Market Accountability Advisory Committee 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 June 28, 2023
Purpose/Scope	Review of the June 28, 2023, Market Accountability Advisory Committee Meeting Minutes to provide opportunity for corrections and historical accuracy.
Contract ID	N/A
Budgeted Item	☐Yes ☒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 June 28, 2023, 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, June 28, 2023

The Market Accountability Advisory Committee (MAAC) of Citizens Property Insurance Corporation (Citizens) convened via Zoom webinar on Wednesday, June 28, 2023, at 10:00 a.m. (ET).

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

Dave Newell, Chair
Brian Hodgers
Greg Rokeh
Jorge Hernandez
Lee Gorodetsky
Lissette Perez
Lori Augustyniak
Stacey Tomko[1]
Virginia Christy

The following Board members were present telephonically:

Gov. Jason Butts

The following Citizens staff members were present telephonically:

Barbara Walker
Bonnie Gilliland
Carl Rockman
Eric Addison
Jay Adams
Jeremy Pope
Kelly Booten
Ken Tinkham
Ray Norris
Ricky Polston
Sarai Roszelle
Stephen Mostella
Wendy Perry

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

Chairman Newell: Thank you, Wendy. Appreciate everybody being here. I know everybody is busy. We will go through the agenda pretty quickly but, as we always do, if there are questions or if you have concerns, please bring those up as we are going through the items. That would be helpful for the team from Citizens.

Before we go to our first agenda item, I want to welcome Virginia Christy, Deputy Commissioner of P&C at the Office of Insurance Regulation. Good morning, Virginia.

Virginia Christy: Good morning and thank you for having me.

Chairman Newell: Well, I know how this works, Virginia. We welcome you. We appreciate your input and certainly you will bring a perspective to this committee that is always welcome. So welcome aboard.

[1] Stacey Tomko had audio issues during roll call.

Virginia Christy: Thank you.

1. Approval of Prior Meeting's Minutes

Chairman Newell: Let's turn to is tab one which is the prior meeting Minutes on March 22nd, 2023. Do I hear a motion to approve?

A motion was made by Lee Gorodetsky and seconded by Brian Hodgers to approve the March 22, 2023, Market Accountability Advisory Committee (MAAC) Minutes. The motion carried.

2. Market Update

Chairman Newell: Let's bring in our friend, Kelly Booten to give us a market update. I'm always curious, Kelly, what we're going to say here about our current state of the property market in Florida. So welcome.

Kelly Booten: I wish we weren't a broken record on this, but we do have some good news later in the discussion. For the record, Kelly Booten.

If we can go to the next slide, we have our policies in force, and again, the trend continues. As of last Friday, our policies in force were 1,307,888, with an in-force premium around $4.3 billion and exposure around $554 billion. We did have a depop last week, and I am not going to steal Carl's thunder, but it was a good depop that we'll talk about later in the meeting.

The next slide is a breakdown of the personal residential policy types month over month for the last four months, and then an average for the same prior months last year. You can see that at the last meeting we had been down a little bit in the first quarter of 2023, and we have bounced back up around the 50,000 per month numbers that we had seen predominantly in 2022. In May for example, we had 50,620 pieces of new business that we worked for personal lines. Then the geography graph, there is very little change there. You can see that the SOLO counties and others have started creeping up towards the bottom a little bit more aggressively.

The next slide is a breakdown by different looks at the business. The top graph is Homeowners/ Dwelling New Business % of Policies by Coverage A Range. This trend continues. I looked at the last time we submitted this, and it's just a little bit higher in the 400 to 499,000 Coverage A amount percentage-wise.

The same with the Age of Home. Very little change in the makeup of what we're getting, but you can see that the 0 to 10 and 11 to 20 age is still bringing in a lot of business. I always have to get my depop sales pitch in there. So, the last four months are probably around 36,000 policies that came in that range.

The last one is the Age of Roof breakdown. If you look at this one, it is very intriguing. Twenty-four percent of the new business policies that came in in May had roofs of 0 to 2 years old. So, there are other situations with these policies but a place for depop carriers to focus once they start looking at the business. Next slide, please.

This one is for Personal Residential Policy Types, and it is the New Business Policy Count by Prior Carrier. A lot of the same players show up on this slide. New to this report are Slide and ASI Preferred. They were not on here last time.

