

**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.

<b>Item Description</b>	The Actuarial and Underwriting Committee meeting Minutes July 11, 2023
<b>Purpose/Scope</b>	Review of the July 11, 2023 Actuarial and Underwriting Committee to provide opportunity for corrections and historical accuracy.
<b>Contract ID</b>	N/A
<b>Budgeted Item</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Procurement Method</b>	N/A
<b>Contract Amount</b>	N/A
<b>Contract Terms</b>	N/A
<b>Committee Recommendation</b>	Staff recommends the review and approval of the July 11, 2023 Actuarial and Underwriting Committee minutes.
<b>Contacts</b>	Jennifer Montero, CFO Kelly Booten, COO

**CITIZENS PROPERTY INSURANCE CORPORATION**

**MINUTES OF THE  
ACTUARIAL AND UNDERWRITING COMMITTEE MEETING  
Tuesday, July 11, 2023**

The Actuarial and Underwriting Committee (A&U) of Citizens Property Insurance Corporation (Citizens) convened at the JW Marriott Orlando Bonnet Creek, Orlando FL on Tuesday, July 11, 2023.

**The following members of the A&U were present:**

Carlos Beruff  
Josh Becksmith  
Scott Vice Chair Thomas  
Charlie Lydecker  
Fred Strauss (telephonically)

**The following Citizens staff members were present:**

Tim Cerio  
Jennifer Montero  
Barbara Walker  
Joe Martins  
Kelly Booten  
Christine Ashburn  
Andrew Woodward  
Jeremy Pope  
Violet Bloom  
Mark Kagy  
Jay Adams

**Call Meeting to Order**

Barbara Walker: Good afternoon, and welcome to Citizens' July 11, 2023, Actuarial and Underwriting Committee webinar that is publicly noticed in the Florida Administrative Register to convene immediately following the Finance and Investment Committee and will be recorded with transcribed Minutes available on our website. For those attending today's session through the public link, you are automatically in listen only mode. Panelists, thank you for identifying yourself prior to addressing the committee. Chair Beruff, we have no speaker requests for today's meeting. I will proceed with roll call.

Roll was called and quorum established with Chairman Beruff, Governor, Vice Chair Scott Thomas, Governor Becksmith, Governor Lydecker and Technical Advisor Fred Strauss.

Barbara Walker: Chairman, you have a quorum.

1. **Approval of Prior Meeting's Minutes**

Chair Beruff: Thank you. The Board will entertain a motion to approve the prior meeting Minutes (March 28, 2023).

Governor Lydecker: So moved.

Fred Strauss: Second.

Chair Beruff: Minutes are adopted. Ms. Montero, it is your turn again.

2. **Chief Financial Officer Report**

a. 2023 Rate Filings

Jennifer Montero: Hello. We were hoping to have a brief update for the committee today. However, we have not received our approved order from the Office yet. We have been talking to them and working with them in answering any outstanding questions they have, and we are expecting something in the next week or so, and we will report back to the Board once we get something. That is my report.

Chair Beruff: Thank you. Will there be enough time for us to implement the rate increase on time?

Jennifer Montero: No. It is going to push back the implementation most likely to December 1 instead of November 1, but we could, if we get it soon enough, we could do it mid-November. It could be a week or so rather than a month, which is what our goal is.

Chair Beruff: And how much does that cost us by implementing late?

Jennifer Montero: About \$41 million in renewal premium. I am sorry, increase rate premium per month.

Governor Lydecker: That is real money.

Chair Beruff: Yes, that is real money.

Tim Cerio: If we were granted the maximum. If we were granted our request. We don't know where it will land.

Jennifer Montero: That is 13.3.

Chair Beruff: Anyway, you look at it, Governor Lydecker, it is real money.

Governor Lydecker: Yes.

Chair Beruff: Half a month is 20 million bucks. Thank you.

Jennifer Montero: Thank you.

Chair Beruff: Ms. Booten, your turn.

