

CITIZENS PROPERTY INSURANCE CORPORATION

**Summary Minutes of the
Market Accountability Advisory Committee Meeting
Tuesday, March 26, 2024**

The Market Accountability Advisory Committee (MAAC) of Citizens Property Insurance Corporation (Citizens) convened via Zoom webinar on Tuesday, March 26, 2024, at 1:00 p.m. (ET).

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

Dave Newell, Chair
Brian Hodgers
Greg Rokeh
Lee Gorodetsky
Lissette Perez

Lori Augustyniak
Marshall Martin
Scott Rowe
Stacey Tomko
Virginia Christy

The following Citizens staff members were present telephonically:

Alden Mullins
Barbara Walker
Bonnie Gilliland
Brian Newman
Carl Rockman
Christine Ashburn
Doug Hageman
Eric Addison
Jay Adams
Jennifer Montero
Jeremy Pope
Ken Tinkham
Joe Martins
Kelly Booten
Raina Harrison
Ray Norris
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.

MR. NEWELL Thank you, Ariel. And thanks to all the members for joining us today for the committee meeting. Before I entertain a motion to adopt the minutes from the previous meeting, wanted to do some introductions. As most of you know that sit on MAAC, it is a three-year term for most and so there's been some rotation of some of the committee members. So first of all, we want to invite Scott Rowe of Tower Hill. Thanks, Scott, for being part of this committee. He replaces Jorge Hernandez from Progressive, so thank Jorge for his service to the MAAC committee. And then we also want to welcome Marshall Martin from the Florida Bankers Association. He is replacing Obudulio Piedra who served on the committee, and so thank Obudulio for his service. And Scott and Marshall, do you guys want to say anything before we kick off the meeting?

MR. MARTIN: Just real quick, a pleasure to be serving on the committee, and thanks to the Florida Bankers for allowing me to participate.

MR. NEWELL: Thank you. Welcome.

MR. ROWE: Yeah, similar sentiment. Thanks for the invite and I look forward to serving on the committee.

1. Approval of Prior Meeting's Minutes

A motion was made by Lee Gorodetsky and seconded by Brian Hodgers to approve the November 29, 2023, Market Accountability Advisory Committee (MAAC) Minutes. The motion carried.

2. Market Update

MR. ADAMS: Thank you, Chairman Newell and committee members. So if we can move over to slide two, please, I'd like to go ahead and get us started in this. So Citizens policy in force count as of January 2024 was 1,165,867 total policies, which was a seven percent decrease over the year end of 2023. Slide four, please. Now we'll concentrate on Personal Lines. One more, please. Thank you. The Personal Lines Multi-peril and Wind Only building counts increased 6.7 percent as of 12-31-2023 with an insured value of \$443.9 billion. Slide number five. Citizens total new policy count declined in the second half of 2023, ending in 29,351 new policies for January 2024. And that had an insured value at that time of \$524.9 billion. As of January 2024, Citizens' estimated market share was up to 15 percent. Slide number six. Citizens' New-Business Trend for personal residential policy types declined six percent from October of 2023 through January of 2024, with the largest decrease occurring in the tenant policy types, and the largest increase occurring in the mobile home policy types. Slide number seven. Continuing with the New-Business Trends for personal residential policy types, the largest growth in the Coverage A values occurred in the \$200,000 to \$299,000 range. The largest growth in the Age of Home in years was in the 31- to 40-year range. And then the largest growth for the Age of Roof was the zero to two-year range. Slide number eight. The top three prior insurance carriers for the multi-peril new business were Universal PNC, American Integrity, and Security First for January of 2024. Slide number nine. One more, please.

Now we'll focus on the commercial lines results. So now we're going to look at the Multi-peril and

Wind Only policies, and these continue to grow year-over-year. For year ending 2023, the commercial policy count increased by 210 percent. The building count increased by 290 percent. For a total insured value of \$108.7 billion. Slide number ten. Commercial residential saw an increase of 235 percent for the year ending 2023, as compared to the non-residential which saw an increase of 185 percent. Next slide. Did we go two slides? Can we go to slide 12? Okay, I'm sorry, it's slide 13. The Commercial New-Business Trend over the period of October 2023 to January 2024 was relatively flat, with the exception of the condominium associations which increased by 122 percent over the period. Slide number 14. Citizens wrote more commercial residential multi-peril policies over the period of October '23 to January of '24, mostly followed by commercial residential wind. The impact of these new writings increased the total insured value by \$1.1 billion. Slide number 15. 39 percent of all the commercial new business written was for building coverages between 1 million to 9.9 million, closely followed by 30 percent written for the values of \$500,000 to \$1 million. The A-rated business is slightly down over the period, and the largest category of building age is between 31 to 40 years, closely followed by 41 to 50 years. Slide number 16. The majority of the commercial new business had a prior carrier of Lloyd's of London, which is a surplus lines carrier, and American Coastal. Then slide 18. So this is -- can you go forward one more? One more, thank you. Slide number 18. This chart shows where we've forecast to end the year for 2024. Our best estimate is we'll have a policy in force count of around 1.17 million policies. However, the estimate also has an error ratio on the upper and lower ends. The upper end is, could be as high as 1.3 million policies, with the lower end being slightly under a million at 928,000 policies. And, Chairman, with that, that concludes the market update that I have for underwriting.

