

CITIZENS PROPERTY INSURANCE CORPORATION

DRAFT

**MINUTES OF THE
BOARD OF GOVERNORS MEETING
Wednesday, March 29, 2023**

The Board of Governors (Board) of Citizens Property Insurance Corporation (Citizens) convened at Sheraton Orlando North, Maitland Park, FL on Wednesday, March 29, 2023, at 8:30 a.m. (EDT).

The following members of the Board were present:

Carlos Beruff, Chair
Scott Thomas, Vice Chair
Joshua Becksmith
Jason Butts
Jill Hasner
Erin Knight (telephonically)
JoAnne Leznoff
Charles Lydecker
Nelson Telemaco

The following Citizens staff members were present:

Tim Cerio
Jennifer Montero
Barbara Walker
Kelly Booten
Jay Adams
Joe Martins
Bonnie Gilliland

The following people were present:

Jimmy Patronis	Florida Chief Financial Officer
Justice Ricky Polston	
Kapil Bhatia	Raymond James

Call Meeting to Order

Barbara Walker: Good morning and welcome to Citizens March 29th, 2023, Board of Governors meeting that is publicly noticed in the Florida Administrative Register to convene at 8:30 a.m. This meeting is recorded with transcribed minutes available on our website. For those attending today's session through the public webinar, you are automatically in listen only mode with presentations only being broadcast. Chair, may I begin this meeting with the official roll call?

Chair Beruff: Please do. Thank you.

Barbara Walker: Chair Beruff.

Chair Beruff: Here.

Barbara Walker: Vice Chair, Thomas.

Vice Chair Thomas: Here.

Barbara Walker: Governor Becksmith.

Joshua Becksmith: Here.

Barbara Walker: Governor Butts.

Jason Butts: Here.

Barbara Walker: Governor Hasner.

Jillian Hasner: Here.

Barbara Walker: Governor Leznoff.

JoAnne Leznoff: Here.

Barbara Walker: Governor Lydecker. Governor Lydecker is hopefully going to join by phone, but he may be unable to. Governor Knight.

Erin Knight: Here.

Barbara Walker: Governor Telemaco.

Nelson Telemaco: Here.

Barbara Walker: Chairman, you have a quorum.

1. Chairman's Report

Chair Beruff: Thank you. Good morning, everyone. I have the distinct pleasure of having a guest who's going to speak to us this morning, who I can call a friend because I think it's approaching nine years that we've known each other . . . the CFO from Florida, Jimmy Patronis.

Jimmy Patronis: Thank you, Tim [Cerio], for starting the clapping. I didn't think anybody was going to clap. Mr. Chairman, I got to tell you, I was really impressed. I was hearing that roll call, and it sounds like the voice of God overhead doing it. I'm thinking of where's she taking roll call from? So anyway, thank you for indulging me to join you all today. And governors, thank you for getting a chance to visit with some of you last night. Mr. Chairman, I think, if I may, just for some brief comments, I'd love to answer any questions

your team might have. But there's no secret that Florida has been on the ball with a very challenging hardening insurance market. We've seen since 2017 Citizens with about 440,000 policies down to over a million, and it's in this part of a little bit of the story that I tell people as we crisscross the state, meeting with different groups. There's a lot of people in the state of Florida that don't know what Citizens is. A lot of people don't have a full knowledge of what's happening in their insurance market sometimes until they get their new bill and their premium and you see the increases that they may experience. And as people's premiums are just buried in their mortgage payment along with their property taxes, and it gets amortized over 12 months. And then, of course, everybody understands it when hurricane strikes. So, as I think part of an obligation, I have in my job is also to explain to people how the growth of Citizens also means greater financial liabilities as them being a citizen of the state. And usually when I tell them the narrative of the liability. I tell them, you know, some of the factors that are driving that liability. Usually, it ends with them being very upset with the circumstances of how we've allowed the state of Florida to get where it had gotten with some of the problems that we were facing. I've got to applaud Governor DeSantis. It didn't take one but two special sessions last year in order to make some of the differences that I felt like we've been advocating for. Some people may feel it was an overcorrection, you know, but I know this. I did eight years in the legislature. Sometimes the legislature passes policies, and yeah, there becomes unintended consequences. But you know what? We needed to do something bold. We needed to do something, you know, very, very loud and clear that we were not going to tolerate the games that were being exploited. Thank you for your leadership and how you dealt with Stremms. I think Stremms became a poster child. I've told the Stremms story probably 600 times over the last year, and that's usually one way I get people outraged by the environment that we've allowed our insurance system to deteriorate into. But the special session, you know, hopefully is going to generate about \$600 million worth of savings for Citizens just because of the annualized savings you might see because of the various changes that are really facing you regarding tort reform. And that's money that's not going to go into Assignment of Benefits (AOB) or attorney's hands. Hopefully it'll go into helping you and your team make a leaner, meaner, more efficient Citizens insurance. But I think Tallahassee has done this job. I still feel like we really can't lose sight of who's important here. The point I make so many times, and I've said this for the last several years, so we have this table in Tallahassee where we're insurance. You know, policy is being hammered out and you have public adjusters, and you have contractors, and you have the attorneys and the insurance companies . . . they're all duking it out. But who's not at the table? The policyholder. It's frustrating. So, you know, I've always advocated and that's what we do consumer affairs or office. I've always advocated we not forget the policyholder. Now, I was somewhat compromised because of Hurricane Michael. They hit my hometown. Different type of struggle when you see people that you grew up with, you go to church with, and you do business with who are hurting because of the devastation that they faced. We've been working overtime to make sure that we help the policyholders of Hurricanes Ian and Nicole. Sometimes it's also just the education to people. I think some of the challenges that we've seen where people I think they're woefully underinsured when it comes to flood insurance. We saw it here within and what it did to Central Florida. Central Florida has never seen flooding like that ever before. They never felt like they would have flooding like that to face. So, again, part of what we still do is advocate. But right after Ian, literally we were boots on the ground hours after the storm. We had our strike teams going from neighborhood to neighborhood. We call them the fast strike teams. It's our law enforcement officers to go to the areas. I tell people all the time, the good Samaritans show up day six, day seven with support and the resources. It's the predators that are there hours after the storm . . . the locusts that canvassed the neighborhoods that sign people up while they're vulnerable, while they're grieving, while they don't have power, while they don't have access to Internet, while they don't have access to cell phone . . . and these horrible, horrible types, they pre-staged outside the county line, outside the disaster area. They're very good at what they do at taking advantage of our Citizens at their worst times. So, our teams go door-to-door to make sure that our people don't get defrauded. At the same time, we try to turn up the volume

