

CITIZENS PROPERTY INSURANCE CORPORATION

MINUTES OF THE CLAIMS COMMITTEE MEETING Thursday, June 13, 2024

The Claims Committee of Citizens Property Insurance Corporation (Citizens) convened on Thursday, June 13, 2024 at 1:00 p.m. Eastern.

The following members of the Claims Committee were present:

Scott Thomas, Chairman
Josh Becksmith
Jason Butts
Jon Palmquist
Jay Adams

1. Approval of Prior Meeting's Minutes (March 28, 2024)

A motion was made by Governor Becksmith and seconded by Mr. Palmquist to approve the March 28, 2024 minutes. All were in favor. Motion carried.

2. Litigated Claims Update & 3. Non-Litigated Claims Update

Chairman Scott Thomas: We provided reports both from Craig Sakraida for the Non-Litigated Claims Update and Elaina Paskalakis for the Litigated Claims Update. We did not have a separate presentation necessarily to be given today. But I think that Jay relayed to everybody that if you wanted to take a look at both of those materials, if there are any questions on either of those items, we are happy to have them entertained, but otherwise we will move on down to the Vendor Update. If anything comes to mind, feel free and we can jump back.

4. Vendor Update

Cherie Hamilton: We have two items to bring to you today for consideration and approval. The first one being Mobile Home Demolition Services. This Action Item requests approval to contract with ten vendors, with five primary and five secondary, to provide mobile home demolition services. This is a continuation of services where our current contract expires later this year in October 2024. In this contract a mobile home is considered or deemed a total loss by Citizens and these companies that perform the demolition, removal, and disposal of the mobile home. Florida Statute 319.30 requires us to obtain the title to any mobile or manufactured home that has been determined by us to be a total loss, and it also requires us to ensure the proper removal and destruction of the mobile home.

In our non-catastrophe daily environment, these total losses are usually due to fires, sometimes windstorms, tornadoes, the occasional plumbing loss, and things like that. The pricing for these services is based on a per usage and a per unit basis, which means we do not incur any costs unless we utilize the services, and

until the work is completed. The fees have been set by Citizens and are based on the square footage of the mobile home. The amount we have spent to date under the 2018 contract is about \$5.1 million and that includes both catastrophe and non-catastrophe claims. Due to the unpredictability of catastrophe events and the unknown increased volume, our budget request includes non-catastrophe projections only.

The new contract has a price increase of roughly 15% compared to the 2018 contract and this is mainly due to the increase in permitting costs, the disposal labor, fuel, and equipment cost. The market research that we conducted during our solicitation process and also in reviewing the US Bureau of Labor Statistics Consumer Price Index confirms this.

Today we are seeking approval for a three (3) year initial term with one (1) three (3) year renewal optional for an amount not to exceed \$1.3 million for the life of the contract. I'll stop there for any questions.

Mr. Palmquist: The approval is requested for an amount not to exceed \$1.3 million across the base and renewal terms. Based on our extensive conversation from the last meeting, do we need to add a comment saying “unless there is a catastrophe or hurricane”?

Cherie Hamilton: Yes, absolutely. Our projection of \$1.3 million is only for non-catastrophe only. If we did have a catastrophe or an event, it is likely that we would need to come back to the Board and request additional funds.

Mr. Palmquist: Alright, I wanted to make that abundantly clear. We discussed this in the last meeting, but also I do not know if we need to put that in the actual request itself, so that there is that clarification that it is unless there is a hurricane.

Cherie Hamilton: Exactly.

Chairman Thomas: I do not think we need to include that specifically in our approval of it, in the sense that, with rare exceptions, I think that is just simply the way we do our budgeting with the idea being that we budget this to run the business and to accumulate a surplus that then is available for catastrophic events. And so, I mean, this is somewhat unique, because it, maybe I am wrong in this, but it seems to me this is an expense that is probably primarily driven by catastrophic events and storm-related reasons for having to salvage out a mobile home. But it did strike me when I discussed this with Jay, a little odd in that sense. But I think that is inherent in how we do this in terms of the budgeting for it.