MR. NEWELL: Thanks, Jay. Very, very good, detailed report. Any, any questions from the committee for Jay on the report that he just provided?

MR. GORODETSKY: Yeah. Yeah, hey, Jay. How you doing? This is Lee Gorodetsky. That was a lot of information quick and I did peruse it beforehand, but am I seeing this right? Because if my memory is serving, we saw close to half a million in policies being depopulated in the fourth quarter and this quarter, but the policy count is still over 1.1 right now or expected to be?

MR. ADAMS: Correct. So --

MR. GORODETSKY: Is that because of all the new incoming still coming?

MR. ADAMS: Well, the new business is slowing down some, but we will see the market tend to shut down as we get closer to the start of tax season.

MR. GORODETSKY: Correct.

MR. ADAMS: And the growth really will come from June through October/November. We do have some depopulation scheduled for the fall. I'm sure Carl is going to give us an update on that.

MR. GORODETSKY: Sure. So we really haven't taken a lot of policies. We've taken a lot of policies out, but they're just coming back in, it seems like. I mean we're down, but it's nowhere near what I thought it would have been below a million already.

MR. ADAMS: Yeah. If memory serves, we were down a little over 200,000 policies last year. And then we're down, um, I'm not exactly sure what the number is for January and February. Again, Carl is going to have that update --

MR. GORODETSKY: Sure.

MR. ADAMS -- specific for the ExRe piece of it, but it's the continuation of, you know, we still get new business --

MR. GORODETSKY: Right.

MR. ADAMS: -- every week.

MR. POPE: Yeah. And Jay, this is Jeremy Pope. I'm going to jump in and lead it. Last year we depopped 275,324 policies. And year to date for this year we're almost at 93,000 policies. So we'll cover this in the depop update as Jay alluded to.

MR. GORODETSKY: Okay.

MR. POPE: But that's roughly what we depopped, yeah.

MR. GORODETSKY: All right. Thank you.

MR. NEWELL: Okay. Anything else for Jay on the market update? All right. So turning to tab three in our book, let's bring in Jeremy and Carl to give us an update on certainly depop and CHIPS and FMAP. So take it away, Jeremy.

3. Depopulation, CHIPS & FMAP Update

MR. POPE: And thank you, Chair, and good afternoon to you and the fellow committee members. And for the record my name is Jeremy Pope, Chief Administrative Officer. And I would like a special call-out again and warm welcome to Mr. Rowe and Mr. Martin as our newest committee members. And on behalf of Citizens and the executive leadership team, we are truly grateful for your time and engagement with this committee. And a reminder to the entire group. While this committee is required as a part of our overall governance, internally, we find it critical to our success and the ability to fulfill our mission as an organization. As a group, it gives us the opportunity to tackle tough insurance market issues, which may include rates and rate competition with the voluntary market, matters related to depop which you'll hear an update in just a second, as well as our overall ability to provide service, which is critical, and that includes policy issuance, claims processing, and our overall responsiveness to our consumers, our applicants, and our agent community. Carl Rockman and I -- and Carl Rockman is our vice-president of agent and market services -- we're going to be tag-teaming today's update around the depopulation program. Our clearinghouse interim program which is also known as CHIPS, as well as the latest results around the Florida Market Assistance Program, and that's most commonly known as FMAP. So I'll begin today's update on slide three titled 2023 Depop Update. And this ties right into, Lee, some of the questions that you were just asking. So this really highlights the total number of assumed policies in 2023, and that was 275,324. And that assumption rate is right at 42 percent. And that includes about -- it's over 113 billion in exposure removed out of the organization, which is great. 4,573 policies were assumed back in April. And just as a reminder to this group, the April assumption was not impacted by the 20 percent eligibility rule. So the table you're looking at on slide three only reflects data from June through December of 2023. And what's important to note here is that the -- the approved assumption rate we're seeing from August through December and the overall volume of business that was offered an estimated rate lower than Citizens which is about 30 percent, and then rates within the 20 percent premium of Citizens

is at 59 percent. So we're seeing a significant amount of rates that are coming through that are within that 20 percent threshold in the Citizens premium or lower. And that's great news for both us as an organization to fulfill our mission, as well as the private sector, of course.

On slide four, this is a depop update for what we've seen here today. And so far three, we have completed three depops, and that total is 92,350 policies that were assumed. And the assumption rate is at 60 percent so we're seeing an increase which is even, even -- even better news, if you will. We've removed about 43.8 billion in exposure. And of those three depops, two were personal lines, and we're thrilled that one was a commercial depop. For the completed personal lines depops in 2024, the trend continues with the majority of offers that again are coming in less than what Citizens is offering or within the 20 percent premium. So again all great news. And in 2024 we were very excited to see our first commercial lines depop in -- in some time. The participating carrier was CORE, which they're a division of Homeowners Choice which many of you are aware. And the policy counts may seem small. Please pay special attention to the exposure removed because that is significant. Over 3.3 billion in exposure removed just with that one commercial lines depop that we had. CORE has been approved -- just for your awareness -- for the April commercial lines assumption, so we are very hopeful that we'll see again positive results there.