On the next slide we have a graph for commercial lines. This one has been interesting to say the least. We have a series of numbers here. So, the first row across is the monthly new business policy count, and you can see from this time a year ago we had 110 new policies in commercial. In May we had 1,063. The second row is the in-force building count, which has almost tripled from this time last year month over month. The in-force policy count has doubled, and then the exposure has gone from $18 million in May of last year to $66 million at the end of the May, and that has grown quite a bit even just in June.

A lot of condo associations, both wind and multi-peril, and then the commercial buildings, as well, are starting to grow for personal lines as well as the A rated buildings is close to 1,200 now. It just continues to grow. June so far has about 1,596 submissions, which is on par with April, and then in May the submissions were 2,258. The reason I mention submissions is because we get a lot more submitted than we actually end up writing which is where the work generates in commercial lines. So, that one is one we are watching and paying a lot of attention to because it’s just growing.

And I believe that concludes my market report if there are any questions.

Chairman Newell: All right, any questions from the committee for Kelly on her report? Kelly, this is Dave Newell. The only thing I was going to mention, certainly, I’ve said it to you directly, but especially on the commercial side, Stephen's team and Forest's team are just doing yeoman's work trying to keep up with this growth and this volume. It is certainly challenging to say the least from an agent's perspective, and as you noted, you are getting a lot of submissions, and sometimes they're bound and sometimes they're not, but they all have to be worked. So, thank you for all the hard work that your team is doing to try to make the situation as best it can, because I know you are putting a lot of resources around it. So, just wanted to pass that along from our members and the agents that know many of your team on a first name basis.

Kelly Booten: I really do want to call out Steven Mostella, Forest White, and Constance Carrillo; they work really hard in the commercial space, and then the personal lines team as well, because we have had to, as you say, be creative with our staffing and our underwriting guidelines to get through the mass rush through the front door we had before June 1st.

Chairman Newell: Yes, yes.

Lori Augustyniak: Kelly, this is Lori Augustyniak. I do have a question. Is there a breakdown between wind only and --

Kelly Booten: Yes, we can get a breakdown for the wind only and the multi-peril. I have numbers for the submissions from June 1st. About half of it is condo associations by application type, and it’s then broken down from there about half wind only and half multi-peril.

Lori Augustyniak: Thank you.

Chairman Newell: Okay, anything else for Kelly? Well, Kelly is going to stay with us. She’s going to go ahead and give us our Legislative Update. Christine is unavailable today, so Kelly is pinch hitting for her. So, Kelly, take it away.

3. Legislative Update

Kelly Booten: All right, on the 2023 regular session legislative wrap up, I'm going to cover the Citizens specific items, and then just mention some of the other bills and leave the material with you as a takeaway. I'm not going to go into every single thing that was in all of those bills.

Specific to Citizens, the first one allows Citizens Executive Director to appoint a designee to a member of the Commission on Hurricane Loss Projection Methodology.

The next one provides that Citizens may adopt policy forms that provide for the resolution of claims disputes regarding coverage for, or the scope in value of a claim, in a proceeding in front of the Division of Administrative Hearings with certain requirements. This is something we had worked on and had rule changes already in place, but this really codifies it in statute. We believe it will help with the time and cost to resolve a claim. We have submitted our filings with a 10/01 effective date for that.

The next one provides that on or after 11/01 customers that seek to obtain coverage from Citizens following an insolvency may be subject to the same glide-path as non-primary residents, and the non-primary residents' glide-path, which is the 50 percent cap as opposed to the regular glide-path was adopted in SB 2A. What this does is it adds customers that are coming to us from an insolvent carrier to be on that same glide-path. This goes into effect 11/01.

The last bullet provides that condo unit owners do not have to have flood insurance to be eligible for coverage with Citizens. Condo units were included with the law that went into effect 07/01, and now this became effective upon becoming a law for condo unit owners only on 05/31. So, we had to retract a little bit of our flood stuff. Next slide, please.

This one provides Citizens an exception to the 60-day underwriting timeframe change that was in HB 1185. What that did is it change the underwriting for all carriers from 90 days to 60 days, and there are certain exceptions to that, but this gives us an exception when we are taking on business due to an insolvency.

The next bullet preserves and makes permanent Citizens' public record exemption for cybersecurity data and information.