with local news. And look, I hurt some people's feelings by some of the comments I was making. I actually had roofers reach out to me . . . I'll share an exchange. I had a roofer that reached out to me who is that is somebody I know and never done business with. He says, "Hey, I'm having a lot of trouble getting work down the southwest Florida. There's a lot of people hurting. And I would like to I'd like to be able to get access, but the people are very resistant to sign anything." And so, my comment to them, I said, "Do you use AOBs?" "Well, we're AAA, I mean, we're very highly rated" and all this other bologna and all these other details. I said, "Do you use AOBs?" He said, "Well, I thought those were outlawed. But, you know, if you could put something nice in the email for me and, you know, occasionally use directional payments. . . ." I mean, it's just like Whack-A-Mole. Every single time that we find a solution where we think we're protecting the consumer from somebody that's trying to take advantage of the insurance claims process, they figure out a new way to navigate in order to try to game the claim system. But as we put our teams out, we had 43 detectives canvassing the neighborhoods. We touched and connected with about 7700 businesses and homeowners to try to make sure that they understood the elements that happened that could try to take advantage of them. We also did what are called our rapid payment centers, advanced payment centers for initial payments. As we set up a number of those jointly with the Governor, jointly with the insurance carriers in order to get those initial payments just to help people get their homes stabilized. So, we did insurance village in January. We did a number of insurance villages after Hurricane Michael. And what we learned with the insurance villages with Michael (and thank you Citizens was there and did a great job) . . . what we learned from Michael, after about our third one, we started demanding that the carriers write checks onsite. So, then we started with our very first insurance post-op. We promised if you're going to participate, you're going to write checks onsite. So, at the ones that we did in January, this was all about 1100 policyholders and wrote about \$5.4 million in claims payments. That was done without using a public adjuster, without using an attorney, just, you know, helping somebody sit across from the claims adjuster and start to get the claims process settled. But we're but we're not done helping the policyholders. What we see is once people get those initial checks, some of them, you know, will have more problems that we're going back in April, give them a few months to get some people help. And then prior to going in that we got the local media; we turn up the volume and we've got some partners down there that really have been great to help turn up the advocacy to come in and solve the claims. So, we'll do another insurance village in April. And again, we're hoping everybody who's watching today that has a decision will come and join us. Of course, Citizens, you are welcome to join us. But we'll keep going back as long as there's demand. We feel like it's a long process. There's still claims to be dealt with Hurricane Michael. That was storm that hit in 2018. But the claims process doesn't close overnight. You know, people that get tangled up with public adjusters, attorneys, managed construction contracts, all those are fine and well and legal businesses. Unfortunately, some of their business model is to bring as many players to the table with them in order to have as many sign off before that claim. And it's so upsetting that, you know, the policyholders need to get a check and there's a reason why they call them disasters. You know, the carriers, y'all know as well as anybody, they shrink and swell when it comes to the times. Sometimes you get - it's the rule of numbers. Sometimes you get a real crackerjack adjuster that really understands what's going through because it's not their first rodeo. And sometimes you get the brand-new adjuster that is going to be making some errors. It is what it is. You know, there's good restaurants and there's bad restaurants with good servers and bad servers. We just got to do the best we can to make sure we're making A's and B's. But this morning, we'll be rolling out Tasha Carter. Some of you know Tasha. Tasha is our Insurance Consumer Advocate, but we'll be designating her as the Chief Recovery Director for her. And Tasha used to run the Department of Consumer Services for me, so she understands us backwards and forwards as our agency. We regulate insurance agents, we insurance adjusters, and we also prosecute insurance fraud. But we need to streamline the process as much as we can with the claims. So again, Tasha's is good at her job. She's very effective. We're just gonna ask her to put on a different hat because this is something that she is familiar with. And she was their boots on the

