CITIZENS PROPERTY INSURANCE CORPORATION

Summary Minutes of the Market Accountability Advisory Committee Meeting
Wednesday, June 26, 2024

The Market Accountability Advisory Committee (MAAC) of Citizens Property Insurance Corporation (Citizens) convened via Zoom webinar on Wednesday, June 26, 2024, at 9:00 a.m. (ET).

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

Dave Newell, Chair
Allen McGlynn
Brian Hodgers
Greg Rokeh
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.

1. Approval of Prior Meeting's Minutes

CHAIRMAN NEWELL: Thank you very much, and welcome, everybody, to today's Market Accountability Advisory Committee. Today is June 26th. It's nine o'clock in the morning. Thanks for everybody making time to be part of the committee today. And our first order of business is to approve the prior minutes from March 26th of 2024. Do I hear a motion to approve?

MR. MARTIN: I have a motion.

MR. GORODETSKY: And this is Lee Gorodetsky. I'll make a second.

CHAIRMAN NEWELL: Okay. Any discussion, deletions, or corrections of the March minutes? All those in favor? (Chorus of ayes.)

A motion was made by Marshall Martin and seconded by Lee Gorodetsky to approve the March 26, 2024, Market Accountability Advisory Committee (MAAC) Minutes. The motion carried.

CHAIRMAN NEWELL: Show those minutes approved. In your binders, behind Tab 2 is an underwriting market update from our friend, Jay Adams. Welcome, Jay.

2. Underwriting Market Update

MR. ADAMS: Thank you, Chairman and committee members. I'd like to go over the market update for underwriting really quickly this morning. If we could go to Slide 2, please. Citizens' policy in force count as of April 2024 was 1.174 million policies, which was a 3.3 percent decrease over the year-end of 2023. Citizens has averaged 37,458 new business policies per month year-to-date through April. Slide 4, please. One more. Thank you. Personal lines, multiperil, and wind-only building counts decreased 4.8 percent as of the end of the first quarter of 2024, with a total insured value of $409.3 billion. Slide number 5. Citizens' total new policy count declined in the second half of 2023 and continues into April of 2024, ending in 37,295 monthly new policies with a total insured value of $415.7 billion. As of April 2024, Citizens' estimated market share was around 15 percent. Slide number 6. Citizens' new business trend for personal residential policy types declined 2.9 percent from January of 2024 through April of 2024. If we look at the same timeframe from last year, the largest decrease occurred in the tenant policy type and the largest increase occurred in the mobile home policy type, which is similar to the trend we saw in the prior quarter. Slide number 7. 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-dollar range, the largest growth in age of home in years was in the 31 to 40-year range, and the largest growth for the age of roof was in the zero to two-year range. Slide number 8. The top three prior insurance carriers for multiperil new business were Universal P&C, American Integrity, and Slide for the period we're looking at here from January through April of 2024. Slide number 10. Commercial lines for multiperil and wind-only policies continues for the quarter ending March 2024. The commercial policy count increased by 2.6 percent, the building count increased by a very small percentage, and the total insured value was $109 billion. Slide number 11. Commercial residential, and non-residential saw an increase of 2.6 percent for the quarter ending March 2024, with a total insured value of $109.7 billion. The majority of the growth occurred from the non-residential with a 5.4 percent increase in policy count and a total insured value increase of 6.8 percent. Slide number 12. Comparing the period from April of 2023 through April of 2024, there's been a gradual slowdown on the monthly new policy count from 470 in 2023 to 343 in 2024. However, the in-force building count has increased significantly from 24,000 to 49,700, and the insured value from $48.9 billion to $107.9 billion. Slide number 13. The commercial new business trend over the period from January through April was slightly less as compared to the average same month over the prior year. We were down by 476 policies with the exception for commercial buildings. Slide number 14. When compared to the same timeframe over the prior year, Citizens has decreased its overall new business total insured value by about half, with the largest decrease from the CRW line, followed by the CR multiperil. Slide 15. 41 percent of all the commercial new business written was building coverages between $1 million and $9.9 million, closely followed by 29 percent between $500,000 and $1 million -- or, excuse me, $.9 million. The A-rated business is slightly down over the period, and the largest category of building age is between 41 to 50 years, closely followed by years 31 to 40. Slide number 16. The majority of commercial new business had a prior carrier of Lloyd's of London, which is a surplus lines, and American Coastal. Slide number 18. This chart forecasts 2024 year-end policies in-force counts. Our best estimate is down slightly from the last time we presented this. We're down to around 982,000 policies. Our upper limit for this forecast is a little over a million, and the lower being around 881 policies in force. With that, Chairman, that concludes my presentation.