The last one states that Citizens may not determine that a risk is ineligible for coverage with the corporation solely because such risk has unrepaired damage caused by a covered loss that is a subject of a claim that has been filed with FIGA due to an insolvency. It applies to a risk until the earlier of 24 months after that date that FIGA began servicing the claim, or such that the claim is closed. We're working with FIGA on how to share information and trying to make this as easy as we can to determine when we actually can cancel a policy. That one becomes effective 07/01. Next slide.

These are the industry ones that I will leave for your reading, but SB 418 allowed or required certain things in rate filings. It has to do with automatic bank withdrawals and hurricane deductibles. Next slide.

These are a few more items that were in HB 799 having to do with mitigation measures and flood related to claims for the peril of wind.

The next slide is the Consumer Protection Bill. This one adds requirements specifically related to public adjusters, advertisement, hurricane deductibles, and is where that underwriting guideline comes into play for all carriers. Next slide.

SB 7052 - Insurer Accountability. This one is really focused predominantly on claims handling practices and sets new timelines, talks about fees, requires submission of claims handling manuals. It really has to do with holding insurers accountable to claims handling practices and other practices.

That is a quick recap of the regular session, and I will entertain any questions.

Chairman Newell: Thanks, Kelly. Any questions of Kelly? That was a lot of information that we went through there, but any questions specific to some of those slides?

Brian Hodgers: Hi Dave, this is Brian. I do have a question. On the 7052 Bill, can you get a little more detailed on that as far as is this a new policy coming into Citizens cannot be considered ineligible if there is a covered claim or if it's an existing from a prior carrier that's only gone out of business?

Kelly Booten: Okay, so which bullet are you on, I want to make sure I am handling it --

Brian Hodgers: 7052 states that Citizens may not determine that a risk is ineligible for coverage with the corporation solely because such risk has unrepaired damage.

Kelly Booten: Okay. So, this one is the one, there are two that have to do with claims. I want to make sure I am in the right one. There it is. Here we are. This allows when an insolvent carrier has policies that come to Citizens, we cannot deny coverage because of unrepaired damage, and this law gives some parameters around when we can cancel a policy because the damages have not yet been repaired, but we cannot not take them because they are in the middle of a claim with FIGA. Does that help?

Brian Hodgers: So, if we're trying to bring this risk to Citizens and there is damage, it's going to be considered acceptable, but only for roughly a 24-month period, but that's only going to mean the event of a carrier that has gone out of business. This is not going to apply for a carrier who has done a mass non-renewal and they happen to have an open claim.

Kelly Booten: Correct. But we have in the past when there is an insolvency and there are open claims, we have in the past relaxed underwriting rules to help get through that problem. They come in unbound, and we look at them, but yes, this specific bullet point here is related to FIGA claims.

Brian Hodgers: Okay, thank you.

Chairman Newell: Anything else for Kelly?

Lee Gorodetsky: Kelly, this is Lee Gorodetsky. Can you explain more about the public adjuster part of the slide?

Kelly Booten: You know, this is an area that, and I don't want to put Jay on the spot, but if Jay from Claims wants to talk a little bit more about what is going on in Claims regarding that part of it, I will let him speak here. Otherwise, I will have to get back to you on that. I have not really been in the weeds on the public adjuster piece of it.

Jay Adams: This is Jay for the record. Lee, do you have something specific that you are looking for?

Lee Gorodetsky: Well, I'm just trying to find out what's being done about the problem of public adjusters in the state of Florida in general. I just want to hear more because I'm still hearing on a pretty regular basis, they're door knocking for people with 35-year-old tile roofs saying we're going to replace your roof for you by putting a claim in. I didn't know if this had anything to do with that in particular.

Kelly Booten: You know, we did --

Jay Adams: Well, I think - go ahead, Kelly.

Kelly Booten: We have a breakdown in detail of each line item that's within this. Let me grab that for you and send it to you so that you can see exactly what is in it for the public adjuster piece.

Lee Gorodetsky: Thank you.

Chairman Newell: All right, anything else from the committee?

Lissette Perez: Chairman.

Chairman Newell: Lissette.

Lissette Perez: Yes, sir. Hi Kelly, it's Lissette Perez. Can you talk to us a little bit about the glide-path on solvencies for policies that are coming in from insolvent carriers? Can you explain that a little bit?

