

CITIZENS PROPERTY INSURANCE CORPORATION

Summary Minutes of the Market Accountability Advisory Committee Meeting Wednesday, September 13, 2023

The Market Accountability Advisory Committee (MAAC) of Citizens Property Insurance Corporation (Citizens) convened via Zoom webinar on Wednesday, September 13, 2023, at 10:00 a.m. (ET).

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

Dave Newell, Chair
Allen McGlynn
Brian Hodgers
Greg Rokeh
Jorge Hernandez

Lee Gorodetsky
Lissette Perez
Lori Augustyniak
Stacey Tomko
Virginia Christy

The following Citizens staff members were present telephonically:

Barbara Walker
Bonnie Gilliland
Carl Rockman
Doug Hageman
Eric Addison
Jay Adams
Jeremy Pope
Joe Martins

Kelly Booten
Ken Tinkham
Ray Norris
Sarai Roszelle
Stephen Mostella
Tim Cerio
Violet Bloom
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. Before we get into today's agenda, I would just like to take a moment or two to talk about a colleague of ours. Many of you know because he was a long-standing member of this committee, and certainly the Citizens ART, so Kelly Booten and I thought we would just let everybody know who are not aware, and certainly he has been a friend to many of the agents on this call and company partners, but certainly to Citizens' staff, our friend Phil Zelman passed away recently. As many of you know, Phil was a very, very strong advocate on behalf of independent agents. He was helpful in many, many changes at Citizens over the years, and so we certainly have our thoughts and prayers for Phil and his family. Phil was a good friend and a colleague of ours. Kelly, did you want to say anything else?

Kelly Booten: Yes, we just wanted to recognize Phil for his many contributions. Ever since I had anything to do with the MAAC he has been on it, he may have been an original member, and the agent round table, just a real great guy. Also, the Consumer Services Committee, he served on that committee, as well. So, a ton of appreciation for Phil and everything he has done for Citizens.

Chairman Newell: Yes. You know, we've got a second here if anybody knew Phil or certainly interacted with Phil. If you knew Phil, you had a great conversation with him every time. Certainly,

he was very proud of his family, as well. If anybody has any comments, certainly feel free, otherwise, we will begin the meeting.

Lisette Perez: Mr. Chair, I would like to say something, this is Lisette.

Chairman Newell: Absolutely.

Lisette Perez: As a friend and colleague of Phil, he was very proud of serving on this committee and many of the others that he served on, and he will be greatly missed. He did a lot for our community, and he served his consumers very well. We will miss him dearly.

Chairman Newell: Yes. Great comments, Lisette.

Greg Rokeh: Chairman, Greg Rokeh.

Chairman Newell: Yes, Greg.

Greg Rokeh: I had the pleasure of working with Phil for, I don't know if he was an original member, but he would have joined the MAAC maybe within the first year or two. As a non-insurance guy, I could always turn to Phil to get an answer to a question that I had. I would reach out to him often for insurance related questions, and he was always helpful, and he was always a good reference and a great guy. He will be sadly missed by me. We weren't close friends, but we became friends over the years, and he will be greatly missed.

Chairman Newell: Yes. Thanks, Greg. Thanks for everyone's comments and certainly our thoughts and prayers with Phil and his family. Yes, he was a great, great man and certainly an advocate for this industry for sure.

1. Approval of Prior Meeting's Minutes

Chairman Newell: Let's go ahead to tab number one and seek approval for the June 28, 2023 meeting.

A motion was made by Lee Gorodetsky and seconded by Brian Hodgers to approve the June 28, 2023, Market Accountability Advisory Committee (MAAC) Minutes with no changes. The motion carried.

2. MAAC Charter Review

Chairman Newell: Let's turn to tab two in our book. The MAAC charter which, Kelly, this is an annual review, right?

Kelly Booten: Correct. It is an annual review and a fairly easy one because the charter is pretty much right out of statute, the membership is right out of statute. We don't typically have a bunch of changes to recommend for that reason, but we will entertain any that you all have or want to recommend as changes.

Chairman Newell: Okay.

Lee Gorodetsky: Mr. Chairman and Kelly, the screen hasn't changed. I have my book.

Kelly Booten: We may not have had the charter in presentation deck. I don't remember.

Secretary: That is correct, we did not.

Lee Gorodetsky: Okay. It looked fine when I saw it.

Chairman Newell: Do we have a motion to approve the annual Market Accountability Advisory Committee Charter?

Lee Gorodetsky: This is Lee, I will make a motion to approve. It looks normal.

Brian Hodgers: Brian Hodgers, I can second.

Allen McGlynn: Before we vote, I have just got one quick question for Kelly. Kelly, I was looking back, I couldn't find last year's version. Were there any changes made to it from last year to this? It looked like the same thing as we had last year.