CHAIRMAN NEWELL: Well, thank you, Jay. Any questions of Jay about this report? There's certainly a lot of numbers there. There's certainly a lot of information there. So if you have anything specific for Jay, he'd be glad to answer that.

MR. MARTIN: Jay, on the product types, can you define those going forward so that us non-insurance folks know what CR-W, CR-M –

MR. ADAMS: Sure.

MR. MARTIN: -- all those good things mean?

MR. ADAMS: Yes, sir. So CR-W is commercial residential wind-only, and the CR-M is commercial residential multiperil.

MR. MARTIN: Thank you.

MR. ADAMS: You're welcome.

CHAIRMAN NEWELL: Yeah, Marshall, we'll do a better job of that, all of us, I think, because we -- some of us that are in this game everyday kind of take that for granted. I'm sure in your business, you do the same, so –

MR. MARTIN: A hundred percent. Worse, probably.

CHAIRMAN NEWELL: All right. Anything else for Jay on his report? All right. Well, thanks, Jay.

MR. ADAMS: Yep. Thank you, Chairman.

CHAIRMAN NEWELL: Let's go ahead and turn to Tab 3 and bring in Jeremy Pope to lead us in a discussion about depop, CHIPS, and the FMAP.

3. Depopulation, CHIPS and FMAP Update

MR. POPE: Thank you, Chair, and good morning to you and the fellow committee members. For the record, my name is Jeremy Pope, Chief Administrative Officer. And joining me today is Adam Marmelstein, our Director of Market Services. He will be filling in for Carl Rockman as we provide an update, as Dave shared, on the Depopulation Program, our Clearinghouse Interim Program, which we brand as CHIPS, and the latest results around the Florida Market Assistance Program. And following those updates, Adam will bring awareness to the group on amendment changes we're making to our depopulation plan. This will ensure that we're compliant with the most recent legislation, and we want to make sure the MAAC is aware because this will be routed to our board in July for approval and then, we're going to close with a brief agency management update. So as part of our update, we'll begin. The meeting materials are located under section 3 of today's materials, and I'll just reference slides 3 and 4. I won't go over. If you need cliff notes on the highlights of what we're about to review, slides 3 and 4 will provide that information. So we're going to dig a little bit deeper and actually start the update on slide 6. Slide 6 is essentially our 2023 depopulation results. We shared this in the last meeting, so I'm not going to spend much time on it, but just a reminder to the group, in 2023, we pushed out over 275,000 policies. We found homes for those policies in the private market, which equates to about a hundred and -- over $113 billion in exposure that we reduced with Citizens. So just bringing awareness to that group, and I'll compare that to the 2024 results on the next slide on slide 7. And so far this year, we've had six depops that we've actually completed year-to-date, and that equates to over 132,000 assumed policies. And that assumption rate is 61 percent, so that assumption rate continues to get higher and higher, especially when compared with 2023's results. Year-to-date exposure that we've reduced is over $63 billion; in fact, $63.6 billion, to be exact. So, again, of those six depops here to date, four were personal lines and two were commercial lines. And just a special note, yesterday we closed out our most recent commercial lines depop, so we don't have those -- the outcomes finalized, but we will be able to add both the number of policies that were assumed and also the additional exposure to the results that are highlighted on this slide. And for completed personalized depops this year, the trend does continue, with the majority of offers are either less than the Citizens premium or within 20 percent of the Citizens premium, which is great news. And this year alone, we've been very pleased to report we've had the two completed commercial line depops. We went several years without any depop activity in the commercial space. And Core continues to be the participating carrier, which is the division of Homeowners Choice. And while the policy counts -- I'll just remind the group while the policy counts on the commercial depops may seem rather low, the exposure reduce is significant, $4.4 billion year-to-date. And, again, that does not include results from yesterday's depop that concluded.