Kelly Booten: Yes. That one is that if a consumer had a policy with an insurance company that went insolvent, then when that policyholder comes to Citizens, they would be on the same glide-path as secondary residence would be, which is a cap that's at 50 percent of the actuarially sound rate as opposed to the glide-path that's in affect for everyone else.

Lissette Perez: What's the glide-path that is in effect for everyone else? Can you tell us about that?

Kelly Booten: Yes. Remember how we used to always be at 10 percent, then it went to 11 percent last year. It goes to 12 percent, I always get my years mixed up, 12 percent in January.

Lissette Perez: So, it is going to be treated like a secondary residence instead of primary even if they live there?

Kelly Booten: Correct.

Lissette Perez: Okay, thank you, Kelly.

Kelly Booten: You're welcome. And we're either already in the 12 percent, or I have to check on the 12 percent if it goes in in January, so I will follow up on that one.

Chairman Newell: Yes. Great questions from the committee. Anything else for Kelly before we transition to our next agenda item?

Kelly, this is Dave Newell. I only had one question. I know you touched on the commercial residential piece for condo owners no longer required to have flood, but on the residential piece, each policy based on certain parameters and certain TIV values now has to have a flood policy in place. Is there a distinction between the limit of NFIP versus private flood? You know, NFIP has a $250,000 limitation. Is there a limit where you are requiring people that go private flood on those risks have a higher limit?

Kelly Booten: No, the statute is based upon the NFIP limits.

Chairman Newell: That's what I thought, okay. Just wanted to clarify. All right, let's turn to tab four and bring in Carl Rockman to talk about Agency Management Services. Good morning, Carl.

4. Agency Management Services Update

Carl Rockman: Good morning. Thank you, Chairman Newell, and thank you to the committee for having me today. For the record, this is Carl Rockman, Vice President of Agency and Market Services. I will present an update on agency management.

On the next slide is our traditional agent and agency count report. I will note that we continue to see growth in agencies, agents, and licensed customer representatives. I will also note that it is not just a tri-county phenomenon. We are seeing this agent growth in Florida in more than the tri-county area. In the agency segmentation section coming out with continued growth in the tier one, tier two segments. If you add agencies in tier two and tier three, it's about 1,551, and those 1,551 agencies have 82 percent of the Citizens' policies in force.

Now, this is important, because as agencies grow, they get our attention. We want to make sure that they're supported. We also see these agencies as the opportunity for depopulation opportunities as they emerge. We are obviously monitoring the growth of policies in force by agency. It is a natural function of the marketplace but expect our efforts to really pick up as agencies grow into tier one, two and three, not at the exclusion of newer agencies. We have really good programs to reach out to new agencies to make sure they're getting the support they need, but obviously our goal is over time to reduce that dependency on Citizens and move this business appropriately to the private market. Next slide.

Allow me to provide visibility on our Performance Violation program. You will see the results throughout the years. We ended 2022 with two percent of our new business having some kind of performance violation.

On the next slide, you will notice our results for this year. A little uptick, three percent, that's holding even with a lot of new agents and increased submissions. We're going to continue to monitor that and make sure that we are appropriately addressing agencies that are impacted by that program.

The next slide will cover the late submission portion of our performance program. You'll see we ended last year with three percent of our new business being submitted late as defined by the program, and the next slide will show you where we stand today with six percent. Now, this is an opportunity, a reminder. What causes a late submission violation are documents not being uploaded by the 16th day after the effective day. We understand the agencies are busy, we completely understand, but it is very, very important that we get agencies to submit those documents on time so underwriters can review them. We'll be giving this some increased attention and focus as the year goes on and thoroughly expect that six percent to improve later this year.

The last slide of the Agency Management Update is our Agent Outreach Update. I just wanted to point out on the left-hand side, Agent Round Table meetings. We just conducted an Agent Round Table meeting last week. Had a great conversation on all the things that are coming up that will impact agencies and consumers. A lot of legislative items that Kelly covered, we covered with the ART in detail. Also covered secondary residences in detail, as well, to get some impacts on how that will be approached. Very excited about the ART. We have reconfigured the Agent Round Table a bit to be inclusive of agencies in that tier one category, along with our traditional agencies that we've always dealt with, and we are very excited about the formation of the ART.