For our in-flight depops, the estimated premium and that's on the very bottom of this chart, trends continue for both personal and commercial lines. For the April 2023 commercial lines depop, here are the updated figures which are not on the slide because they weren't available by the time we had these materials updated, but, for the boxes that are blank there, the number of policyholder choice letters mailed were 246. And offers that were less than the Citizens premium, this is significant; 243 of those 246 offers were below the Citizens premium, and three of those offers were within the 20 percent threshold if you will. So again showing that 99 percent of those offers are below our premium, all positive signs and the -- that we will continue to see this trend throughout the year. And I again wanted to get that update to the committee because it's not included with the materials. Also breaking news, the results just came in yesterday for our March depop. And I'd like to report that we had 22,209 policies that were assumed in the month of March. So you have some late breaking news there.

I'll move to slide five and that is titled our Depopulation Carrier Participation Personal Lines. And honestly, this is just a snapshot of participating personal lines carriers from all the way back from April of last year through May of 2024, the upcoming depops we have on deck. So over this period we've had about 14 carriers that have participated. And Florida Peninsula and Slide, each participated in seven assumptions during this one day. So we are having some internal discussions -- like a punch card, maybe the first carrier that hits ten we throw out a free coffee mug. I'm joking, of course, but we did want to highlight that. You know, Florida Peninsula and Slide have been very, very active with our depop activity and they have kind of led the way, if you will, with the number of depops that they've participated. On slide six titled the Depopulation Carrier Participation Commercial Lines. Again, this is the one carrier that has participated so far. This is CORE. And a little bit of background. Citizens changed our depopulation process for commercial policy assumptions because of the changes that were made to the commercial residential eligibility requirements to remain a Citizens policyholder. So upon receiving a take-out offer from a private market insurer, um, and that, that started back all the way February 27th assumption. So due to this change and it's very -- it's in line with our personal lines depop activity, all eligible commercial lines depop choices are now -- can now be registered online. That wasn't the case prior. And the commercial residential depopulation process again will mirror the personal lines process. And commercial residential policies that receive an offer of coverage that is not more than 20 percent greater than Citizens' renewal premium are ineligible to remain with Citizens. So we have consistency there, both with personal lines and commercial lines policies,

which we were, were thrilled to see.

On slide seven, this is just a -- this is just highlighting the 2023 depop update here. And this is really just showing you the policies that are assumed by companies, just a breakdown. And the top three carriers you'll notice are Slide coming in at over 82,000 policies last year that they assumed, Homeowners Choice over 53,000, and SafePoint, very close to 42,000, but those are the top three carriers with some of the depop activity that we saw last year. And they account for 65 percent of our policies that were assumed in 2023. If we move to the next slide looking at 2024 activity in that similar breakdown, if you will, the top three carriers we're seeing so far is Slide coming in at over 38,000 policies, Florida Peninsula at 21,370, and then TipTap at 9,478 policies.

On slide nine, again we just like to break out the data and just a snapshot of policies assumed, highlighting the top five counties by assumption and the bar graph is there. And you'll see very similar if you look at slide ten, the same, the same exact information, but 2024's recap. And at the end of the day we're seeing a very good balance between the tri-county and other parts of the state, which is good. On slide eleven titled Assumed Policies Returning as New Business, we do measure. So all of this is great work, right, what we push out, but we also like to look at is any of that coming back into Citizens for any reason. So new business policies submitted within one year of the assumption date with a matching name and address are what we, we definitely check. And when we've looked at all of the data, we have a very, very low, less than a percent, less than a half a percent, I should say, of new business that is returned that has been initially depopped that has actually made its way back into Citizens. So we're actually looking at 1,577 policies. So we overall have been very pleased with that return rate. We obviously want, you know, zero, but sometimes there are reasons why those policies make their -- its way back into Citizens. For example, policyholders may be eligible to return back to us if the final offered premium from the takeout company is more than 120 percent of the current Citizens premium. And so what we do to protect the integrity of the 20 percent eligibility rule is we review all new business policies that were assumed in 2023 and in 2024. If they are resubmitted to Citizens as new businesses, as new business, the policy is not qualifying or canceled during the underwriting review period. And then we obviously perform the appropriate agency reach-out as needed in those circumstances. But overall, I think the message here is a very low return rate as coming back into Citizens, which is good for the longevity of the market, if you will. On slide five --

MR. NEWELL: Hey, Jeremy, before we --

MR. POPE: Mm-hmm.