Cherie, did I get you right? You're saying the price increase from prior years is about 15% per unit.

Cherie Hamilton: Yes, across the fee schedule in total, it is about a 15% increase.

Chairman Thomas: Okay, not a 15% total spend, but a 15% per what it cost us per mobile home?

Cherie Hamilton: Yes.

Chairman Thomas: Okay.

Cherie Hamilton: And just to make a comment on most of the assignments being for catastrophe, you are correct. I believe out of the 638 or so assignments that we currently have under this contract only 94 are non-catastrophe. The rest are due to a hurricane event.

A motion was made by Governor Butts and seconded by Mr. Palmquist to recommend the Board of Governors: a) Approve Mobile Home Demolition Services contracts with the ten (10) vendors as indicated in Attachment A, for an initial term of three (3) years, with one (1) three (3) year renewal option, for an amount not to exceed \$1.3 million, as set forth in this Mobile Home Demolition Services Action Item; and b) Authorize staff to take any appropriate or necessary action consistent with this Action Item. All were in favor. Motion carried.

Cherie Hamilton: The last one that I have to present is for Roof and Property Reporting Services. It is a Consent Item where we are seeking approval for additional contract spend under our current contract with Eagleview Technologies. Under this contract, Eagleview provides aerial images of homes, including related measurements for the roofs, walls, windows, and door openings.

The Eagleview reports are critical to us in a catastrophe response, because they integrate with our current estimating software Xactware. So, it ensures we have accurate measurements and sketches of the damaged roofs, and sometimes it negates the need for a physical inspection by the adjuster.

Due to our continued high policies in force count, Citizens has ordered approximately 30,000 reports since the new contract started on January 29, 2023. The average monthly volume is about 1,900 reports, and that includes both catastrophe and non-catastrophe claims.

Due to the increased use of the reports, we are requesting an additional \$905,000 in additional spend. And this requested spend is on a per usage basis. It is not a one-time payment made to Eagleview, we do not incur the charge unless we utilize the services and request the report. I'll pause there for any questions.

Mr. Palmquist: This is exclusive of hurricane expenses, correct?

Chairman Thomas: Right. I think Cherie can clarify. But I think part of what the additional spend is actually because of hurricane expenses. In other words, we had some catastrophic spend from Idalia or one of the other storms, and so we've spent more of the original budgeted amount because we spent it on catastrophic. So, in essence we are supplementing this to get us back to the original projected spend amount absent that additional catastrophic spend? Did I butcher that up enough Cherie? Or does that make sense?

Cherie Hamilton: No, you do. That is exactly correct. So, in order to sort of get us back on track to have enough spend to last us, I believe to 2026, we are requesting the additional \$905,000.

Chairman Thomas: And that is to in essence backfill prior catastrophic spend that was not originally budgeted.

Cherie Hamilton: Yes, that is correct.

Mr. Palmquist: But does not contemplate potential future activity with storms?

Chairman Thomas: It does not.

Mr. Palmquist: Okay.

Chairman Thomas: Alright, anything else regarding the Roof and Property Reporting Services. If not, I will entertain a motion on that.

A motion was made by Governor Becksmith and seconded by Mr. Palmquist to recommend the Board of Governors: a) Approve an additional \$905,000 in contract spend under the Roof and Property Reporting Services contract with Eagleview Technologies, Inc., for a total approved amount not to exceed \$3,057,000, as set forth in this Roof and Property Reporting Services Consent Item; and b) Authorize staff to take any appropriate or necessary action consistent with this Consent Item. All were in favor. Motion carried.

5. Addendums & 6. New business

Chairman Thomas: That is the extent of our planned presentations for today. We do have in the addendum items some information about recovery cases of interest, and SIU. If there are any questions about those or any follow up we need on that, I am happy to open the floor for that. Happy to open the floor consistent that we can with the Sunshine Law to any new business. And other than that. I appreciate everybody's time today. I think we will adjourn the meeting and one of our quickest claims meetings ever. I appreciate everybody's time.
(Whereupon, the meeting was adjourned.)