From an Agency Association standpoint, we just completed a big training session at the FAIA convention, and we are looking forward to coming to the Latin agent convention where we are expecting another big turnout on our training sessions for both commercial and personal lines.

On the agent association front, not listed here, but we did conduct an agent webinar in conjunction with PIA. Had a little over 300 agents who attended that. The results weren't able to be posted at the time these documents were due. We're going to continue our outreach to the agent associations. We love the partnership we have with all of you, and we'll continue those connections whenever you desire them or whenever we think it's necessary to really promote the messages and things that Citizens needs to bring forward.

Lastly, webinars. You can see the webinars we focused on this year have primarily been around depopulation, and we will be conducting depopulation webinars in the month of July. I will cover that when I get to the depop section.

This would conclude our agent outreach efforts and the results of agent growth and agent performance. Chairman Newell, I will take a pause and address any questions the committee may have.

Chairman Newell: Well, thanks, Carl. Thorough as usual. Any questions of Carl for this presentation? No. So, thanks for that info. Let's turn to Tab five and talk about depop a little bit, right, Carl?

5. Depopulation & Clearinghouse Update

Carl Rockman: Yes, we really want to talk about depop, and we do have a nice story to tell.

The next slide is going to present the depopulation results for the month of June, and I want to quote Judy Grunewald, our great Manager in depopulation. This is a quote from Judy, "June assumption was the most successful assumption since the end of 2016 based on the number of policies that left and the amount of exposure reduced." What drove it, the new rule where if a carrier is within 20 percent of the Citizens' premium, the customer will be assumed. They will need to move. They will not be eligible for Citizens. A lot of you had lobbied for some change in the depop space that if the carrier made a compelling offer, action needed to happen and this June depop reflects that. A 92 percent assumption rate is phenomenal.

This has gotten the attention of carriers. Carriers that could come in with price proximity now have a rule that allows them to participate at a heavier level. It also presents the consumer with good options. It's a win for the consumer, a win for Citizens all around. Obviously, our great partner with Monarch in June took advantage of this with great results. We have two additional carriers coming in for the August depopulation, Slide and Loggerhead will be participating. And I would encourage any carrier, any entity listening out there that wants to participate in our depopulation program to get in touch with us. There is high interest, particularly given these results, and Citizens is standing by to consult with you at any level for any reason. If you have any qualms with these programs, we are very equipped to consult with you and let you know what is available to you, both on a data share standpoint, but also in a support standpoint in terms of entry into the Florida marketplace, or anything that you might need.

We are very pleased with these results and looking to replicate them on a go-forward basis, leveraging this 20 percent rule. We really think it is a game changer and will do a lot to a make it a win for Citizens, a win for the consumers and a win for our partner carriers.

On the next slide, our --

Chairman Newell: Carl, excuse me. This is Dave Newell. Let's just stay on that one for a sec. We have Slide and Loggerhead in August. Are there others that you can speak to at this point for the later months? And is there any commercial activity?

Carl Rockman: Dave, there is commercial activity. It would be premature for me to get ahead of any carrier interest before a formal approval from the Office to participate, but I would express to the committee that there is interest. We are in conversations with carriers. This early result in June has resulted in a lot of conversations. How do I do that, how did that happen, and it's really opened the eyes of a lot of current carriers and then maybe potentially some new entrants. And yes, Dave, we are getting some nibbles in the commercial space as well, which we are very excited about.

So again, with the legislative change that occurred, we believe this is going to give us some really good momentum going into Q3, Q4 and then subsequently into next year, to take a lot of the business that came to Citizens and be able to move it appropriately to the private market.

Chairman Newell: Carl, there are some numbers of what was taken out in June by Monarch, but it leaves some numbers that were approved by the OIR versus what was actually depopulated. I just assumed that those policies would go back in the mix again, right, for other carriers to take a look at those to see if they fit their model, and then identify them for an additional takeout?

Carl Rockman: Absolutely. The carriers need to work with the OIR. The OIR appropriately models what they believe is that carrier's capacity to participate. Some carriers will take a little bit more conservative view. That's why the OIR approved number is sometimes higher than actual. We give the carriers great discretion to make sure they don't overstretch their capital, their capacity, their reinsurance, et cetera. But, again, those policies then become available and they're back in the mix for any carrier that really wants to come in and look at them and make an assumption on them.