Kelly Booten: No, no changes. This is exactly the same as last year.

Allen McGlynn: Okay. Thank you, chairman.

Chairman Newell: Yes. As Kelly points out each year, this is directly out of statute, so if the statute doesn't change, then this will probably be the same charter we deal with for those that are on this committee in the future. Hearing a motion and a second, any discussion? Without any, show the charter approved. Thanks Kelly.

3. Market Update

Chairman Newell: Now turning to tab three, let's bring in Kelly again to provide a Market Update.

Kelly Booten: Good morning. The first slide has the policies in force by year and account. This is for all lines of business. Again, the PIF count has continued to rise. As of last Friday, we were at 1,387,163. Inforce premium \$4.7 billion and inforce exposure \$606.5 billion. The number of taken out policies serviced is starting to grow as depopulation is picking up and that's going to be the good news today. Carl has some great stats on depop that he is going to cover later which will help our exposure problem as depop policies tend to have higher exposures on average to our current book. The other thing I would note on this slide is that the south Florida concentration dropped to 42 percent from a high of 54 percent at the end of 2020. That typically happens when we get more policies spread throughout the state. Next slide.

The next set of slides are focused on personal lines. And we added a little bit more context on these slides for TIV and history. If you go to the next slide, for personal lines this represents multi-peril and wind only. The data is as of June 30th and goes back to 2007. The blue is the multi-peril and green is wind only, and then the black line is the total insured value or TIV. As you can see, TIV is higher than even at the peak of the policies back in 2011 predominantly due to inflation and the inflation factors that have been applied, specifically even in the last couple of years quite aggressively. At the bottom, you can see the table is broken out by year, policy count, premium, and total insured value for multi-peril and wind only. You can see that for Q2 2023, the policy count for multi-peril is the highest it's ever been however, wind only is lower than it has been in the past

and that has continued to just fall off. It's starting to rise a little bit, but we don't anticipate it going back to where it was in the early years. Next slide.

This one gives you the picture from a month over month new business perspective, and we are continuing around that 50,000 ballpark. July had 51,910 new business policies, August was 51,392, which is a 34 percent annual policy count change from the prior year, and our estimated market share is right around 18 percent. Next slide.

This is a breakdown by policy type, and again, it is a comparison of the last four months to the average four months for the prior year. You can see it's pretty much the same mix by policy type and region. The one thing I do want to note, and this is probably the first time, the actual average for the months prior was 61,209, which is greater than these last four months. The reason for that is we had all of these insolvencies back last summer. We didn't have a lot of insolvencies this past summer which is good news. Next slide

This is the same comparison for Coverage A range. And this is new business only, Coverage A, age of home. On the age of home I'll just point out that 20 percent of our new business is less than 21 years for the age of home, and that 59 percent of new business was less than 11 years old for age of roof. So again, good choices there on depop. Next slide.

This is the prior carrier slide, whereby we show what companies our business is coming from. Universal has been at the top of that list for almost the last year. Now, turning from personal lines to commercial lines. Next slide.

Same through June 30th of 2023, commercial lines. This one is by multi-peril and wind only. The dark blue being wind only, and the light blue being multi-peril and the black line is the total insured value. A pretty similar story here where the total insured value is growing at a faster clip than the policies themselves, and we do have the building count which is also important for commercial policies. On this slide you can see the history going back. We are trending up, but from an amount of policies and buildings nowhere near where we were back in the peak of 2007. Next slide

This a similar representation, but this one is by residential and non-residential where the green is the commercial non-residential building count, and the brown is the commercial residential building count. You can see that the growth is predominantly in the commercial residential, and condos are the number one driver of the growth.

On the next slide we have the -- I think you need to go back one slide. There is a slide missing. The other slide that has the monthly policy count for commercial has the trend for new business, and it was starting to grow rapidly in May and June. In April for new business policy count we had 470. For May it was 1,063, for June, it was 1,420, and then in July 741 and in August 832. So, our new normal on new business policy counts and building counts for commercial is higher than it has been in recent history, but at least has dropped a little bit from the peak in May and June. Next slide.

And this is the commercial policy, a picture by policy type. The first graph shows the condominium association, significant growth in the May-June timeframe, and then the bottom graph is by geographic region. As you would expect, the southeast coast is the highest region of growth for commercial lines. Next slide.

This is the one I was trying to -- they're in reverse order. I was speaking to this one a few minutes ago when I was talking about the new business policy count and how the number of buildings and policy count has grown which is an annual in force building count change of 208 percent from this time last year. Next slide.

This one is the commercial by policy type comparison to average from this time last year for the last four months. This is total insured value, and you can see it is broken down by commercial wind and commercial multi-peril.