MR. NEWELL: You know, those that have been on the committee and certainly some of the new ones, we -- we spent an awful lot of time, you know, really dissecting some of this information, and it was always surrounded about the tri-county area. But you can see from those last two slides, including the one you just highlighted, that this, this depopulation and all these efforts are certainly far beyond the three counties that we consider the tri-county. And you look at the list of the top five counties of policies that were assumed and the -- you know, the tri-county is not even listed in the top five of any of those. So just it's interesting how that, that dialogue has changed over time where we've talked so much about tri-county where we're now, now it's not so much so. So it's good for the carriers that are looking beyond the tri-county area to assume policies. So that was just my thought.

MR. POPE: Absolutely, Chairman Newell. Thank you for that input. You're absolutely -- it's a definite balance. And you're right, it is great news for the carriers across the state for sure. And on slide twelve, I'll just continue with the update; this is just really the, um, the timeline for the --

what we have on deck for the rest of the year with the personal lines depop calendar, so there's nothing major to highlight here. Just making this committee aware there are five more opportunities to participate, with the next OIR approval date being on April 30. So there is still time to get in on the next depop, if you will. Slide 13. This is just for the commercial calendar, if you will, and we have three more opportunities to participate in 2024 for interested carriers. So I'd be remiss before I hand it over to Carl Rockman; I mean, yeah. As you can imagine with all of this depop activity that's going on, we have just a great team behind the scenes. And Carl leads a great team, with Adam Marmelstein, Judy Grunewald, Kirstin Heagney, Jonathan Maddox, Lindsay Couey, Desmond Singleton, Pamela Mitchell and Amy Morgan. I wanted to highlight that team because there is just an astronomical amount of work that has been going on for months, all of last year obviously and the group continues this year and they have just done a bang-up job, they really have, in making the depop activity successful. So without further ado, Chair, that concludes my update and I will turn it over to Carl Rockman.

MR. NEWELL: Yeah, before we bring Carl in, I wanted to ask any of the committee members if they had any questions for the report that Jeremy just provided on depop.

MR. HODGERS: I don't have any questions, but I just want to say you guys are doing a fabulous job with the takeout program. I'm very happy to see the numbers that we're seeing in my office as far as the takeout rate all being below 20 percent. So thank you guys for everything you've done.

MR. POPE: Brian, thanks for that feedback, but we obviously can't do it without the agent community, right, so that's a big part. And the partnership that we have with our agents is critical. And that's why again, you know, we talk about -- I did mention service earlier. The service we provide our partners is critical and how, you know, we're all mutually taking care of those clients. So thank you for those comments. And again thank you to the team, the internal team that we have here at Citizens to make that happen.

MR. NEWELL: Yeah. Jeremy, this is Dave Newell again. Just another thought before we move on to Carl. You mentioned the team behind the team, right? Have you, have you all uncovered some challenges that we of this committee and/or the agent community can help improve these numbers even more so, any thoughts there that have come to mind as -- as you've now had multiple depops month after month after month?

MR. GORODETSKY: You have. Hey, David and Jeremy, this is Lee Gorodetsky. And I would say I'm actually shocked the numbers are not higher because in our agency -- we are in South Florida although we do all over. I think we at our agency have a 90 to 95 percent takeout rate that very few are going back. And if I read it right you're at 60 percent or just under, which sounds like a lot of companies aren't giving the -- or getting the rates too high, I guess. But down here, I guess we're seeing it in South Florida mostly, it seems like they're within the 20 percent rule for sure.

MR. POPE: Yeah, the takeout rate activity is getting higher and higher. Well, first off it's much higher than it was and it continues to grow and grow. So, honestly, we're -- we're celebrating right now because we expect that trend to continue. And there's more and more interest obviously that, you know, with there's new entrants and the existing carriers that are very interested in -- in the profitable side of the book that we have. So, no, it's -- we're very -- we're very pleased. To go back to Dave, what you mentioned, we're always in a mode of continuous improvement. I can tell you even throughout next year there's been a number of things that have been executed. From clarifying depop letters, to messaging to members, to also even the agency outreach by Carl Rockman's group and agency training to make sure that we are being as effective as possible. So, no, I welcome any ideas that this group has, it doesn't have to be now or later, to always filter

those in and we'd be happy to take a look at that, but we're always looking to improving and there's been a number of things that we have. And I think challenges, you know, you asked specifically, it's just, you know, when you have -- you know, there's been a lot of new legislation that's been passed, you know, in the past 18 months and just changes, you know, try to educate the consumer along the way and making them, you know, understand that process has been critical to us. So there's a lot of outreach we've actually executed well, um, as well as an organization. I can tell you there's learnings where we are practically reaching out to consumers to make them aware if they haven't responded to depop letters, making sure that they look at that literature and make the selection that's best for them. And a lot of times we're talking about, you know, pricing that's lower than ours or pricing that's, you know, within the 20 percent threshold. The biggest thing here and this group knows like no other, a lot of times it's better coverage, right? And we want to make sure the consumer understands that piece so they're making the best, best decision for them and their family, so, yeah.

