	Kapil Bhatia, Raymond James
Dan Diger, B of A Securities	Mark Weinberg, Citi
Duane Draper, Bryant Miller Olive	Matthew Sanbury, RBC Capital Markets
Fred Strauss (telephonically)	Nathaniel Johnson, B of A Securities

Call Meeting to Order

Roll was called and a quorum was present.

1. Approval of Prior Meeting's Minutes

Chairman Telemaco: Good afternoon. We have a pretty straightforward agenda for the meeting today. I would like to call for an adoption of the Minutes. Do I have a motion?

Board Chair Beruff made a motion to approve the December 6, 2022, Exposure Reduction Committee Minutes. Governor Hasner seconded the motion, and the minutes were approved.

2. Exposure Reduction Dashboard

Chairman Telemaco: I would like to recognize Kelly Booten for the first item on the agenda.

Kelly Booten: Good afternoon. On slide three of the dashboard section is the Monthly Policy Data and Estimated Market Share for Citizens. At the end of February, we had 1,193,725 policies which equals about 16 percent market share. At the end of last week, March 24th, we were at 1,223,204. The monthly amounts that you can see towards the far-right side have decreased a little bit. We are not at the peak that we were in peak season; however, they will start to go back towards that direction, if nothing else changes, as we get into the busy months ahead.

On the next slide is a Trend in New Business Written over the last four years. On the far left you see the 2019 total for new business written was 81,980, but in 2022, we wrote 571,375 new business policies. That is where the bulk of the work comes in and the underwriting effort. And, of course, the lines at the top show that the growth is predominantly in the homeowners' line.

The next slide does show some color on the commercial lines. Commercial lines policy types are in both the CLA and coastal account. The first row down at the bottom of the chart shows the monthly new policy count, and last year at this time we had about 35, a very small amount that actually got bound. It was 308 in February of 2023. We always like to monitor the building counts which are right below that - 11,504 one year ago, 20,254 last month. The exposure has gone up about 183 percent from a year ago due to the size of the policies, the number of buildings on the policies, the inflation factors, all contributing to that. The Weston insolvency in September of 2022 also had a large impact with 1,180 in one month.

On the next slide is the Monthly in Force & Projected Policy Count. It gets slightly adjusted as things change over the months, but it is fairly close to where we were the last time we reported this in a range between 1.3 million up to 1.652 million by the end of the year. The best estimate right now is 1,510,000 with a 19 percent market share.

On the next slide is the Dashboard. We talked about the inspections program and how great that is at the A&U Committee meeting. The only thing on here I'll just call out is for FMAP. We did have customer requests converted of 11.68 percent, which is higher than it's been. We did not, though, have a lot submitted. Carl is going to cover these in more detail in the depop and Clearinghouse reports on some of the depops we have coming up and Clearinghouse participants.

On the next slide are items that will have an impact on exposure reduction. Flood insurance, even though it wasn't really, I don't think, meant for exposure reduction, it could very well have some impact on that when a customer has to buy a flood policy. We will do our best to track that for renewal business when we can detect that as a reason for cancellation.

The Clearinghouse went into production in January for the changes to the renewal 20 percent. We are already monitoring that number. It's a very small improvement, mainly just because there's not that many offers being made at this point.

For depop, the 20 percent rule on depopulation goes into effect. The first assumption that we'll be using it is for the June assumption, and at least one carrier submitted their proposals to the Office. I believe that will be approved by the end of this week, hopefully, and we will have a substantial depop in June.

Secondary residence, Brian already talked about that, and then the competitive rates and merging of accounts helps with reducing the possibility of assessments.

On the next page we just mention the one-way attorney fees and assignment of benefits which will also help exposure reduction, and then the claim filing deadline from two years to one year and then from three years to 18 months for supplemental claims. And that concludes my reports.

Chairman Telemaco: Thank you, Kelly. The next item on the agenda is Assessment Awareness. I will pass it on to Christine Ashburn.

3. Assessment Awareness

Christine Ashburn: As you all know, there has been, rightfully so, an increased desire to educate and provide information to consumers, and of course, agents as well, on the likelihood of assessments as we have grown. We had the Ian hit especially in the personal lines' accounts. It is more critical now than it has been in the last several years. We have created a new assessment brochure that will be inserted in the new business packets, renewal packets, and pre renewal letters, but just to share, while it is not live in the mailings quite yet, we do have copies of those finalized procures to share with you all at the Board meeting tomorrow morning. So, we are excited about that. In plain English, hopefully easy for consumers to understand and will help with decision-making when there are other offers or when they want to go shop their coverage, especially at renewal.