Chairman Newell: Yes, and the reason I bring that up because in years past we were getting questions from agents about multiple letters that were going out from each assumption. So, I think we are back to that now. For those that maybe not got selected or part of that June take out, putting back in the mix so that client may get an additional letter that they have to now talk to their agent about.

Carl Rockman: Chairman Newell, I think that's a great point to bring up. Citizens manages all of the customer communication, and that's been a great benefit to the program, but I would say to agents listening out there, if someone did have an offer and weren't assumed, they are going to be back in the mix. Chairman Newell, you can see with these assumption rates being this high, those multiples really shouldn't occur that often, if these assumptions are that successful. So really, a higher assumption rate nets out less customer confusion, less repetitive action at the agency level. We think that is also in that benefit, as well.

Lissette Perez: Chairman, I have a question.

Chairman Newell: Okay, Lissette.

Lissette Perez: Good morning, Carl. This is Lissette Perez for the record. With respect to commercial depopulation for future reference, does the 20 percent rule also apply to those?

Carl Rockman: It applies to commercial residential. Commercial non-residential, and I will lean on Kelly to keep me honest here, commercial non-residential, we believe any offer at any level would cause it to non-renewed, but for commercial residential definitely applies, as well. That's why I think there is some interest, Lissette, to maybe have a carrier come in and look at this as a vehicle to depop some commercial with Citizens.

Lissette Perez: Thank you, Carl.

Chairman Newell: Again, Carl, this is Dave Newell. I think just like on the personal residential, some of that commercial residential is good business, it just doesn't fit the marketplace right now, so it certainly has its place to get back in the private market.

Carl Rockman: Absolutely.

Chairman Newell: Okay. Next slide.

Carl Rockman: The next slide will just represent what occurred in the tri-county area for the April depop. We haven't had a chance to update this with the June depop, we will at the next committee meeting.

The next slide represents our results in the Clearinghouse through May of 2023. You can see these numbers haven't fundamentally changed based on the level of carrier participation. These are the new business results in terms of Clearinghouse.

The next slide represents the renewal results, and then the following slide covers the FMAP program. Number of agents participating, offers accepted, and what we have been able to accomplish in terms of customer requests converted. Again, a slight downtick there due to market conditions in terms of conversion. But again, we are going to continue to monitor the FMAP program, promote it appropriately to those agents that qualify, and make sure that customers that hit the FMAP referral service are properly served with market access.

With that, Chairman Newell, that concludes my report.

Chairman Newell: Okay. Any more questions for Carl? Lee, you are muted. Lee, are you good or do you want --

Lee Gorodetsky: No, I was fine, I was just talking to myself. I am just thinking out loud.

Chairman Newell: You were talking, but we couldn't hear you.

Lee Gorodetsky: I am just thinking this is good for everyone but the consumer with these price increases, with this 20 percent rule and stuff, but otherwise, it is good for everyone else, I guess.

Chairman Newell: Yes, I mean, that's a balancing act when you make these decisions.

Lee Gorodetsky: Oh yes.

Chairman Newell: The impact to the end user, the consumer.

Carl Rockman: On that topic, we do believe in a lot of cases the carrier policies that come in do offer a little bit broader coverage in certain areas, so there is some net benefit. Obviously, with Citizens planning on taking rate increases to the level we can, plus the secondary residence rate that Kelly covered, we believe that pricing level may start to equalize a bit. We do get the concern about it being within 20 percent, but there are some net benefits for the consumer even on those slightly higher placed policies.

Lee Gorodetsky: Okay.

Lissette Perez: May I say something to that?

Chairman Newell: Yes, go ahead, Lissette.

Lissette Perez: Carl, going back to these points. Even for the insolvency piece though that I asked Kelly about, someone who is coming from an insolvent carrier who now goes into Citizens who now is on the different glide-path, they're getting hit all over the place, the consumer. This is tough, right, to explain to the consumer that your carrier went insolvent and now your premium is higher. And we are also seeing that these depops are coming in like right under that 20 percent. So, yeah, okay, some of them have a little more coverage, but they're coming in right, I mean, sometimes it is just a couple of dollars to be honest with you, so it's pretty difficult to explain to the consumers, hey, listen, you have to take it despite the fact that it is more expensive. I just want to put that on the record.