MR. NEWELL: Yeah. Not to belabor the point, Jeremy, and this is Dave Newell again. Two observations. The outreach and the education piece, to me, have been really forward thinking on y'all's behalf because better educating the agent, better educating the consumer, helps them make a better, better decision when that letter comes. So, kudos to you and to Carl and the rest of the team for making that information available. I know many agents have taken advantage of it. And even more so, you know, for many years there wasn't a commercial depop, right? And so that that process has now been refined and you see the result where those policies have now exited. So again, congratulations, kudos. And I'm sure anybody on this committee that has an idea, certainly share it with Jeremy and Carl. They'll certainly take a look at it.

MR. ROKEH: Chairman Dave, I've got a quick question. This is Greg Rokeh.

MR. NEWELL: Yes, Greg.

MR. ROKEH: Maybe this might have been better for Jay, but, Jeremy, on the commercial residential side, what's the market share at Citizens as now that -- of that segment?

MR. POPE: I am. I know Jay is still on the line, but I will, I will pass that over to Jay. And I know Stephen is on the line as well, Stephen Mostella.

MR. ADAMS: I don't have the market share for that. That may be something we would have to get back to you on.

MR. ROKEH: I was just curious. With that tremendous growth in that segment last year, one of the things I was beginning to wonder about was how much of that business has actually shifted over to Citizens now.

MR. POPE: And, Greg, we can get back to you on that for sure as a follow up.

MR. ROKEH: Okay. Great, thank you.

MR. POPE: Sure.

MR. NEWELL: All right. Well, let's bring in Carl Rockman to talk about the clearinghouse, the CHIPS results. Welcome, Carl.

MR. ROCKMAN: Thank you, Chairman Newell. For the record, Carl Rockman, Vice-President of

Agency and Market Services. I'd like to provide the committee with an update on our Clearinghouse Interim Program, otherwise known as CHIPS. On the next page, I'm going to provide you with a brief update on our clearinghouse program. A reminder that in September of last year we moved into a transition phase as we converted clearinghouse platforms. We're currently in our interim program phase where agents are required to submit evidence of new business marketing, prior to submission to Citizens, and engagement with renewal marketing. That's what the Clearinghouse Interim Program is really built on. The first page, the page you're looking at will present our 2023 results both for new business and renewal. And I'm pleased to report that we're seeing good results from agents based on our reviews. You'll notice the percent verified as eligible for new business is in the high 90s or in the mid-90s. That's a good sign that agents understand the requirements that need to be met with new business relative to eligibility. For renewal, the results are a little bit more modest for 2023, but I'll remind the committee that our renewal results in the prior platform were also very, very modest when compared to our total book of business. The next page will reflect our results so far in 2024. Again, trends continue in the high 80s to low 90s in terms of eligibility percentage. And then the renewal program again a little bit more modest but gaining traction as we have more agent engagement with that program. I would also like to remind the committee that we are in the process of standing up the new platform with Applied Systems. We're working diligently with Applied and will be rolling that platform out in stages. We do anticipate having a base version that will provide premiums for most of the property carriers in Florida, plus Citizens. On the street late Q3 and also -- or late Q2. And also, be able to roll out stages of eligibility in Q1 of next year and mid-year next year for additional new business functionality and renewal.

One other topic I'd like to hit very briefly is our Florida Market Assistance Plan results. This is, as most of you know, a program that's established by statute. Agents with ten or more appointments are able to participate in the program where we can funnel our leads to those agents or from consumers who are interested in finding property insurance. These quotes cannot be converted to Citizens but they can be placed in the private market. And you will see our results to date so far, with 366 agents participating, 96 accepted and \$56 million placed in the private market. Again a small part of our program, but one that we support due to its statutory requirement. With that, that concludes my report. I'll take any questions.

MR. NEWELL: Thanks, Carl. Yeah, any questions for Carl for and regarding CHIPS or FMAP from the committee?

MR. GORODETSKY: Yeah. Hey, Carl, it's Lee. How you doing? I hope all is well. Just a quick question. Is it getting to the point or is it gonna get to the point that when -- when someone is trying to put a policy into Citizens Insurance and there is a carrier out there, Citizens won't let them buy any coverage, it will have to go -- is that coming or is that already here or is it --

MR. ROCKMAN: That's very much coming. Right now the agents are accountable for that --

MR. GORODETSKY: Right.

MR. ROCKMAN: -- but with our solution, similar to the old platform but with Applied Systems, we'll be able to present carrier premiums more dynamically with a broader panel of carriers. The agent will need to balance the Citizens quote against those carriers and eligibility will be determined before the agent can convert it. Okay. That's going to be the stage that's going to come early next year, but we'll be standing up an interim version of that, that should provide more consistency for the agents at point of sale, towards the end of June or probably throughout the Q3 and Q4 time frame.

MR. GORODETSKY: Good. Thank you.

MR. ROCKMAN: You're welcome.

MR. NEWELL: All right, Carl. So let's just turn to tab four and you can continue reporting on Agency Market Management Services update so.