ground with Hurricane Michael. But it's a squeaky wheel process. We're going to continue to do everything we can because we want solutions in place in order to try to help people get back on their feet. But I want to empower her to work directly with the insurance companies and see if we can shorten the timelines based on her history and knowledge of how the claims process should work. But we're looking forward to being the policyholders first. And thank you for letting me be here. Any questions I can answer? I'll be glad to.

Chair Beruff: Nobody has a question of Jimmy. Can I call you Jimmy?

Jimmy Patronis: You can. Thank you, governor.

Chair Beruff: Yes, sir. Appreciate how busy you are. We certainly appreciate the time you spent in that. We know that if we need you, we pick up the phone and you always answer.

Jimmy Patronis: Thank you. If I may, one thing I'm very proud about Citizens is the caliber of people that are on your board of governors. Bless you. Very proud of the caliber of people on your board of governors and the seriousness you take, the liabilities that you govern for the state of Florida. There's a lot of boards out there that think that the state has some jurisdiction over that are great boards. And some of them they do significant work, but not the work that you do. You have a totally different responsibility that has real consequences to. And one of the things I think is, is you're the bellwether and you're the pacesetter and you set so much of the direction and course that the insurance industry follows when it comes to the state of Florida. If Citizens breaks to the right, you know, 99% of the carriers in the state will break to the right also. That power and discretion and influence that you have is huge, especially when it comes to me (I think one of the greatest forces for good) is homeownership. And, you know, when somebody owns a home, they do great things. They show up to work. They understand the gravity of paying the bills. They get a property tax bill. They understand that the property tax bill goes somewhere. They get then engaged with their community because they care about now "I'm paying taxes; where those taxes are going." There's just so many good things that go along with it. But it all starts with affordable insurance. So, so many things that you do every single day have just a huge effect on that. And I'm just proud that you exist and do the job that you do and the caliber of folks that that volunteer their precious time to be part of this this incredible state. Thank you, sir.

Vice Chair Thomas: Mr. Chair, can I make a quick comment? One serious question. CFO Patronis, thank you and your team for everything you do. All of you work tirelessly, hours crisscrossing the state, getting deals done for the state. And so, we really, really, really, truly appreciate it. I do have a serious question, though. FSU or Miami?

Jimmy Patronis: Oh, gosh. It's going to it's going to be FAU.

Vice Chair Thomas: My fellow governor over here, just wanted to make sure that she heard that. Yeah. Thank you very much for everything that you do.

Jimmy Patronis: That's very exciting. And thank you for your competence and support of Tim Cerio. I've known Tim now going on about 15 years. I think you chose wisely; he's got an uncanny ability to be able to work with people at all levels of state government in addition to the private sector. Poor Jayne. I don't think she's seen her husband much since he has taken this job. But I appreciate you giving him this leadership role. And please do everything he can to hold him accountable. Thank you.

Chair Beruff: I think the board will entertain a motion to move the Consent Agenda items forward. The action items.

Unknown Speaker: So moved. [two people made a motion in the background]

Chair Beruff: We have a motion and a second. All those in favor signify it by saying "aye."

A motion is made and seconded to approve the Consent Agenda items listed in the March 29, 2023, Citizens Property Insurance Board of Governors meeting materials. All were in favor. Motion carries.

Chair Beruff: Motion carries, I think, unanimously. Okay, We're on to Mr. Cerio. You're up. Oh, our previous board meeting. I always forget that the motion to adopt the minutes from the previous board meeting.

Unknown Speaker: So moved.

Barbara Walker: Chairman, that would have been moved to consent as well.

Chair Beruff: So they were on there anyway?

Barbara Walker: Yes, sir. All the action items would be moved.