The next slide shows the coverage ranges for commercial lines. Now remember, on commercial non-res we have for wind only a limit of \$1 million and for multi-peril a limit of \$2.5 million, but on commercial res there is no limit, so you will see more higher valued property for that type of policy. The bottom one is the buildings by age. Zero to 10 is starting to grow a little bit for new business and the same thing with 11 to 20. Hopefully, we'll start to get, and I do believe we are going to get, some interest in commercial lines depopulation. Next slide.

This is the commercial policy by prior insurer. We do usually have a lot of surplus lines and that is where our policies come from. That is starting to show up, again, as we got through Weston and American Coastal from last year.

That is all I have, and I would entertain any questions.

Chairman Newell: Okay. Any questions of Kelly? It's certainly a lot of information. The policy count continues to grow in areas of the state. I don't think anybody is immune to growth, right, Kelly? It's all over now; it used to be we'd concentrate on tri-county, but there's just so many pockets in Florida now that are challenged with availability of coverage. Any questions of Kelly on this market update?

The only thing I was going to ask, again, this is Dave Newell. The only thing I was going to ask Kelly, especially on the commercial side, you all have thrown a lot of resources that way, and the trends continue. I know the service levels have gotten better and other things. Just tell us a little bit about what all you are doing to kind of keep up with this, especially on the commercial side.

Kelly Booten: We did get a little bit of a surprise back in the May, June timeframe with the number of submissions and another thing, those stats don't show what actually get submitted to Citizens versus what actually sticks as a --

Chairman Newell: Yes.

Kelly Booten: -- policy. So, we are dealing with double the amount of submissions versus what you see get issued. There were a lot of things coming to us from surplus lines and uncertainty in the market there driving the quotes, so we had a little bit of a challenge to get through that. We brought a number of staff over from personal lines and put them on the simpler things to work and got that back under control. We went above our service levels for a while. We are around 15 days right now for new business. We continue to have to manage both sides of the equation and put all the resources possible, and we can shift for personal lines more work to vendors if we need to and focus on commercial lines with in-house staff. Those are some of the strategies.

Chairman Newell: Yes. Anything else of Kelly? Okay, thanks, Kelly.

Kelly Booten: Thank you.

4. Agency Management Services Update

Chairman Newell: Let's turn to tab four, Agency Management Services, with our friend Carl Rockman.

Carl Rockman: Thank you, Chair.

Chairman Newell: Good morning, Carl.

Carl Rockman: Hi, thank you, Chairman Newell. For the record, Carl Rockman, Vice President of Agency and Market Services. I would like to present our update on the agency management space.

The next slide will reflect our current agent footprint. This is reflective of continued Citizens' growth as Kelly just reported. I will point the committee's attention to the growth in agencies and agents since December of 2022; 935 new agents and 265 new agencies have joined Citizens. And it's not a tri-county phenomena as I continue to report. While we do see a little net growth in tri-county, a lot of our net growth at Citizens' appointed agencies and agents is coming from outlying areas other than tri-county.

I will also point out that if you are a new agency, we do have a specific program where our field management team is reaching out to make sure those new agencies are getting the support and the education they need, and I think that's reflected in the overall results that we see in our performance violation and late submission programs.

Along with supporting new agencies, we also segment our agencies as described in the table below. The committee will note a continued growth in agencies getting a little bigger. Agencies with 2,000 or more PIF since December moving from 52 to 64. Agencies with 500-2,000 PIF moving from 444 to 545. This is reflective of the continued growth with Citizens, but again, our field management team is very focused on supporting the tier ones and tier twos, because that is where the action is going to be from a customer experience standpoint, quality of on boarding of new business, but also depopulation. This is where depopulation is likely to take place at scale, and we are really making sure that those agencies in that tier one and tier two category are getting the extra support they need to be effective, and more importantly, that the customer is appropriately served with all of the things that are happening here at Citizens. Forty-nine percent of our agencies have less than 50 policies in force, but the committee will remember that that has been on the 60 side in previous years.

On the next slide I will cover the performance violation program. The committee is familiar with this program. This is essentially a reflection of the quality of the business coming in and the customer experience we're creating at point of sale. This slide reflects our results through 2022, with about a two percent rate of performance violations on new business.

The next slide will reflect where we are year-to-date, holding at three percent. We are very proud of these numbers in terms of the volume of business coming in, the level of agent engagement. Again, a compliment to our L&D and Communication team, our field management team, our call center who does a lot to support agents with how to submit a piece of business to Citizens correctly. Again, the lower this is, the best customer experience we are delivering. A performance violation

could be reflective of a policy not in good order, which could lead to underwriting action. We like these numbers. We always like to drive them down, but we are very proud of the results in this space so far.