Chairman Newell: Yes, we are going to bring Kelly back in because she wanted to clarify what she said earlier on that new law and the rule about the failed carrier. So, Kelly, you wanted to --

Kelly Booten: Yes, I just wanted to go back, Lissette, to the glide-path question. We were at 10 percent and then it was an incremental update each year. This year we are at 12 percent. In 2024 it goes to 13 percent, 2025 it goes to 14 percent, and then it caps out at 15 percent in 2026, so I just wanted to clarify that to make sure I was in the right path.

Within that there is also a non-competitive piece, as well, that falls underneath that glide-path. That was a change in 2A for this regular session. So, the difference then for the non-primary is the 50 percent versus the numbers I just mentioned.

Lissette Perez: Thank you, Kelly, for clarifying that. It's still difficult to explain to your customer, your carrier went insolvent and here we are. This is the option and it's just --

Kelly Booten: Yes, we understand. It's hard, there's no doubt about it, but it is statute, too, so we have to comply.

Lissette Perez: Understood, understood, thank you.

Chairman Newell: All right. Anything else for Carl or Kelly before we let them have the rest of their day back?

Brian Hodgers: Hi, Dave, this is Brian.

Chairman Newell: Hi, Brian.

Brian Hodgers: Not a question for Kelly or Carl, but since we have Virginia with us I was wondering if we could get an update as to the study that was supposed to have been done late last year about raising the cap of $700 to a million and that kind of got delayed because of Ian and where we are at with that.

Virginia Christy: Hi, this is Virginia. Are you talking about the reasonable degree of competition study that the Office is in?

Brian Hodgers: Yes, the study that was supposed to have been done to identify why Dade and Monroe are the only ones that have that $700,000 or up to a million, whereas the rest of the counties don't. And I believe my understanding was it got delayed due to Hurricane Ian last year and I just haven't heard any update about that.

Virginia Christy: It's my understanding that it's ongoing. The original request that was provided was specific to Broward County, but the data that we have we felt was valuable for each county, and so we've been looking at the data for all the counties. It's my understanding that the study is ongoing. It requires a comprehensive look from the OIR which takes some time, so that continues to be studied and ongoing. The last thing I heard was that they were still looking at it. Hopefully, they can get that wrapped up soon.

Brian Hodgers: Is there any expectation as to when this might get wrapped up since it has been ongoing for quite some time and with the inflation pressures continuing to be as bad as they are, this issue keeps getting worse and worse obviously for the other 65 counties.

Virginia Christy: Yes, I wish I could give you a timeline, but I really can't at this time. I will continue to provide updates to you and let you know as those become available.

Brian Hodgers: All right, thank you.

Lee Gorodetsky: Hey Virginia, this is Lee Gorodetsky.

Virginia Christy: Hi, Lee.

Lee Gorodetsky: On the same comments from Brian. I was of the understanding that the Tallahassee Legislature decided they were not going to even consider it because that would increase the population of Citizens' insurance, so I didn't know it was even still being reviewed, Brian. Thank you for that. I hope it is, but I was of the understanding that it was never going to go anywhere because they don't want the population of Citizens to increase and that's what it would do.

Brian Hodgers: Maybe Dave can weigh in on this, but I don't think that's a thing that the Legislature is deciding. I think it was the study, and if the study proved that it warranted raising it, it is the OIR that has the authority to allow Citizens to raise it, not the Legislature.

Chairman Newell: Yes, the Commissioner has authority over items like that, Lee. And so, Virginia is talking about they continue to work on seeing if that is a viable option, and certainly the data is going to drive it, but the Commissioner has some leeway there, not the Legislature.

Lee Gorodetsky: Thank you.

6. <u>New Business</u>

All right. Anything else before we conclude today's Market Accountability Advisory Committee meeting? Well, without hearing anything else, again, welcome, Virginia. Lori, I think we welcomed you last time, but if not, welcome to you, as well. I really appreciate everybody's time. I know everybody is busy. A lot of things going on in this crazy marketplace we all are in, but thanks for this. This is great information. It's a good learning experience for all of us to hear from Citizens about the things that they're doing and some of the changes that are coming online, so thanks to the Citizens team as well. Do I hear a motion to adjourn the meeting?

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

Lee Gorodetsky: Happy 4th of July weekend to everybody.

Chairman Newell: Yes, be safe and meeting adjourned.

Whereupon the meeting was concluded.