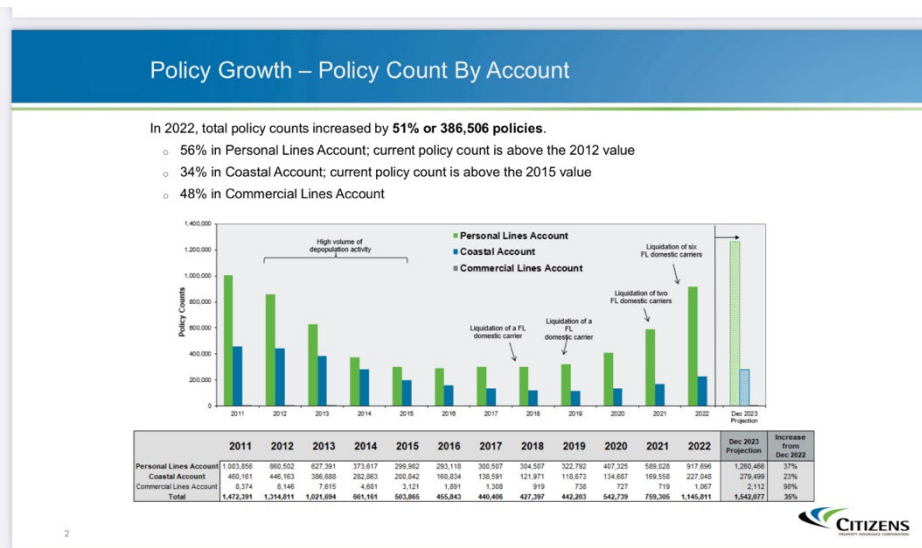
Chair Beruff: My bad for missing a beat. All right. Go ahead Mr. Cerio.

2. President's Report

Tim Cerio: Thank you, Mr. Chairman. I appreciate it. Members of the board. I want to start off by talking about Senate Bill (SB) 2A that passed during special session. I believe that SB 2A really created a new chapter for Citizens. We also believe as a Citizens team, we have clear direction from this board. And likewise, Governor DeSantis, CFO Patronis and the legislature have been crystal clear for the economic well-being of the people of Florida, as well as for the good of Florida's insurance market. Citizens must return to truly being that insurer of last resort for our state. We must charge actuarially sound rates and we must not be competitive with the private market. And I will quote from SB 2A just in brief. I think it's important to remember because we're going to probably be quoting SB 2A every time we do a rate filing until we're at actuarially sound: "Rates for coverage provided by the corporation must be actuarially sound pursuant to 627.062 and not competitive with approved rates charged in the admitted voluntary market so that the corporation functions as a residual market mechanism to provide insurance only when insurance cannot be procured in the voluntary market, except as otherwise provided in this paragraph." "Otherwise provided in this paragraph," of course, refers to the glide path. But why should we focus on returning to our role as Florida's insurer of last resort? As all of you know, it's because the larger we grow, the greater our exposure and the greater our exposure, the greater the potential financial burden on the taxpayers of Florida, people who aren't even Citizens' customers. Because our surpluses were depleted in a Citizens account, we are statutorily obligated to institute assessments in order to be able to pay claims. And of course, an emergency assessment is an assessment against all policyholders in Florida, even those that are not Citizens' customers. Moreover, emergency assessments are not limited to homeowner policies. They will hit every policy, home, automobile, boat, etc. The only policies exempt are medical malpractice workers comp. Federal flood and federal crop assessments have been called the hurricane tax, and that is not an imprecise statement. They truly are hurricane tax. So, SB 2A does give Citizens many