Along with performance violations we also manage submission timeliness, and our next slide will reflect the late submission program. A remainder that we ended last year with three percent of our new business policies incurring a late submission violation.

The next slide will reflect where we are year-to-date, and you will see that that number has deteriorated a little bit to seven percent. We are obviously focused on that number. We are looking at that number closely, working with the agencies that may be a little bit out of pattern. Still with a little bit at a tolerance level, but again, we need these applications submitted within the tolerance period or withdrawn from the agent. That's another thing that we are working with the agents, if the application is no longer needed, let's withdraw that application. I think that concludes the performance violation section, and the next section will cover our agent outreach efforts briefly.

In the agent outreach space, we obviously are focused on our agent round tables. We successfully had an agent round table meeting in June. Just concluded a commercial agent round table in Jacksonville in August. The November 2nd meeting that is reflected there for personal lines, we've actually shifted that to tomorrow, so we're actually having another personal lines agent round table tomorrow afternoon where we will be talking about a number of topics in the marketplace that are a concern to agents so we can get the feedback necessary to make sure that Citizens is responding appropriately.

We continue with our agent association live training and conventions. We'll be seeing some of you in Naples this weekend. They're very happy about staying in the place where the agents are and that is at conventions.

Our power hours continue to drive great dividends and partnership with our agent association partners. Speaking engagements, we are available should an association need a speaker to talk about the industry or talk about the issues, we are certainly available to come out. I have a dialogue and I want to take advantage of that.

And last, but not least, our Citizens' webinars. I'll point out to the committee the bottom two webinars, the one on July 20th and the ones on September 5th and 7th. That July 20th webinar was for a topic called CHIPS, the Clearing House Interim Program Solution. I'm going to cover that in some detail in just a minute, but you can see that 2,100 agents came to that webinar to better understand what is required in a world where we are in an interim solution moving from one technical platform to another. So, we are very pleased with the level of agent engagement. It's a compliment to the agents that want to do it right and want to understand our requirements. More importantly though, the September 5th through 7th were our depop webinars. These are the webinars we run in conjunction with the depop companies for the October depops. We had 1,919 agents attend those webinars. Those webinars are critical. It gives the depop company a chance to talk about their benefits, talk about what they do, and also gives Citizens a chance to interact with those agents on all the moving parts involved in depopulation. We're going to continue that platform. We like partnering with the carriers to send their message, but we also want to be there to support our agents in the depopulation program because there are moving parts there and a successful depop isn't about mailing the customer an offer, it's about a conversation an agent has with a consumer. That's what makes a depop successful, and we want to do all we can to support that.

That concludes my portion of the Agency Management Update. Chairman Newell, I will take any questions.

Chairman Newell: Yes, thanks, Carl. Any questions of Carl about that information that he just outlined?

Allen McGlynn: Chairman, this is Allen McGlynn with State Farm. I don't have a question, but, Carl, I would just say that with the volume of applications and the policy growth of basically one percent market share for the last four months, the fact that performance violations have held steady or only increased about one percent throughout that period is unbelievable. It is laudable, admirable, exemplary. So, I would just commend you and your folks on that.

Carl Rockman: We appreciate that feedback. And again, our call center, our learning and development team, our communication team, our field maintenance team, everyone's engaged, and I will tell you it's a compliment to our agents, they want to do it right. They absolutely want to do it right. We just need to support them appropriately and everyone wins. Good for the consumer, good for our agents. We thank you, Allen, for those great comments.

Lori Augustyniak: Carl, I would say I echo Allen's sentiments. He said it perfectly. I looked at that, I think it was page 4, and I'm just like, wow, that is fantastic, good job.

Carl Rockman: Thank you.

5. Depopulation & Clearinghouse Update

Chairman Newell: All right. So, with that in mind, Carl, let's turn to the hot topic of the day, tab five, FMAP, Depopulation, and Clearinghouse.

Carl Rockman: Okay, let's get into this topic. I will lead with FMAP. I want to share the current results of FMAP with you and that should be actually the page, I guess we will go to this page.

So, let's do depopulation. This slide reflects for 2023, the number of offers that have been approved by the OIR, and again, we do depopulations by month, a reminder to the committee. You will see that we have planned to do depopulations October, November, and December this year. Typically, we do them every other month, but this is a reflection of our level of support, but also the level of demand in the marketplace to do depopulations.

We are very excited about the carriers that are participating in the October depop. We have five carriers participating. We have seven carriers lined up to participate in the November depop, and the December depop is coming soon. We will be sure to report that when we can make that more publicly available, but right now our job is to make sure the five carriers and the agents involved in the October depopulation are getting the support they need. You can see the approved amounts, the number of letters sent, and we are going to be reporting on the results of that depop, certainly at a subsequent meeting, but we will be reporting publicly sooner than the MAAC gets together the next time.