MR. ROCKMAN: For the record, Carl Rockman, Vice-President of Agency and Market Services. I'd like to present on the first page, our traditional agent and agency counts. We are balancing this information off of year-end 2023. And we'll keep that for the rest of the year. We'd like to tell you where we were at the end of last year compared to the current time. You can see relative stability in both agent and agency rows with a little net loss in the licensed customer representative role. But again we're not seeing spiking trends over the last couple months. We're hoping, obviously, this trend can move downward. Okay. That would be a good sign for the health of the market and for Citizens. I'll also point out that our Tier 1 and Tier 2 and Tier 3 agencies, you'll notice a little shift in the number of them, Tier 1, Tier 2, Tier 3. You're seeing fewer Tier 1, Tier 2, Tier 3 agencies and a few more 4's and 5's. That's again a good sign. We attribute a little bit of this to depopulation, but more work remains. But again, 49 percent or 48 percent of Citizens agents have less than 50 policies. We certainly would like the agents to be less reliant on Citizens because it's a real sign of a healthy market.

On the next page, a quick review of our performance programs with performance violations with late submissions. The committee is very familiar with this report as it documents the percent of performance violations identified by our underwriters with new business. We ended 2023 with three percent of our new business having some type of performance violation, and those performance violations are detailed at the top of the page. A reminder again that agents -- and this is again who is impacted by this program. We use this program as a signal to work with agents who need help on our underwriting requirements. In the history of the program we've issued 2,473 warning notices and we've issued 273 suspensions. Obviously, the warning notice gets the agent's attention, and our field Agency Management team will work with those agents to improve, to make sure they don't get to a termination. We don't want that to happen unnecessarily. This is a bad experience for the customer. We want to make sure the agents are getting the support that they need. So that represents 2023, but I wanted to share with you the early results for 2024. If we ended 2023 with three percent, the next slide will represent where we stand with the first month of -- and there's the monthly breakdown in 2023, but we can move to the next slide and you'll see in January we've also hit about four percent. So one percent deterioration. We're not too concerned about that as long as it stays relative to that three- to four-percent range. And we're going to work diligent to maintain it, if not improve it. But we feel, particularly compared to prior years, three or four years out when the numbers were six and seven percent, we're pretty pleased with the level of performance we were able to get out of the agents in terms of underwriting quality.

The second part of our performance program is our late submission program. A reminder to particularly some of the newcomers to the committee, a late submission is charged to an agent on a new business policy if, if the agent hasn't submitted all required documents within 15 days of the policy effective date. If that doesn't happen, the agent is charged a late submission violation. We rigorously measure those because our underwriters need those forms in order to evaluate the risk. This page will present our results for program beginning 2019. At the bottom right-hand corner, number six percent is the number we measure. We're right now at six percent of our new business has a late submission violation of some kind. Obviously, that's been a little bit up. We attribute that to the volume of new business that, as Jay mentioned, is slowing a bit, but as agents

write more new business, there's a lot more administration and a lot more work they have to put in to getting the documents in on time. I will also report that a lot of this business never gets fulfilled. It's business the agents have found but the customers found other coverage. And the agents need to be more diligent about withdrawing this business, but six percent was our result for 2023, agent results at the bottom. And then the next page you'll see our results. On the following page we'll show you the results for 2024. You can see we're holding again right at six percent late submissions. We'd like to make some improvement here. We'll continue to work with agents that are outliers to remind them of the importance of getting their business submitted within that 15-day window, but we feel pretty good about the -- given the volume of new business, the results on late submissions.

Moving through the report, a quick update on 2023 activity. And thanks again to all of our association partners who sit on the MAAC committee. We are going to continue with this strategy this year. We're going to continue to hold our agent round table meetings. We just conducted a great one a week before last. Our agent round table is highly engaged in helping inform us on changes that are coming, both in the product and the technology space. Had a great robust conversation on the new clearinghouse platform. And we're going to continue to leverage the agent round table for input throughout the year. Agent associations, we value our relationships with you folks in having live training both in the market and conventions is something we're very committed to. Our agent association power hours, partnering with you to bring in agents to just talk about contemporary Citizens' topics is something we're going to continue to promote and do in 2024. Particularly with new platforms like the new clearinghouse we're rolling out and potential changes to policy center. We're very much available for speaking engagements. So if you have a group of agents that are getting together and would like a Citizens representative to come in, please reach out to us. We'd love to tell the story and be able to represent the great work we do. And then obviously our own platform we're going to continue to produce Citizens-produced webinars, particularly in commercial. We have just stood up a very robust commercial webinar series for the year. For 2024, agents can go to our training page and see those commercial webinars scheduled. We know there's a lot of demand for commercial. We want to make sure the agents are getting the support they need and then subsequent webinars on the things that are coming, particularly new clearinghouse and any changes to policy center we will continue to do.