tools to help stabilize the market and others in the private insurance market. Of course, there are some specific Citizens-specific elements of SB 2A but the whole point is to strengthen our financial position to help bring stability. Many of these changes focus on reducing out of control litigation, including the elimination of the one-way fee statute and AOB. Just these two categories alone over time will really truly going to help the insurance market. They are game changers. However, these changes do come with responsibilities and expectations. I really am glad that CFO Patronis referred to the policyholders, and I know for a fact he cares very deeply about the policyholders. The responsibilities and expectations of SB 2A for Citizens and I think all Florida insurers is it we're going to be held accountable by the legislature, the Office of Insurance Regulation (OIR) CFO, and the Governor regarding how we implement the changes and how do we do business going forward vis-a-vi our policyholder. As the market recovers and the number of policies in force decreases and hopefully litigation begins to decrease over time as a result of these reforms, and I believe it will, we need to refocus on increasing customer service and enhancing the customer service experience. And I think Citizens already provides a great level of customer service and we have comparative data to back that up. However, we really do need to explore ways to do even better, and I'll speak to more on that below. But in essence, our philosophy is this . . . and it's not going to be easy because sometimes interest competes . . . we are going to work hard to depopulate and truly return to being the state's residual insurer or insurer of last resort. However, if you are in Citizens, we will take care of you, and you will receive excellent customer service until you are able to hopefully move on to a better policy in the private market. That is our goal. So, as we make decisions on a day-to-day basis, I'd ask the team to always keep three questions in mind. Does what we are doing promote the population? Does it enhance the customer experience. Does it minimize the potential for emergency assessments (again, which impact all insurance policyholders in Florida, with a few exceptions). And I want these questions to become so ingrained in our corporate culture and in the decision-making process that they almost become a mantra. So first, I'd like to talk a little bit about depopulation. Now, the greatest driver, as you all know, of the Citizens' policy to depopulate ... the driver of depopulation is a healthy and robust private market, and the greatest driver of Citizens' growth is a very weak market. And, although it will take time, I believe SB 2A is going to strengthen Florida's property insurance market and help draw insurers back to Florida. The reforms of 2A will not only attract new entries into the market, but it will also attract capital. CFO [Jennifer] Montero and Kapil Bhatia can speak to this in more detail. But the overseas reinsurance industry has been closely following what's been happening in Florida. We've spoken to them and all these reinsurers who make decisions on where to deploy capital. Recognize that 2A should be a game changer. And there is really healthy optimism. I think they'd like to see some data. But there really is healthy optimism in the reinsurance market. Now, of course, charging actuarially sound rates is also critical to market recovery and promoting the population. Citizens rates are artificially low and that throws off the private market and distorts competition. And a residual insurer should never and ideally should never compete with the private market. That is fundamentally unfair to policyholders in the private market. These policyholders are already paying more for insurance. Most had to absorb substantial policy increases over the last couple of years. Now, on top of that, because Citizens cannot yet charge actuarially sound rates, the policyholders in the private market face the risk of having to pay Citizens' assessments on top of their already higher premiums. All of this is why SB 2A wisely speaks to Citizens not competing with the private market and charging actuarially sound rates. And of course, we hope we get there as soon as possible. Within Citizens. We have a strong support model for investors and carriers interested in the population. That effort is spearheaded superbly by COO Kelly Booten. We have enriched data and we have provided expanded access to a wider pool of interested parties. The entire leadership team is available to consult with new and prospective entrants into the market and we have done so, and we will continue to do so. And finally, the Citizens Reimagined Program . . . we believe you've heard a lot about Citizens Reimagined, but we believe it will result in enhanced Clearinghouse capability with the main objective to increase carrier participation and reduce the new business coming into Florida to be placed elsewhere in

the private market. I don't want to speak any more to this because, you know, we are involved in a bid protest, which is very disappointing. But stay tuned. I really want to spend a little bit of time on the second prong customer experience. As I mentioned previously, I think Citizens works very hard to be responsive to our policyholders, but we are always looking for ways to enhance our levels of service. Jay Adams, our Chief of Claims, is sponsoring a solicitation for a universal workflow model for independent adjusting firms in an attempt to attract firms that can manage the claims process from beginning to end in our non-catastrophe(CAT) environment, but also to be able to respond during a CAT so that the training curve will be reduced and the time to get the operation up and running will be short. The model will require more accountability from the firms we use. Most importantly, I think it will provide a better response time for policyholders who need adjusting services, which are so critical after a CAT. Also, our Vice President for Customer Experience Jeremy Pope and I are digging in to hopefully find new opportunities for improvement and enhancement of what we do for our customers. We want to focus on better utilization of customer feedback, use of metrics and reporting. What are our critical customer service level metrics? Where do these additional metrics need to be established? In other words, you know, where are our blind spots . . . we need to try and figure out where those are and how do we utilize the data we collect to make changes where needed within the business units throughout the company. So, that's what we are focusing on. And more generally, we want to establish just a standard of excellence within Citizens' corporate culture. We have a great culture and I give all the credit in the world to Violet [Bloom] for constantly reinforcing the importance of culture to the leadership team. But what we're talking about is a little bit more of a focus on the customer. We really want to inculcate kind of a spirit to serve mentality which prospective employees will hear about at the recruitment stage. They'll hear about it in their onboarding, they'll hear about it when they start, and every day, hopefully thereafter, as long as they work for Citizens with respect to taking care of policyholders. I do want to make an announcement today and think it does impact individuals formerly insured by United Property and Casualty [UPC] (and a lot of you are familiar with UPC and its liquidation). Although the private market is absorbing much of the business, Citizens is as well. We've already announced that until April 17, 2023, we will now allow new UPC business to be submitted with a March 29, 2023, effective date. That is the liquidation order said the policies had to be placed by March 29, 2023; otherwise, they would be canceled. So, we are going to allow policyholders within UPC to come in until April 17th. This will allow agents additional time to assist consumers shopping for replacement coverage, which is a good thing, we think, obviously. But now typically Citizens and most insurers will not take on new business if the dwelling has existing damage. But there is a "but" because there is a contractor shortage in southwest Florida after Hurricane Ian, I do want to announce today that we are allowing UPC applicants who have existing damage to their home 90 days to submit a contract to repair the damage. We think this is the right thing to do and it can help those still suffering hardship in the aftermath of Ian, which is very important. Turning to emergency assessments and reducing the likelihood of emergency assessments . . . again, assessments occur when there is a deficit in one or more of our accounts, if the wind blows and claims have to be paid, that reduces our surplus to the extent the payment to policyholders doesn't come from another source like reinsurance or the CAT. So, we believe a strong transfer program is important for protecting the surplus of the accounts, and we have an obligation to bring to you to this board options at a reasonable price. And of course, the decision is this board's if the price is reasonable. But we're always going to strive hard to do that. You will recall another strategy to reduce the likelihood of emergency assessments was made possible by SB 2A. Because of 2A, we now have the authority to combine our personal lines, commercial lines and coastal accounts. As an aside, I want to thank Chair Beruff because he pushed hard in the last days of the special session (actually probably the last hours of the special session) to get that over the finish line. The earliest we can combine the accounts is January 1, 2024. But once that is done, surplus will be more easily available to pay claims because it will be, of course, in a single account. Finally, being able to spend less on litigation will enable us to have more for surplus. As we discussed earlier, we believe that SB 2A will