Lee Gorodetsky: Carl, this is Lee.

Carl Rockman: Yes, Lee.

Lee Gorodetsky: Hey, how are you? With these depops, like the ones we just saw recently from our agency from one of the carriers, it wasn't successful of late where the others were, like the ones you are showing for June and August, where the ones that we are seeing now were not. I'm just wondering does that have anything to do with the Citizens rate increase that has or has not been official yet, and is it going to be official soon?

Carl Rockman: Yes, great question, Lee. We do have targeted dates for our rate adjustment to be approved. We are looking at a December date for our personal lines rates to be approved, and obviously, the more our rates go up a bit based on approved amounts, the closer those depop carrier rates will be to trigger that.

Lee Gorodetsky: Right.

Carl Rockman: Right now, any depopulations we are doing today aren't on our new rates because we haven't put them in yet, but we are optimistic that the December depop will be reflective of the new rates that are in place and offers can be made based on those new rates. So, right now we're still at our old rate levels and then we're on whatever rate level the carrier is at the time of the offer, but we're optimistic about getting our rates out and available for December. That will have an impact in December, but also the depops we are planning on doing for Q one next year.

Lee Gorodetsky: Yes, because the ones we were looking at, the ones that we told the clients to stay with Citizens, not that we wanted to keep them there, but the difference in premium in some cases was 100 percent. It was really significant. Do these carriers know the premiums that they are dealing with, or are they just coming up with their own premiums and whatever it is, it is?

Carl Rockman: Well, that is a great question. Absolutely, the carriers have the discretion to make offers to the consumers that they think would benefit. Again, based on where they want to do business and the types of markets that they are looking for. We continue to work with the carriers though to leverage the 20 percent rule, and a lot of carriers have really adopted that. It's good for us, good for the consumer. If that price is approximate and it causes the customer to have to move to Citizens because it's competitive and within 20 percent, then that obviously is a good thing. If carriers offer above that, they certainly can, it's within their right, and the program supports that, and then the consumer has to work with you to make a choice. At some point, Lee, the rates do get a little – can get a little – outlier examples. But we're going to continue to work with the carriers to say, look, it is a great opportunity to really hone in on a consumer with a competitive rate, a competitive offer and we are going to continue to work that inside the program.

Lee Gorodetsky: And one last thing, sorry. The water damage part is always a problem with depop, because Citizens covers water in full when you use the Manage Repair program, but the other carriers quite often are doing limited water, which a lot of people either don't know, they're not made aware of it in these depops, they're just seeing premiums. Their premiums are higher even still in many cases, so they're getting less coverage for more money, and we are the ones getting hit with the comments on the back end. The premium is bad enough, but then to tell you them you also have limited water is also not so great. Is that solvable?

Carl Rockman: Well, it is a big point of emphasis. Again, we work closely with the Department of Insurance Regulation who obviously vets the depop carriers and the forms they use, and the Office of Insurance Regulation will issue guidance on this form for this policy, and we work closely with them to make sure that those forms line up as closely as they can. Some carriers have a little different coverage option, that's why it's important, the coverage worksheets that are available and

mailed to the customer. I know it is easy for me to say that about the relative difference. It's so very, very important for the consumer and for you. So, I will acknowledge that. It may not be exactly everything. There are certain limitations and certain exceptions that might exist --

Lee Gorodetsky: That is the big one is the water.

Carl Rockman: -- transparent about those and would want the customer to make an informed choice based on the coverages that are available.

Lee Gorodetsky: Is this program, the depop type program, going to work in the clearinghouse scenario for new business as well, similarly as we go into next year?

Carl Rockman: Lee, I will cover that when I get to our interim program.

Lee Gorodetsky: Okay, thank you.

Carl Rockman: I'll take a few more questions on depop, but the next slide will also reflect our results to-date and I just wanted to acknowledge the five great carriers that have been participating. You'll see through August the level of participation they brought and the percentage. I also notice that we do like to break out tri-county in terms of assumptions, and you will see that the August assumption for tri-county was a little light. Mostly focused in Orange, Polk and Hillsborough, which Orange and Polk traditionally were not Citizens rogue counties over the years, but they have been. So now you can see a little bit of opportunity to go and work with those customers to potentially more appropriately place them in Citizens. This will give you a sense of the participating carriers, their percentages and where the action is.

So, any other questions on depop before I move into the next topics?