We are also changing our new business packets, quick start guide, welcome letters, declarations pages and acknowledgment application starting June 1. Those are all system created and will now be highlighting what we showed you at the last meeting the assessment blurbs and call out of assessments, more predominantly than currently. The same with the renewal packets, pre renewal letter, new business welcome e-mail, adding language regarding the assessments. Again, the renewal e-mail. Premium estimate forms, a host of website updates will be completed in Q2. The Florida public radio spots are live. They did go live about a month ago, so those are in rotation with our partner at FPREN around the state through our contract that you all were so kind to approve. Again, evidence of insurance warning added, and then ongoing educational social media posts are active to try to do everything we can regarding assessment education, especially as we grow like we are currently.

Carl Rockman: For the record, Carl Rockman, Vice-President of Agency and Market Services. Along with the work to raise awareness on assessments, we also want to work exclusively with our agents. Our agents play a significant role in explaining the assessment potential to consumers at point of sale and at renewal. We launched a mandatory education program for our agents in March.

The education is targeted at all fully appointed agents, limited agents, licensed customer representatives, and agency principals. It is a 10-minute module. We launched it the first week of March. I'm pleased to report that 4,458 have completed it. That's about 30 percent of the total. We have a 60-day window to complete that, so that takes us into early May, and failure to complete, there is a consequence. If an agent or support staff fails to complete it, we do intend on suspending their access to the system and potentially non-renewing their appointment with Citizens. We believe most agents will comply. We're getting great reviews on the material. It's informative and it's really helping them live into their obligation to communicate the assessment potential to consumers. With that, that concludes this portion of the report.

Board Chair Beruff: I have a question on the agency training, is that at the individual level?

Carl Rockman: Yes.

Board Chair Beruff: So, it's the individual agents?

Carl Rockman: Yes, it is administered through our Citizens' Learning Center. Each credentialed producer is assigned a course and that's how we track completion and enforcement of the requirement.

Chair Telemaco: Great, thank you. With respect to the documentation that is going out, the brochures, et cetera, has that been socialized at all? I know it hasn't gotten out, it hasn't been mailed yet, but have people looked at it? Have they reviewed it? Have you gotten feedback from agents and customers?

Christine Ashburn: Have you shared with the Agent Roundtable?

Carl Rockman: We haven't shared with the Agent Roundtable quite yet. We have raised the awareness with the Roundtable that we are intending on doing it, but I will say in the assessment module itself, we do bring great visibility to our intention to change brochures and change things like the premium estimate.

The module that we created; it was important to tell the agents all this was coming before it came so they could be supported in their conversations with the customer. We think the assessment module does a great job of raising the awareness of the material that Christine's department is creating, and we are counting on agents to effectively implement it and support it.

Chairman Telemaco: Yes, no doubt. I was more interested in whether or not the customers when they finally get the mailings, whether or not it is going to resonate the way we intend and whether or not it would be worthwhile showing it to a few people before we finalize it if it hasn't already been finalized.

Christine Ashburn: It has been finalized. We do work with a broad group of folks including Jeremy's team with customer experience, Carl's team, who has the pulse of the agents, and

internal reviews. A lot of the content was actually plain language content we were already using in different places, and we just put it together. It wasn't that easy, but we put it all in one place in a trifold and made it visually pleasing, you know pictures tell 1,000 words. I believe it is quite simple to understand. Given the feedback we got after the survey, we did the depop survey regarding the lack of knowledge, we are really hoping all of these efforts will move the needle on understanding of assessments before they happen which, of course, we know could potentially happen this hurricane season.

Chairman Telemaco: Great. Thank you, appreciate it, thank you. Is that it on that? Any questions? Next item on the agenda is Depop, Clearinghouse, and FMAP. I will pass it back up to Carl.

4. Depopulation, Clearinghouse, & FMAP

Carl Rockman: Thank you, Mr. Chairman. I would like to report our progress in the Depopulation, Clearinghouse, and FMAP space. On page 2, I'm pleased to report that our April assumption is on the way. Edison and Florida Pen are participating. I will be sharing numbers with you on that shortly.

Also, a reminder that we did support our agents as we always do in a depopulation. We like to bring the agents together with the carrier, provide support, make sure the agents understand the features and benefits of the other carriers' policies so they can effectively sell that policy against the Citizens' policy. Currently we don't have any applications for the May assumption, but as Kelly mentioned, we are watching and monitoring one carrier that has applied for the June assumption. We are anticipating approval on that shortly.

That will be the first assumption that we do under the new 20 percent rule. We are excited about getting that off the ground because that, obviously, could change the dynamic in a depopulation once the 20 percent rule kicks in and a consumer has to move if that 20 percent rule applies. So, we hope that that approval will be at the end of this week.

There has been no interest in commercial assumptions this year. That may be reflective of the marketplace and the other conversation we recently had.

We are going to continue our outreach, though, to all Florida carriers. We are going to continue to reinforce the fact that this 20 percent rule now exists, and it could work to their advantage. We've also made enhancements to our data file. Two big enhancements we've made to the data file that's available to carriers – our inspection data is available to them. This should give them confidence that the risks they are selecting as a part of a depop are in great condition. A new element that we have added is paperless document delivery adoption. A lot of the new entrants are coming in completely paperless, and they're very interested in knowing if our customers have adopted our paperless solutions. So, we've added that indicator that could also give them confidence in their selection. Just like the confidence to select a customer who wants to do business paperless, we are now providing that indication to them in our data file.