reduce frivolous litigation and the tactics that led to Florida having only 8% of homeowner insurance claims in the United States, but still having 76% of the litigation. Now, I know all of you would feel this wouldn't be a president's report without a little state of the market update. So, I will run through that very quickly. If we

could pull up slide one. This is a familiar chart to all of you. It shows the policy growth since 2011. In 2018, we were at our lowest level of policies with 427,397 policies. Currently, our policies in force (PIF) count as of, I believe, March 17th, we are over 1.12 million policies as of as of the 17th. It's not reflected on this chart, but the premium in force is around \$3.5 billion now. But you can also see the projection at the very right of the slide. By December, we expect to be over 1.5 million policies.

Can we go to slide two please? This shows the total insured value by accounts in 2022, the total insured value overall increased by 82% or \$191 billion. I will tell you right now, the total insured value for all three accounts is at \$471 billion, and our projection by December of 2023 will be \$675 billion.

Can we go to slide three? This shows the market share. This is interesting to me. In 2011, we had almost 1.5 million policies. Our market share was about 23%. As of right now, actually, as of December, our market share is 14%. So, I think the figures are a little off because obviously we have more people in Florida over the last ten years, but our market share is continuing to grow. We are still not at the level yet that we were as far as market share in 2011.

Slide four please. The health of the markets. So, this graph is also familiar to many of you. Florida domestics are still in the red. Negative net income of about \$1.2 billion and an underwriting loss of \$1.5 billion in 2021. There is a slight uptick in 2022. We believe it's about an 8% uptick. We think that's attributable to rate increases as well as some more restrictive underwriting strategies. But the industry, of course, is still over a billion in the red in Florida. Now, I'm going to try and move on a little quickly.

Slide 5 please. So, I'm going to try and give you a little good news. I think it's good news. So, slide five shows the breakdown of policies under wind only and multi-peril. Essentially, we have a good number of policies in our portfolio that should be attractive to take out companies. You'll note from this chart there's a large portion of the homeowners and dwelling policies. Those are the policies that are attractive to a takeout company and there's quite a large share there.

Slide 6. Another appealing factor. As we have grown, our business is more diversified across the state. So, risk isn't as concentrated in the tri-county areas or in Hillsborough. It's more broadly distributed and that will be appealing to take out companies and provide more opportunity.

Slide 7. Age of home. This slide shows that a decent number of our homes that we ensure are under 30 years old. That's positive and even better. Slide eight, please. Slide eight shows that is really attractive. Almost half of our homeowner and dwelling policies have roofs under ten years old and that that is going to be a huge factor too. And we're going to try and sell that. So that's the state. I really appreciate your time.

I do want to end on this note, and I want to pass this along. And I know that many of you have spoken to me about this very topic and care a lot about it. It is very important that we build upon Citizens' already very strong reputation. And the CFO referred to this as a source for reliable information and data and potential market and policy solutions. The market does oftentimes follow what Citizens does. We are a not-for-profit governmental entity with tremendous expertise and sophisticated financial and analytical resources and a great team. And we are quite frankly blessed to be in a position where our state's decision makers from time-to-time do seek our input. As our state continues to grapple with the issues impacting the property insurance market, we are going to work very hard to maintain our reputation for credibility, expertise and candor and professionalism. I know you, as a board, want us, all of us, to have a seat at the table for solutions, and we are dedicated to doing that. So, I appreciate your support. I want to express my thanks to my team for their hard work, both in preparing for this meeting and just every day. I am very grateful and thank you. And if you all have any questions - that is my report.

Chair Beruff: Questions? [silence] Oh, we're letting you off easy. [laughter]

Tim Cerio: All that good content.