Brian Hodgers: Hi, Carl, this is Brian Hodgers, I have a question. It's been since last, I think September, some information came out about Citizens being, if you will, a back stop for carriers with regards to ratings and so forth. And I can't remember the details about how that program worked, but in essence Citizens was kind of a second layer or a reinsurance. My question is, not only as a policyholder with Citizens, but an agent, as I see some carriers that are larger with significant surplus doing take out versus some of the newer carriers with limited surplus, where do we stand if one of these carriers takes a big chunk of policies away from Citizens and then unfortunately goes out of business? We know that there's the FIGA aspect, but with valuations continuing to rise on homes here in Florida, you know, getting up over that \$300,000 is pretty easy. So, is Citizens still stepping in behind that or where are we going with that?

Carl Rockman: Kelly, I'll let --

Kelly Booten: No, Brian, that program expired. It is no longer in force, so it does not apply anymore.

Brian Hodgers: Okay. So, from our perspective as agents when a carrier, God forbid down the road, were to go out of business after a takeout, we are just to tell our customers, hey, you are just kind of stuck?

Kelly Booten: Well, you still have FIGA and all the things that have always been in play, correct.

Brian Hodgers: Right.

Kelly Booten: And I know the Office works heavily with other carriers to try to find homes for people to go to even before they come to Citizens. So those things are all still in play. The only difference is that Citizens isn't the one behind it. The Legislature also approved a lot of other avenues for insurance carriers to participate in. The RAP program was there for a year, and I can't remember the name of the other program that they put into force last year. And I don't know if Tim is on or Jennifer, because I can't remember the name of it.

A Voice: It's the FORA.

Kelly Booten: There you go, FORA.

Brian Hodgers: All right, thank you for answering the question. I just wanted to put that out there as a consumer and an agent that it's concerning seeing some of the larger amount of take outs that are coming from some carriers that God forbid there is a disruption down the road, we're going to have a whole lot of people that are saying, hey, I was with Citizens, and I had what would be considered to be more protection from a dollar value and now here I am with an out of business carrier and I am in a hot spot because I have a \$500,000 house for example, and I'm not going to be able to get enough money out of FIGA to be able to take care of that.

Carl Rockman: All right, anything else on depop?

Lisette Perez: Carl, can I, it is Lisette, can I say something?

Carl Rockman: Yes.

Lisette Perez: As an agent sitting here and reading the names of some of these companies that are doing these depops, I can speak that as an agent, some of us may have contracts with some or most of these companies, and so when we sit here and we quote them to not put them into Citizens and we get declinations from these carriers and then all of a sudden we are getting a depop list and the carrier is taking it on depop. It's the most frustrating thing that I can tell you happens. Why do those kinds of things happen? Can you please enlighten me as to why that happens?

Carl Rockman: Yes. I won't presume to speak for a carrier. I can just give you a little bit of my perspective on why I think they would want to take 5,000 through a depop versus 5,000 from retail agents. I think that is your question, Lisette, right?

Lisette Perez: Right, and risk that would qualify for them clean, but yet they are taking up stuff in depop that wouldn't normally qualify for them because of claims experience or because of open claims or other things that are going on behind the scenes that they have no clue about. So, if you can, please.

Carl Rockman: Just my perspective. I think when a Carrier looks to move business in bulk, which is what depop's about, they're looking at predictability. They can model what they're going to take, it's, again, more predictable for them to know what they might be facing down the road in terms of predicted loss cost and things. There's also, obviously, a participation element to do a depop which is beneficial to them. So, in that sense I think from a carrier's standpoint if they have a certain amount of capacity and they can use depop to fill that capacity, still working with the appointed agent, that's critical, they've got to work with you to make that happen, then that is probably I would say, again, I won't presume to speak for them, but my experience would be that would be why they

would want to move things in bulk versus trying to either wait for it to come in one at a time or through alternate means. That would be my perspective, Lissette, but I would defer to any carrier leaders that are maybe looking at that through their perspective.

Lee Gorodetsky: Carl, this is Lee. And thank you, Lissette, because that has been a question of mine for about 15 to 20 years. People are getting very frustrated with that situation because we are seeing now a lot of people saying we gave them quotes for these companies that they chose not to take and go to Citizens and now they're being moved out to higher premiums anyways. That's why they are calling us and screaming and yelling because these carriers don't want it, the premiums are too high and now with the new rule they have no choice. It's just causing a lot of frustration what they're doing and the processes. It's going to be what it's going to be, but it is not a pretty picture. I know Citizens is real happy with this depopulation. I know Tallahassee is probably real happy with depopulation. There isn't a consumer I have spoken to that is happy with it, not one. They are all pretty upset, even if they are staying at Citizens, they are still not happy.