And on the next slide, a quick concluding conversation on the voice of the customer. We have presented the Voice of Customer program to the MAAC before, but I want to remind you and -- and tell you that we're even more committed to it and the momentum continues. A quick reminder. What is Voice of Customer? When customers call our call center for support, they're offered the opportunity to take the survey. We ask them a number of questions, but the question that I am most interested in: How satisfied are you with the service provided by your Citizens agent? These are the results. The green bar represents the number of customers that called us in that given month. The blue bar represents the number of customers that took the survey. And the red line is their overall satisfaction with their Citizens agent. Now, we use this again as a signal. If we have an agency that's trending lower, we want to know why and we want to know what we can do to help them. And we've engaged the -- let's just call it the agencies with performance opportunities. Our field managers have engaged them and we've seen results improve and we're going to continue to do that. It's in our best interest and your best interest if these agents get the help they need, if they're struggling supporting a Citizens customer. So we're using the survey with that in mind and we'll continue to work with these survey results. There might be other applications that we can bring to bear on this, now that it's very credible and we've been doing it for a while. Our agent round table is very supportive of this approach. And we like it because we want to make sure that the agents are equipped to help the consumer get through the Citizens journey and hopefully find that private market opportunity. With that, that concludes my Agency Management

update. I'll handle any questions that you might have.

MR. NEWELL: Well, thanks, Carl. Any questions of Carl about his reports? Okay. Well, sounds like you've covered everything, Carl.

MR. ROCKMAN: Thank you.

MR. NEWELL: I guess, again this is Dave Newell. For a couple of the agents that are on the call today: Through this survey process, have you-all heard from your clients that said, hey, I completed the survey about my Citizens policy and shared with you any, any of the feedback directly to you as the agent, their agent? Have you heard from any of your customers? I'm just curious.

MR. GORODETSKY: I don't think I heard from anyone at this point.

MR. NEWELL: Okay. All right.

UNIDENTIFIED SPEAKER (AUDIO 41:28): Dave, I've heard, I've heard from a couple people where they've called in, but Citizens redirects them to us, so that's all I've gotten.

MR. NEWELL: Got you. Okay. All right. Well, it sounds like that that certainly is a nice, a nice part of the equation when a consumer calls Citizens and asks and goes -- you know, it's so hard for people to answer surveys anymore because they don't know, you know, where it's coming from, but at least it sounds like they're getting some good results and being able to -- to quantify some of those results so that's good.

MS. PEREZ: Chairman, I have a question. This is Lissette Perez.

MR. NEWELL: Yes, Lissette.

MS. PEREZ: So besides the -- when they call in and the surveys that they are doing, are you mailing or is someone mailing the customers a letter in the mail for them to complete? And the reason why I say this is because I actually had a customer that received a letter from the Auditor General.

MR. NEWELL: Yep.

MS. PEREZ: And it scared them to read that letter as you can imagine, right? And so --

MR. NEWELL: Yes.

MS. PEREZ: And I was pretty shocked to see it myself and it was eight pages long. So talking about having a customer not want to participate in a survey and sending them an eight-page one is --

MR. ROCKMAN: Right, yeah. Lissette, there are legitimate applications the auditor general does come in and audit Citizens business practices. Consumers and agents are part of their survey. We'll relay that back to them in terms of feedback that maybe the survey is a little bit long for the customer to adopt, but it is legitimate. The auditor is very interested in the service levels that we provide and needs feedback from consumers and agents. So those were legitimate outreach efforts. We're hoping and optimistic that the results will, will be positive.

MS. PEREZ: Well, the cover letter is pretty intimidating, too. Auditor General is what they got so, you know?

MR. ROCKMAN: We'll bring that back.

MR. GOROTDETSKY: I agree.

MR. ROCKMAN: We'll bring that back because it's important to get customer feedback. And maybe the approach will -- we'll represent that back to the auditors. Let them know there was a little feedback from this committee particularly that maybe a softer approach or something might be more beneficial is said, that's what you're saying perhaps?

MS. PEREZ: I would think so. And eight pages when you're trying to get someone to respond to a survey, I mean even from your little, you know, map, I'm sorry, chart, it shows that very few want to participate in the surveys. And so when you send them something like that and it's eight pages long, you know.

MR. ROCKMAN: Understood, but -- but for the record we're not doing anything to survey customers beyond this approach. And if we were to move in that direction we'd certainly make it a lot more visible and let everybody know. But right now our -- our method of Customer Sat for agents and for Citizens to a large degree is, is right at what you're seeing here in Voice of Customer --

MS. PEREZ: I understand. Thank you, Carl.

MR. ROCKMAN: You're welcome. Thank you.

MR. NEWELL: All right. So behind tab five, we're going to ask Alden Mullins to come in and provide us a legislative update. Good morning or afternoon.

4. Legislative Update

MS. MULLINS: Good afternoon. I am pinch-hitting today for Christine who is traveling back from a speaking engagement. So for the record I'm Alden Mullins, Director of Communications and Strategic Services. Next slide, please. So I'm going to give a brief overview of the 2024 legislative session, a wrap-up. We'll start with House Bill 1503 and this is the Citizens bill. I'm going to highlight three items on this slide. The first being the first bullet which pertains to flood insurance requirements to be eligible for a policy with Citizens. Previously you were required to have flood insurance for the dwelling, Coverage A, and contents, Coverage C, but now flood insurance is only required for the dwelling. This change is effective upon becoming law. All communications on this topic are drafted and ready to go, which includes an agent communication, and all policyholder communications have been revised to remove references to needing content coverage.