**b. Product Updates – July 2023 [AI]**

Kelly Booten: Good afternoon. I have three requests today. The first is the approval of some product updates. Behind section three, most of them are related to the outcome of the legislative session. We have gotten most of these already in motion and have made filings or are in the process of making filings, but for the record, we needed to get approval. The flood requirements that were changed for condominium unit owners no longer required to carry flood, and language governing phase in for flood coverage requirements. Eligibility for risks with FIGA claims that applies to insolvencies after 07/01. We have an underwriting rule being developed for that. New policies from carriers that are unsound or in receivership. This is the item whereby they will be treated similar to non-primary with a 50 percent cap if they come from an insolvent carrier. That is, we have submitted the rate and rule filings. The Division of Administrative Hearings for litigation, we have a form filing that we submitted on June 12th, and there have been questions and responses back. Our goal is to get that implemented by 10/01. On the next page, we have changes applicable to the entire insurance industry. The underwriting review period has changed from 90 days to 60 days. So, we have form filings that we anticipate filing in mid-July for that. There is a restriction on non-renewal or cancellation of risks with open claims. There is definitions of hurricanes and hurricane deductibles, and then an exclusion of wind or contents coverage is a simple text change. Then there are additional forms changes to implement the merging of three accounts. We hope to do that in the first quarter of 2024. Changes to appraisal language set forth necessary qualifications of an appraiser and supporting form updates for the 2023 legislative changes. And then the last change on the top of page 3 is similar language for rewriting policies to Citizens mid-term for personal lines. We implemented commercial lines in March. This is asking for similar language for personal lines. The only other additional exception here is cancellation for nonpayment, and the intent there is to address a situation whereby a policyholder has been unable to pay due to circumstances beyond their control, but it is very similar, and we felt our bringing it forward now to go in tandem with the insolvent carrier language and maybe prevent some things coming to us mid-term.

Chair Beruff: It is safe to say that everything we are doing is just to bring us in compliance with the statute changes.

Kelly Booten: Yes, other than the last one is our own rule change, yes.

Governor Lydecker: Can I ask a question, Mr. Chair?

Chair Beruff: Yes, Governor Lydecker, go ahead.

Governor Lydecker: Yes, so I think that, you know, it makes a lot of sense, and thank you for walking through those reconciliations of – I was going to ask just again at a broader level. What is, what are you seeing in the marketplace or what are you hearing from your team members at Citizens Insurance about mid-term cancellation, rewrites, games that can be played in the marketplace for brokers trying to move, trying to either play a game and cancel, rewrite in anticipation of a rate increase, or trying to, you know, game Citizens. And it felt like in the past that Citizens was a slow-moving ship relative to marketplace conditions that were shifting pretty rapidly, and I am really talking about brokers that are playing games. Are you still seeing that? Do you feel like you have the tools to react to it? I wonder if you have a perspective.

Kelly Booten: Yes. I believe that that mid-term cancellation that we approved, that you all approved at March board has made a significant difference. And that condition really imploded in the first quarter of 2023. It wasn't prevalent by a whole lot before that and had to do with some of the things going on in the surplus lines market. And so, I think that rule has helped significantly. Now, we still have some growth in commercial lines, but that piece of it has helped.

Vice Chair Thomas: And then when does that go into effect again? I know we voted on it back in March.

Kelly Booten: Oh, we did it right –

Vice Chair Thomas: Like April.

Kelly Booten: Like we submitted it. The Office approved it within days.

Vice Chair Thomas: Right.

Kelly Booten: And then we implemented it like maybe I think April 1<sup>st</sup>. It is in that ballpark.

Vice Chair Thomas: And then, so what you are asking for on the personal lines side of it. If I can, Mr. Chair. You are asking for effectively the same thing.

Kelly Booten: Right.

Vice Chair Thomas: What we did on the commercial is to stop the, to Governor Lydecker's point, the games that are being played on the personal lines side, just put it in place, you can cancel it in 30 days. Similar to what we did before.

Kelly Booten: Right. With the one exception on cancellations for non-pay.

Vice Chair Thomas: Right.

Kelly Booten: Because of homeowners and their situations.

Vice Chair Thomas: I was going to ask that one exception.

Kelly Booten: Yes.

Vice Chair Thomas: How do you determine, all non-pay, but you said it is beyond their control?