Carl Rockman: We need your help there. It's not always easy to win the hearts and minds of the consumer, but their king in this and this process has a lot of moving parts to it. That's where I think the agents are so valuable and we need to be giving you guys the message points and the support. I'll tell you that customer experience is all throughout this. I think every time we do these things, we discover what's called an "opportunity", different things work. We're not sitting still. We're looking at any edge that we can bring to this thing to make it as smooth or as better as it can be and this feedback is very valuable to us. We have hundreds of thousands of people, hundreds of thousands of people that are going to be offered an opportunity to move to a private carrier. We want to make sure it's appropriate, it's done smoothly, and that you get the support you need, but it's not not going to happen, right? It is part of the program, and we want to make sure that all parties involved are good with it.

But we are listening, so thank you for the feedback, Lee, on those very important things where there is a contrast between direct and bulk movement of business and that's something for us to acknowledge and understand.

Kelly Booten: Do you feel like you have the tools in order to explain the reasons for not staying with Citizens? Do you need anything more from us?

Lissette Perez: Kelly, when these customers are receiving these depop offers that are thousands of dollars higher than the Citizens premium, there is nothing that we can say to them that will justify someone moving into the depop. And we, yes, we have the tools. We've actually even copied some of the wording, "great news, you are getting depopped, give us a call." Seriously. And the reply is, are you kidding me? \$4,000 more?

Kelly Booten: Yes.

Lissette Perez: There's nothing that I can say to someone that is going to justify that.

Kelly Booten: Yes, and those, the \$4,000 is not within the 20 percent rule and they don't become ineligible. We understand that, and we are looking into that and what we can do about it to make it maybe more of a win/win from a consumer perspective, but when it is within the 20 percent that's probably a little bit easier to explain. The others we understand if they end up not accepting it at that high of a delta.

Lisette Perez: Right, but again, we go back to the scenario of if we are contracted with these companies and we can sell them on the front end, right, and as we should be and we try. I can probably say that most of us here, that's what we want. The last thing we want to do is send it to you, but we are going around in circles. We have no choice but to send it to you and then they get picked up on the back end and the premiums are higher or they're not qualifying because of the 20 percent, or they do, and I feel like it's over and over again, the same scenario. And it's difficult to understand as agents why I wouldn't be able to sell someone a policy with one of those carriers, but yet they're going to pick them up on the back end. I guess I am venting, Kelly. Forgive me, but it's hard, it's hard on this side to be able to explain to someone those things, you know.

Kelly Booten: We'll take a look to see if there is anything more we can do from a policyholder educational perspective and the reasons for some of the things you guys are seeing. We'll do research.

Lee Gorodetsky: And thank you, Lisette. Kelly, Carl, this is Lee again, sorry, but this is a hot topic. Is there a way in this scenario that when the rates are more than 30, 40, 50 percent higher than Citizens, that we just don't even make the offer, because it's also wasting our time. We have to then contact the clients, wait for the responses, follow up if they don't respond to make sure they do it within the 30 days to stay with Citizens when they shouldn't even have to have this offer going on. They shouldn't have to go if it's more than 20 percent. Something in that category where they shouldn't have to, that doesn't put the agents out to do all this extra work. It's taking us away from our other things that we have to do. It's crazy.

And I will say one other thing. The 45 percent surcharge that you guys now put on that, I think that's a good thing. I've had more conversations with clients about that. They actually misread it. They actually think it's going to be a surcharge that they're going to get every year. It's a little confusing, but I think it's good to have it there. I've had more conversations on that topic with clients than I've ever had in my 37 years, so I think it's a good idea. Maybe the wording could be adjusted to make sure they understand it's only in the event of a disastrous, I will just call it, Hurricane Lee coming our way, would be like a nightmarish problem for us to be dealing with.

Kelly Booten: That is good news, because we did a lot of effort on assessment education and changing a lot of our documentation to show that. So, that is good that it's making a difference.

Carl Rockman: Absolutely. And Lee, I think we'll close it out by acknowledging that we are going to continue to work with carriers on what they offer and how they offer. I think the success will prove itself out over time. Obviously, a competitive offer is in everyone's best interest, and the 20 percent rule if you can get inside of that, right. And then as Kelly mentioned, we're not sitting still, we're listening. Our agent round table tomorrow, I guarantee you this is going to be a pretty intense conversation in terms of what we can do, what are the possibilities, so we are going to open that up with our agent round table and we are on receipt and listening.

Lee Gorodetsky: Thank you.

Carl Rockman: No one thing, but there's probably a number of things that we should be thinking about, considering, good for the consumer, good for the agent.

Kelly Booten: As depop picks up and the 20 percent rule is new, and I'd say this October one had some nuances to it, when all those things start happening, the noise level definitely is going to go up and that's why we need to take a look at it and make sure that we haven't missed anything.

Chairman Newell: Great conversation, Carl and Kelly and certainly the rest of the members of the committee. So, let's turn our attention to the Clearinghouse, because that is certainly something that has a lot of discussion points.