Moving on to page 3, we do have some updates on the Clearinghouse. We have two carriers that have expressed interest in joining the Clearinghouse, Cyprus in May, U.S. Coastal in June or July.

We also wanted to introduce a new product that we stood up with the support of our corporate analytics team and data engineering team. We have a new product now we call the X-File. Any carrier with a Certificate of Authority can obtain our complete data file, but if you don't have a Certificate of Authority, you can't get the complete data file, but we did engineer a file that we call the X-File. What it does is, it allows us to share data with entities that don't have a Certificate of Authority. This is very, very important for new entrants, reinsurance brokers that are working with new entrants, folks that want to model the Florida opportunity. We now have a product that allows them to get that data and do the things necessary to see what their return on investment might be. We are very excited about that. We've already had some interest in it. We wanted to use this opportunity to share with the committee the progress in that space and, also make anyone aware that might be listening, just get in touch with us, we'd be happy to share that data. There's a privacy agreement that you enter into, obviously, but we're very excited about that product. I think it will go a long way to helping a new entrant better understand what the opportunity is.

Chairman Telemaco: I was just going to ask, what's the difference between the X-File and the full data file?

Carl Rockman: The full data file is the full data file. But what the X-File does is it eliminates certain things that give our privacy and legal department some heartburn over sharing it with a non-COA entity. There are some privacy things that we really can't share statutorily with someone that doesn't have a Certificate of Authority, but we really with the support, again, of our corporate analytics and legal department, have really brought that right up to the line and we are very comfortable with the data that we are sharing, but it's much more robust than we had in the past.

Previously there was hardly anything we could give them that was a benefit until they got their COA. You could just image with the interest in the marketplace, the more data that we can share appropriately the better decisions new entrants can make. So, we think it is an advancement in the right direction to help them with visibility and what the opportunity is.

Chairman Telemaco: Have we tested that yet with any potential carriers? I mean, have we tried that yet?

Carl Rockman: We are about now to put it in the hands of some new entrants, as a matter of fact. We have had some interest in it. We are going to be seeking their feedback on, is it everything you needed it to be, but we worked a lot with our corporate analytics folks who do a lot of data modeling, and they assured us that the type of data in that file should give people confidence that they can do the modeling necessary that they're looking for in terms of reinsurance and other selections.

Chairman Telemaco: I think that is going to be super helpful. Thank you.

Kelly Booten: Before you switch over, while you're on Clearinghouse, I forgot to mention earlier that Citizens Re-Imagined was going to be the action item that we brought forward today. We did make an award on that; however, we are in the middle of a protest, so that is why it is not being presented here today. Our hope is that we can do it at the May or July Board meeting.

Chairman Telemaco: Perfect, thank you, Kelly, thanks for that update.

Carl Rockman: I will continue my presentation by turning to page 4. In your books you have just the initial presentation on the April depop. I would like to share some updated numbers as of

today. We have 26,335 offers out. So far 1,086 have chosen to go ahead and move away from Citizens into the offered company. 12,840 have elected to stay with Citizens, and another 12,409 are still outstanding with a week or so to go. So again, 12,409 customers are still making that choice between Citizens and the offered assumption, and this will be the last assumption that we do under the old rules where the customer has an opt out option. The new assumption starting in June will have the 20 percent rule.

Moving on to page 5 just presents the committee with the depopulation results for the total year of 2022 with the four carriers that participated and their percent share of the depopulation.

Page 6 will present our Clearinghouse report for new business. We had seven carriers participating and plugged in but about four are generally working right now in Clearinghouse. You can see the results haven't significantly changed. This again reflects the market conditions that are out there in terms of carrier appetite and carrier capacity.

On renewal, which is on page 7, the renewal results still reflect the zero percent with a zero threshold for ineligibility at renewal. As Kelly mentioned, we are just now starting to see the 20 percent rule grind in. It's a little early to report on that. We do anticipate a slight change, but again, we need a little more carrier participation, a little more carrier appetite to really have an impact on renewal.

Page 8 will be the FMAP update. As Kelly mentioned we did see an uptick in consumer request converted to 11.68 percent. While results are the actuals, referrals coming through the system are a little bit down. We will attribute that 11.68 percent perhaps to that new requirement of agents having enough appointments to participate. Perhaps that's led to the customers being more well served, but work remains here with FMAP. With that, that concludes my report.

5. New Business

Chairman Telemaco: Thank you, Carl. Anything else? Any further business? Any questions? Awesome.

Board Chair Beruff: Motion to adjourn.

Chairman Telemaco: I will entertain that motion. A second.

Governor Hasner: Second.

Chairman Telemaco: Awesome, meeting adjourned, thank you.

Whereupon the meeting was concluded.