Kelly Booten: Yes. So, this probably won't happen very often when you think about it because most policies are full pay. So, you are going, you know, the person is already going to have paid. So, the timing that the staff was worried about was more towards the end of the term where if they missed paying their premium, then had no coverage, then they have to come to us if their incumbent carrier won't keep them. So, this gave an out so to speak for that condition.

Chair Beruff: Next.

Kelly Booten: Do you want me to read the recommendation for approval or –

Chair Beruff: Sure.

Kelly Booten: **Staff proposes that the Actuarial and Underwriting committee review, and if approved, recommends the Board of Governors approve changes to Citizens' product guidelines forms and supporting documents to comply with the 2023 regular session changes, and to implement changes as described above and authorize staff to take any appropriate or necessary action consistent with this action item.**

Chair Beruff: Do I have a motion?

Governor Lydecker: I will offer a **motion supporting staff recommendation as presented.**

Chair Beruff: Do I have a second? **All those in favor signify by saying aye.**

**(Chorus of ayes.)**

Chair Beruff: The **motion carries**, thank you.

**c. Primary Residence Validation Data [CI]**

Kelly Booten: All right. The next item is the replacement cost estimating services for a primary residence validation. We are requesting approval to increase total contract spend with CoreLogic Spatial Solutions, the provider of our replacement cost estimating services for underwriting which will help us verify an insured location is used as a primary residence. Citizens can do this most efficiently by using the CoreLogic product which is the basis of for the increase spend. The request is to increase the current approved amount of \$1.7 million to \$2.04 million, an increase of \$340,000 through the life of the contract term, which goes through April 30th, 2026. Incorporating the additional data necessary to identify the status of a residence into the new business workflow will increase underwriting efficiency by automating the validation of primary residence ratings. With the ability to utilize this data, we estimate that staff time to verify primary residence would equate to approximately \$938,000. So, by utilizing this contract we would, save \$340,000 that would have been spent on either staff time or a vendor to do the checking.

**(Recommendation: Staff proposes that the Actuarial and Underwriting Committee review, and if approved, recommend the Board of Governors: Authorize an additional \$340K in spending authority for the Replacement Cost Estimating contract with CoreLogic Spatial Solutions, LLC., bringing the total authorized contract amount to \$2.04M through April 30, 2026; and Authorize staff to take any appropriate or necessary action consistent with this Consent Item.)**

Vice Chair Thomas: Are you asking for approval?

Kelly Booten: Yes.

Vice Chair Thomas: I will make a motion to approve. Do I have a second?

Governor Lydecker: I will second.

Chair Beruff: All those signify by saying yea for the motion.

(Chorus of ayes.)

Chair Beruff: Next.

**d. Property Characteristics and Data Services [CI]**

Kelly Booten: All right. And then the last one is property characteristics and data services, and this is requesting approval to increase total contract spend for property characteristic and data services with ISO. The increase in spend is due to the increase in policy count and the correlated increase in property characteristic and data services needed for underwriting. The request is to increase the currently approved amount of \$4,894,176 to \$8,608,055, which is an increase of \$3,713,879 through the end of the contract term, May 15th, 2026. Now, when we realized that we were at the point of increasing PIF and we needed to come back for these transactions, we also renegotiated the contract and substantially reduced what it would have been had we not done that by at least 62 cents per transaction savings on this. So, I am requesting –

**(Recommendation: Staff proposes that the Actuarial and Underwriting Committee review, and if approved, recommend the Board of Governors: Authorize additional spend of \$3,713,879 to the Property Characteristics and Data Services Contract with Insurance Services Office, Inc., for a total Contract spend not to exceed \$8,608,055, as set forth in this Consent Item; and Authorize staff to take any appropriate or necessary action consistent with this Consent Item.)**

Governor Lydecker: Motion to approve.

Kelly Booten: Thank you.

Chair Beruff: Do I have a second?

Governor Becksmith: Second.

Chair Beruff: All those in favor signify by saying aye.

(Chorus of ayes.)

Chair Beruff: Motion passes. Thank you, Ms. Booten. That is it, right?

Kelly Booten: Yes.

Chair Beruff: We are good. Motion to adjourn?

Governor Lydecker: So moved.

Chair Beruff: We are done. Next.

(Whereupon, the meeting was concluded.)