The next one I'd like to speak to is bullet number three and it is regarding agent appointment requirements. Today agents must have one appointment for each line of business that they write with Citizens. Effective 7-1, agents will need to have three appointments for each line of business that they write with Citizens. The communications plan for this change is still being finalized, but once the bill is signed, we will send an e-mail to agents to advise them of the new appointment requirements so that they have the information as soon as possible. And then as the 7-1 day

approaches, we'll work with these -- we'll work with those specifically impacted by this change, and there will be additional communications and our agency field managers will work with them on next steps. And the last one on this page to discuss is the last bullet which is regarding surplus lines. Also effective 7-1, surplus lines carriers can now be approved by the OIR to take out policies from Citizens, but only those policies that are for non-primary residences. There is other language that applies to surplus lines carriers, including using surplus lines offers when determining eligibility for non-primary residence policies. So next slide, please. The main item to highlight on this slide is the last bullet. This item creates time limitations for condo associations to file loss assessment claims, and more detail is provided there on this slide. Next slide, please. I want to call attention to the third bullet. This repeals the language that was added last year to apply a higher rate cap for policies that came to Citizens from carriers determined to be unsound or insolvent. And next slide, please. And then last we wanted to highlight proposals that were widely discussed but did not pass. This includes all proposals that would have increased Coverage A limits. They chose not to change eligibility requirements for commercial/residential wind-only risk. Citizens will not be required to evaluate wind-only boundaries. And Citizens will not write wind-only coverage statewide. And unless there are any questions, that concludes my update.

MR. GORODETSKY: Chair --

MR. NEWELL: Well, thank you, Alden. Any questions for Alden on the -- on her report?

MR. GORODETSKY: Yeah. Alden, hey, this is Lee. Sorry, a couple questions. One, on the depop from surplus, maybe I'm the only one, but I haven't seen a surplus go cheaper or even within 20 percent of a Citizens price in a couple years, but I'm not sure how that even came up as a conversation piece. And do you know why this Citizens increasing to a million did not go? Because everything I saw, it said it was going, it was going, it was going, and then all of a sudden it didn't seem to pass. What happened? Because that's so needed, it's horrible.

MS. MULLINS: Why it did not go through, I cannot speak to, but I can have Christine provide some more insight on that to you when she gets back. She's at the capital all the time during session --

MR. GORODETSKY: Yeah.

MS. MULLINS: -- and all the inside scoop on that. So I can ask her to give you some more information on that when she returns.

MR. GORODETSKY: Okay. Thank you.

MS. MULLINS: Mm-hmm.

MS. PEREZ: Chairman Newell, I have a question.

MR. NEWELL: Go ahead, Lissette.

MS. PEREZ: Alden, hi. It's Lissette Perez. I have a question regarding the surplus lines depop.

MS. MULLINS: Okay.

MS. PEREZ: Does that apply to all lines or is it just the personal lines?

MS. MULLINS: It is just personal lines, but non-primary residences.

MS. PEREZ: I'm with Lee, I haven't seen any surplus lines come in with claims less than -- than Citizens or even remotely close. So I'm going to be surprised how that's going to work. And the appointment piece, the three admitted carriers appointment, that's going to apply for both personal and commercial lines?

MS. MULLINS: Yes, that is correct.

MS. PEREZ: Okay. Thank you, Alden.

MS. MULLINS: Sure.

MR. NEWELL: Okay.

MS. MULLINS: All right. Thank you very much.

MR. NEWELL: Thank you, Alden.

MS. MULLINS: Sure.

MR. NEWELL: All right. Committee members, any, anything under new business that needs to come before us today?

MR. ADAMS: Hey, Chairman Newell. This is Jay Adams. Could I be recognized?

MR. NEWELL: Yes, sir.

MR. ADAMS: I have the answer to the question at least on the latest data we have about what percentage commercial represents for our market share. This data is a little dated and it's because it comes from the trade secret quasar data that is reported back to the OIR. So through the third quarter of 2023, when we look at all of our commercial book, we represent about 18 percent of the market share. Now we don't have it broken out specifically to the condo piece, but the condo association is what we've been writing such a large volume of, really for the last since probably April/May of last year. So we anticipate that in the condo space we're probably quite a bit higher than 18 percent.

MR. NEWELL: Well, thanks, Jay.

MR. ADAMS: You're welcome.

MR. NEWELL: That is good information.

MR. ROKEH: Thanks, Jay. I appreciate you taking the time to find that for me.

MR. ADAMS: Yeah, absolutely.

MR. NEWELL: Okay. Any, anything else before the committee before we adjourn? Okay. Do I hear a motion to adjourn the committee meeting?

MR. HODGERS: I'll make, I'll make a motion.

MR. NEWELL: All right. And a second?

MR. ROKEH: I'll second.

MR. NEWELL: Okay. Thanks for everybody. Welcome to our new members. I look forward to working with each one of you on the committee. And y'all have a great afternoon. Meeting adjourned.

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

(Whereupon, the meeting was adjourned.)