

Exposure Reduction 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	Exposure Reduction Committee Meeting Minutes July 11, 2023
Purpose/Scope	Review of the July 11, 2023, Exposure Reduction Committee Meeting Minutes to provide opportunity for corrections and historical accuracy.
Contract ID	N/A
Budgeted Item	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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 July 11, 2023, Exposure Reduction Committee Meeting minutes.
Contacts	Kelly Booten, Chief Operating Officer

CITIZENS PROPERTY INSURANCE CORPORATION

**Summary Minutes of the
Exposure Reduction Committee Meeting
Tuesday, July 11, 2023**

The Exposure Reduction Committee of Citizens Property Insurance Corporation (Citizens) convened at the JW Marriott on 14900 Chelonia Parkway in Orlando, FL on Tuesday, July 11, 2023.

The following members of the Exposure Reduction Committee were present:

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

The following Board members were present:

Governor Joshua Becksmith
Governor Scott Thomas
Governor Erin Knight
Governor Jason Butts
Governor JoAnne Leznoff
Governor Charlie Lydecker

The following Citizens staff members were present:

Aditya Gavvala (telephonically)	Ken Tinkham
Andrew Woodward	Long Yang (telephonically)
Barbara Walker	Mark Kagy
Bonnie Gilliland	Mathew Carter (telephonically)
Brian Donovan	Michael Peltier
Carl Rockman	Raina Harrison (telephonically)
Doug Hageman (telephonically)	Ray Norris
Eric Addison	Sarai Roszelle (telephonically)
Jay Adams	Stephen Guth (telephonically)
Jeremy Pope	Stephen Mostella (telephonically)
Joe Martins	Tim Cerio
Jonathan Norfleet	Violet Bloom
John Schmidt	Wendy Perry (telephonically)
Karen Holt (telephonically)	

The following were present:

Brian Smith, Forvis
Chris Spencer, Executive Office of the Governor
Christian Sandino, Zoom (telephonically)
Christopher Lunny, Raoey Law Firm
Coleman Cordell, B of A Securities
Dave Newell, FAIA
Duane Draper, Bryant Miller Olive
Frank Leto, Citi
Fred Strauss (telephonically)

Jim Perry, Wells Fargo
Kapil Bhatia, Raymond James
Karen Walker, Holland & Knight, LLP
Kevin Reck, Foley & Lardner
Mark Weinberg, Citi
Nathaniel Johnson, B of A Securities
Sasha Stipanovich, Raymond James
Ty Jackson, Gray Robinson

Call Meeting to Order

Roll was called and a quorum was present.

1. Approval of Prior Meeting's Minutes

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

Board Chair Beruff made a motion to approve the March 28, 2023, Exposure Reduction Committee Minutes. Governor Hasner seconded the motion, and the minutes were approved.

2. Exposure Reduction Dashboard

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

The first item on the agenda is an update from Kelly Booten on the Exposure Reduction Dashboard, so I will pass it over to Kelly.

Kelly Booten: Good morning and thank you. On the key metrics for this meeting, the Monthly Policy Data and Estimated Market Share, the policies in force as of July 7th, is 1,322,696, which is \$4.4 billion in premium and \$565 billion in exposure. The June number was 54,781, and May, as you can see on the slide, was 51,684. So, in the first few months of the year we dipped a little bit, but we're back into the 50,000 average growth, and the market share at the end of May was 17 percent.

The next slide is new business trends. Nothing really different here. The homeowners' policies, again, tend to be the largest amount of volume, and the southeast coast is the highest geographic region for personal lines.

On the next slide is an update on commercial lines. Governor Telemaco asked me to go into a little bit of detail about what makes this commercial growth.

At the end of June, the policy count was 10,077, the in-force buildings were 38,314, the policy growth was 1,420, and the exposure was \$85 billion, so we had some significant growth in the May and June timeframe.

The new business growth in the first six months of 2023 was 3,952 policies or 25,681 risks. The average risks per month from January through April was 2,175 and the exposure was \$4.6 billion.

May was 7,516 and \$17.7 billion in exposure and June was 9,464 risks and \$18.4 billion in exposure, so May and June were very heavy months for us.

July looks like it is going to be a little bit less. May and June are seasonally the highest months, so we should be dropping a little bit, probably not to the volumes that we would like, but definitely not to the May and June levels.

The breakout of some of this growth for the first six months, commercial residential wind was 36 percent, commercial residential multi-peril was 30 percent, non-residential multi-peril was 15 percent, and non-residential wind was 19 percent. Forty-seven percent of the risks are condo associations, and they are predominantly concentrated in southeast Florida; 54 percent of that business for the first six months.

We continue to get older construction. The largest growth building age range was the 40 to 50-year-old buildings that were at 31 percent. In the first six months, 14 percent were at 20 years or less; 3,013 buildings were less than 20 years in age. A-rated buildings, which are the buildings that are \$10 million and above, have been continuing to grow and sit at 1,245 as of the end of June, which is 858 growth in new business during the first six months.

Submissions are an indicator of the workload in commercial underwriting. We get a lot more than we actually end up writing. Thus far in 2023, we have exceeded the prior six years combined with 8,858 submissions. So there has been a lot of commercial activity and a lot of growth.

I will entertain any questions on that one. Okay. On the next slide.