Chair Beruff: We're just trying to be nice. [laughter]

Tim Cerio: I do appreciate that this board has been very supportive, and I hope all of you know anything we can ever do - questions - a lot of this is technical, complicated stuff. I'm so impressed with the level of dedication to dig in and understand it. We all know that we have a dedicated board, and maybe you all don't hear that enough.

3. Committee Meeting Updates

Chair Beruff: We appreciate you stepping up and we appreciate the work that you're doing, and the team is going to do over the next 12 months. So, thank you very much. All right. When I turn the gavel over, I think, to Chair Knight.

Erin Knight: Thank you. We met yesterday and our action item is moved to the consent agenda. Ms. Montero provided an update on our risk transfer program strategy with the board. Would you like to have a review of that for those that were not able to attend?

Chair Beruff: Good. We're all good. Thank you.

Erin Knight: All right. Okay.

Chair Beruff: [inaudible] And, I'm the chair of that one. Have all your items been moved to consent?

Kelly Booten: Yes. All the action times have been in concert.

Chair Beruff: Does anybody have any questions?

Kelly Booten: If I might . . . Dave [Newell] of the Market Accountability Advisory Committee (MAAC) was not able to be here, and he just wanted me to, if you don't mind, make a few comments about the MAAC and what they covered. In the meeting, I did a market update and then we covered in-depth some of the SB implementation plans, especially flood. We covered it in detail with that group. And then Carl (Rockman), of course, did his depopulation, FMAP, and Clearinghouse updates very similar to what we do at the Exposure Reduction Committee meeting. And there's always robust discussion at the MAAC.

Chair Beruff: Thank you. And now I'll turn over the gavel to Chair Telemaco. Is there anything you'd like to bring up?

Barbara Walker: Chairman Beruff?

Chair Beruff: Yes, ma'am.

Barbara Walker: There is an item that needs to be presented in CFO Montero's section. It's the qualification document for our appointed actuary. It's not an action item, sir. It just needs to be presented to the board.

Chair Beruff: Okay. So, who's going to bring it? Who's going to present?

Brian Donovan: Good morning, members. Brian Donovan, Chief Actuary. Yeah, this is just a housekeeping item. A part of my duties at Citizens is they put it in an actuary, which means I sign off the year-end reserves. I've been the appointed actuary since 2010. In the past, up until a few years ago, once the actuary was appointed by the board, there was no need to discuss until there was a change starting, I think, two or three years ago. The National Association of Insurance Commissioners (NAIC), in conjunction with the American Academy of Actuaries, changed the rules for how you qualify to be an appointed actuary. And part of that, you know, the end result of that is every year an appointed actuary has to present a letter to their board describing why they're qualified. And that's what that item is. It's really just housekeeping. All right.

Chair Beruff: Alright. Thank you very much. The next one we go to is Vice Chair Thomas for the Claims Committee.

Vice Chair Thomas: Jay, do you have anything? It's all covered. The only thing I did want to say in light of President Cerio's remarks, though. We did have specific discussion at our Claims Committee meeting that the legislative changes that are to bring hopefully much needed relief. We recognize through claims they impose also a burden that we efficiently, quickly and properly evaluate and pay claims. They're not legislating changes to be exploited, but they're legislative changes that demand good customer service, good claims handling on our part and dedicated to that. So, I thought since you brought that up, I thought, I let you know that was a specific topic of discussion at the claims committee meeting.

Chair Beruff: Thank you. Is Chair Hasner on the line?

Jillian Hasner: I am, Mr. Chairman. Thank you. The Consumer Services Committee met a few weeks ago on March 1st. A formal update to the committee was presented by Christine Ashburn, Kelly Booten, and Carl Rockman on our implementation efforts with SB 2A, specifically around the flood coverage

requirement and the new 20% rule for depopulation, which impacts consumers directly. Also, during our meeting, Jeremy Pope presented a consumer operational update that highlighted our service results in addition to an exciting update on our implementation efforts on paperless delivery for consumer insurance documents. And as part of our ongoing consumer outreach efforts, Jeremy also provided an update on our participation and onsite presence at the CFO's Insurance Village, which was held in the Fort Myers area this past January. There were no consent or action items presented to the committee for consideration, and our next meeting is scheduled for the Consumer Services Committee has been set for May 24th. Mr. Chairman, this concludes my update.

Chair Beruff: Thank you, Governor Hasner. Before we move on, because we're almost at the end of the year of our issues, I'd like to take a second and compliment the legislature and the Governor's office for what they've done for the insurance business in the special session in December, and more recently, in the actions they've taken last week. But I think it's important for Citizens and all of the people involved when we're communicating with the public, to let them understand this isn't a quick fix. It's going to take time. The repercussions to the rates and getting the insurance market healthy (We've discussed it internally amongst us) it's going to take two to three years. So, it's important to communicate that every chance we get so people don't have expectations of immediate relief. But at the end of the day, what we can control (to Governor Thomas's comments) is customer service. During that time, all of our policyholders, which is obviously Mr. Cerio and his staff have made that commitment, we will endeavor to be the best at customer delivery and customer service in the state. And those are my comments. We'll go on to chair Leznoff.