Carl Rockman: Yes, and let me preface this section by saying that we are in a transition mode. I'm going to cover what the transition plan looks like, but this slide, everyone is familiar with. It's the Clearinghouse reporting slide that we have traditionally done for years. It's reflective of the platform that we retired in mid-August because our contract with that platform provider was up. We went to the market and have a new platform provider getting ready to engage, and I'll cover that in a minute, but the results are not dramatically different. We're going to need to work with different platforms and different processes to really change these results and that's what Citizens Reimagined was really all about. This is reflective of the Clearinghouse up to the point that we sunsetted it. There are probably another three or four weeks of data that we'll use to conclude in August, but these results for new business didn't dramatically change.

And then on the renewal side, we believe is a big opportunity moving forward. The results on the next slide with renewal have always been modest. We've always had a very modest return on offers made on renewals, 100 percent basis, and we're looking forward and looking in the future on what we can do to optimize that platform. But those are the old results on the retired platform.

Let me turn the page a little bit and bring the committee up to speed on a program we call the Clearinghouse Interim Program Solution, and we call it CHIPS as an acronym. What is it, okay? Clearinghouse starts with the statute and it's a program. It's a statutory program, but Citizens' staff is given great discretion on how to implement the program as long as it works to achieve the results that the statute calls for. And what is that? Eligibility at the point of sale, eligibility at renewal. Let's make sure that our offers are made and that only folks that are eligible to come to Citizens, based on those premium rules, make it to Citizens or stay.

So, the whole program is about that, but how we implement it is really up to us to execute on. Right now, we are in an interim program. What does interim mean? We sunset the old platform, we are giving you the work on a new platform, but we still have to manage eligibility in the interim, and this is what this is all about. The CHIPS program really has two components. It has a new business component. What is new business component? I will sum it up for you. It's really increased agent requirements for proof of eligibility at point of sale. We are increasing the requirements for the agents to validate to us that the customer has been appropriately shopped. If prices were outside of 20 percent or if no market was available. On renewal, what we're doing is we're actually sending agents what we consider to be high profile or high potential opportunities to be remarketed. These are homes with new roofs. These are new homes that are aging a little bit lower than average. No claims with us and no claims prior.

We have a modest number of these that we are sending to agents and we are asking agents to please remarket those and voluntarily cancel them, or they can stay with Citizens in this interim program, but we are working with agents and also carriers to connect to this renewal piece and make sure that the consumer that is likely to be placed in the private market based on their characteristics is offered a solution at renewal.

Where we are headed though, is the Citizens Reimagined platform that we have been talking about. When we stand up our new solution, there's some governing principles round it, and you will notice the top left-hand one is not a mistake. An improved agent experience was something we aspired to. Our agents on the committee that worked with the old platform have said over the years

what can we do to improve the experience. And we took that to heart when we went out to the market to look for a new solution. We want to have shorter application processes, dynamic questioning. That's the "why" behind it. An improved platform that gives us a better experience, improved carrier reach, and ultimately that we're averting more business appropriately at point of sale and that we're placing more renewal business in the private market.

When we do it and how, this is very, very fluid right now, but I wanted to tell the committee that when we do the new solution it may come in stages, and I will be reporting on this. We may not drop a complete solution on day one. We may roll out a new solution for Clearinghouse in phases, and we'll determine that with our implementation partner as we begin our discovery process.

Who is our implementation partner, or who was awarded the platform for the new Clearinghouse, it's Applied Systems®. There is a quick slide on the back end here. A lot of you work with Applied or have worked with Applied over the years. Leading cloud software provider, significant footprint of the agency management space. Great relationships already established with large agencies but more importantly, great carrier relationships already established. When we negotiated and awarded the Clearinghouse platform to Applied, we believed that the road ahead should significantly improve the results, the agent experience, and ultimately what this thing is designed to do. So, more to come on that. We're at the very early stages, very early stages, but we'll use this platform with the committee to report on our progress, obviously, because of the impact it has on agents and consumers.

With that, Chairman Newell, that concludes my report on Clearinghouse and the interim program.

Chairman Newell: Well, thanks, Carl. Any questions of Carl about the Clearinghouse, and certainly the solution that will be forthcoming? Okay. As we get close to our hour of meeting here, any other questions for Carl or Kelly in reference to Citizens that's been on your mind, that you are seeing from the people you deal with? All right. I guess you guys are off the hot seat.

Carl Rockman: Thank you.

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Chairman Newell: But again, thanks for everybody being here today. I know everybody is busy and certainly with the marketplace, Lissette said it very well. It's a tough, tough environment right now. Better solutions and ease of doing business is certainly what everybody aspires to. So, with that, do I hear a motion to adjourn the meeting?

Lee Gorodetsky: Motion to adjourn.

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