Chairman Telemaco: Not a question, just a suggestion for our next committee meeting, when you break down the increase in exposure over the last six months, it was interesting to see where that was coming from. It would be great to represent that in a graph, maybe a pie chart or something that would make it visual and easier to understand, and just capture where this is coming from, particularly over the last six months.

Kelly Booten: Certainly, we will do that.

Chairman Telemaco: Yes, thank you. Any other questions for this slide? Okay. Continue.

Kelly Booten: The next slide shows the estimated market share. We have not updated it, it's the same as was in the budget.

The following slide has a few key metrics on inspections. We are on target to hit our goal of 300,000 inspections completed by the end of the year. We saw FMAP Consumer Requests converted increase to 7.5 percent year-to-date May 2023. Depopulation, we actually had a good depop in June, and that number of 17,239 will take us ahead of all of 2022 combined. Carl has great news on depop that he is going to share here in a minute, so I will stop on that one.

Clearinghouse, you all are going to resolve the protest tomorrow, and then from there we can talk about our permanent solution. We are implementing an interim solution to manage our Clearinghouse program until we can get all of that resolved.

That concludes my report.

Chairman Telemaco: Thank you, Kelly. Any questions before we move on to the next item? Seeing none, I will call on Carl Rockman to do the update on the Depop, Clearinghouse, and FMAP.

3. Depopulation, Clearinghouse, & FMAP

Carl Rockman: Thank you, Governor Telemaco. I would like to present to the committee an update on our depopulation efforts. On page 2, I would like to report on the results of the June depop. Kelly signaled some great success with the June depop. You notice that we had 18,760 policies submitted or requested by the one carrier that participated and that is Monarch. I am pleased to report that 17,239 were assumed. That is a 92 percent assumption rate.

How does that happen? Because Monarch took advantage of the statutory change that if they're within 120 percent of the Citizens' premium, the customer has to go. So, Monarch really took advantage of that opportunity. We applaud that effort, and we think it's the right thing, obviously, for the consumer and for Citizens. Ninety-two percent assumption rate is the highest we've ever had, but that's a carrier obviously leveraging and taking advantage of that great statutory change.

For the month of August, the assumption that's currently in flight, we launched that assumption last week, conducting agent webinars this week. We have 26,000 policies that are in flight right now between Slide and Loggerhead, and we will be reporting on the results of that as that assumption closes in August.

We are also pleased to report that for the month of October, we've had five carriers apply for a total of 184,000 policies requested. Now, they have applied to the OIR and the OIR is currently vetting them to make sure that they have the capacity for that. Once those announcements are done and the OIR has approved them, we will certainly make it known what the actual companies are and how much they have been approved for, but very pleased to see five carriers come forward for the October assumption at a rate of 184,000 policies.

Board Chair Beruff: Chairman Telemaco, may I ask a question?

Chairman Telemaco: Yes, please go ahead, Chairman.

Board Chair Beruff: Thank you. So, the policies that are being depopulated, do they get to pick those policies?

Carl Rockman: The carriers?

Board Chair Beruff: Yes.

Carl Rockman: Yes, the carriers do get to pick.

Board Chair Beruff: So, they cherry-pick the policies.

Carl Rockman: Exactly.

Board Chair Beruff: Therein lies the rub. The second question, Chairman, that I would like to ask is, do we track, I'm sure we can, track these policies that leave us, and if they show back up three years later?

Carl Rockman: Yes.

Board Chair Beruff: Okay. Because this is going to be, in this next round of depopulation, it will be very important to see if we get into the same, get quick rich insurance companies that are set up by the dime a dozen and capitalize the minimal amount of capital and OIR lets them take our policies, they take all the premiums for a few years and we end up back with the policy.

Carl Rockman: We have ways of tracking that, and historically, we have not seen massive returns, but clearly, we want to make sure that the program runs its course, and we manage --

Board Chair Beruff: We don't ever want them back. We want them to leave and stay out of here.

Carl Rockman: Exactly.

Board Chair Beruff: Thank you. Thank you, Chairman. That's my only comments.

Chairman Telemaco: Okay, thank you. Any other comments, questions?

Carl Rockman: I will just round out my report on Depopulation on page 3. It didn't make the paper report, but I do want to report that on the Monarch assumption, about 50 percent tri-county, about 50 percent outside of tri-county. Even the targeted policyholders weren't just in one area of Florida. It was a geographic spread, so we are pleased to report that.

Carl Rockman: Page 4 will be our report on Clearinghouse New business. You'll see the general returns we've typically seen. No big, dramatic changes here in Clearinghouse performance, both on new and renewal, with only two percent of our business deemed ineligible for Citizens in the current Clearinghouse platform.

Then renewal, the results are even a little bit more modest, and as Kelly mentioned, we will be working through that process here shortly.

Then page 6 is just a general summary of FMAP. Kelly has already reported generally on this with 328 agents participating and FMAP results here in terms of consumer requests. Slightly up on the aggregate, and we obviously look forward to supporting FMAP as it moves forward.

That will conclude my report.

4. New Business

Chairman Telemaco: Thank you, Carl. Any questions from anyone? I have no further questions on that point. Is there any new business that we need to discuss? Seeing no questions, I would like to call for an adjournment.

Board Chair Beruff: Move to adjourn.

Chairman Telemaco: Great, thank you. Meeting is adjourned.

Whereupon the meeting was concluded.