JoAnne Leznoff: Thank you, Mr. Chair. I think you were all here yesterday when the Audit Committee met. We received an update. We continue to go through our planned audits with extreme efficiency. We had no action items other than the approval of our minutes. And I don't know if Mr. Martins . . . if you have anything you need to add, but everything is running smoothly in that area.

Chair Beruff: Very good. Thank you. We're down to the last item. Mr. Cerio, would you like to come forward and share that with us?

New Business – Consideration of General Counsel and Legal Counsel

Tim Cerio: Thank you, Mr. Chair. This is in new business. You have a bio in your packets, but I would like to put forward to you for your consideration and a recommendation that this board allow me to enter into negotiations (and you all decide to hire) as our new General Counsel, retiring Justice Ricky Polston. This is very awkward for me because, I mean, Justice Polston is a giant in the Florida judicial landscape. Although you have his resume, it's almost embarrassing to talk about because he's such a well-known and respected fixture in Florida. Justice Polston served on the First District Court of Appeal; he was appointed in 2001. He became a justice of the Florida Supreme Court in 2008. He served as Chief Justice of the Florida Supreme Court from 2012 to 2014. He administered the state court system very efficiently and effectively. He is a dedicated jurist. He will make an excellent administrator for the very complex nature of the General Counsel's office. I am just- I'm thrilled to be able to put this name forward. Justice Polston has said his only hesitancy was he knew he had giant shoes to fill in the role of General Counsel. But I'm kidding. [laughter] He actually never said that [laughter]. But anyway, he does an excellent, excellent job, by the way, too. I want to congratulate Ken [Tinkham], and I think the whole leadership team has done such a fabulous job serving in the interim capacity. And my confidence and admiration for Ken has only grown over the last couple of months, but I am excited to put that name forward, Mr. Chairman.

Chair Beruff: I had the pleasure of meeting with the Justice, and the truth is, it's very simple. We're lucky to have him. And my sentiments are very clear. And he'd be a great addition to leading the team in the legal portion of our business.

Tim Cerio: Mr. Chair, I apologize. I do need to say something for folks who may be listening and who don't know. I mean, Justice Polston has a tremendous amount of insurance experience. I mean, this is why it's such an amazing fit. He practiced in the insurance field. He teaches insurance law at Florida State University, as well as constitutional law and some other topics. But it is just a perfect, perfect fit. I apologize for interrupting, though.

Chair Beruff: So, the Chair will entertain a motion to approve the negotiating and onboarding of Justice Polston and we're happy to have him if he chooses to be here.

unknown speaker: I heartily moved that as well.

unknown speaker: I second.

Chair Beruff: There is a motion and a second. All those in favor signify it by saying "aye." The motion carries unanimously.

A motion was made and seconded to approve staff to enter into negotiations and onboarding with Justice Ricky Polston to become the new General Counsel and Chief Legal Officer. All were in favor. Motion carries.

Tim Cerio: Mr. Chairman, Justice Polston, I believe, is available, He has called in. Justice Polston, do you have any comments? Congratulations, by the way.

Justice Polston: Thank you very much. I appreciate all the comments, President Cerio. And as you said, my only hesitation is to be able to fill the shoes of the former General Counsel. [laughter] I, indeed, look forward to joining Citizens. That is a great opportunity for me personally and professionally, and I look forward very much to working with President Cerio. I've known him for an extraordinarily long time. And I would very much look forward to working more closely with him. To Mr. Chairman, who has graciously met with me before, as you said, I'm so impressed with him and all the other members of the board, and I look forward to joining Citizens.

Chair Beruff: Perfect. Look forward to seeing you in person. Thank you very much.

Justice Polston: Thank you.

Vice Chair Thomas: But I do want to say (maybe I shouldn't do this) Ken has been incredibly responsive and great in this interim period. I've had a couple of questions come up. He's gotten back to me so fast with great information, and so I'm going to make sure he took a second and acknowledge what job he's done, his energy. Appreciate it.

Chair Beruff: Well, let's see. Ms. Walker, is anything left to do?

Barbara Walker: Chair Beruff, I submitted to the board, for review, the potential 2024 Board of Governors dates approved by you and CEO Cerio. I would like to give them a little time to check their schedules and

confirm the dates as soon as possible. And then, sir, once we adjourn this meeting, we do need to convene our FMAP Board of Governors Meeting.

Chair Beruff: Very good. Does anybody have any issues with the dates? Well, you can get back to Ms. Walker this week or next. That'd be great. Thank you. I'll entertain a motion to adjourn this meeting.

Meeting is adjourned.

FINAL