On slide 8, this is simply just an outline of the participating carriers, if you will, and what months that they have participated in. And so, over the past 14 -- or what I should say, there's been 14 carriers that have participated since April of 2023 through May of 2024, and Florida Peninsula and Slide, they both have kind of led the way, if you will, participating in seven assumptions during this window. On slide 9, same information we're displaying, but for the commercial participation. Obviously, we'd love to see more listed here, but Core is our only carrier in the commercial space at this time, and they have participated in the February, April, and, again, the June depop, as I referenced. And I do want to make just a note, and I shared this in the last MAAC, but as there were some significant changes with the commercial depop program that went into effect February 27th of this year, all eligible commercial lines depop choices can be registered online now, which is a huge improvement to the process. And the commercial residential depopulation process will now mirror personal lines, which is great from an efficiency perspective and also for a consistent experience for policyholders. And in a special note and probably the most significant one is the commercial residential policies that receive an offer of coverage that is not more than 20 percent greater than the Citizens renewal premium are now ineligible to remain with Citizens. So, again, it's in line with the personal lines requirements.

On slide 10, again, just briefly, this is last year's update, if you will, but, again, just shows of all the -- you know, the 275,324 policies that were assumed last year, you know, which -- the carriers that are taking some of the biggest pieces of the pie, if you will. So this pie chart really highlights both Slide, Homeowners Choice, and SafePoint leading the way in 2023. And, then, on the next slide, you want to compare that to 2024 depop, we've got Slide, Florida Peninsula, and TypTap that have been leading the way, if you will, as far as the participating with the assumptions listed there; again, 132,319 year-to-date. On slide 14, we like to measure -- and, actually, let me -- you know what, go ahead and back up. I apologize. Those -- this is just some history. If you want to take that data and break it out by month, it's listed there. I just showed you the annualized results, if you will, but this will break out the carrier and the number of policies that they've assumed all the way from April of 2023. Next slide will have the 2024 results, and, again, it's the same exact data, just broken out by month. I just wanted to reference that before we moved on. Slide 14, this is essentially -- we like to look at, you know, where's the activity throughout the state occurring, you know, and for the most part in 2023, we saw a very -- it's balanced. It wasn't just the tri-county areas that the policies were being assumed. You know, back many, many years ago, that's -- we saw some of the greatest activity that was occurring in those counties, and we're seeing just the depop activity all throughout 2023 was relatively balanced, if you will, for the most part. And in 2024 -- next slide -- same results for the most part. We're still seeing this is the personal lines policies that have been assumed, you know, year-to-date in 2024, relatively balanced for sure. You'll notice in May, it's -- you know, we've seen a big drop, if you will, in the tri-county piece, and that was because we had a participating carrier that ended up not assuming policies from the tri-county area. So that threw that off. We don't usually get a lot of intelligence. Usually, we're just told it doesn't help to balance their book and they've just made a decision not to participate due to their business models, if you will, and based on their exposure of their books. So we have some speculation, but we don't have any additional intelligence, but that's what threw those numbers off if you're wondering why, you know, the month of May was, you know, the drop with the tri-county participation, if you will. Next slide, same thing, but on the commercial lines piece year-to-date. Again, we're seeing depop activity occur throughout the state, not just zoned in on one particular part of the state. And, again, throughout the personal lines and the commercial lines data, we've got the top five counties that are listed there as well. And so there's some redundancy throughout the -- actually, between 2023 and 2024.

Next slide. This is -- all right, slide 17. So this is -- you know, one of the things that we do is we -- you know, we spend a lot of effort and time making sure we're finding homes for these policies out in the private market. But we also want to make sure and we look for any new business that comes back to Citizens within a year of the assumption date; we want to make sure that if they have a matching name or address, these policies are remaining out. And you'll notice that since June of 2023, we've had total new business return, the total is 4,014. So we have a return rate of around -- a little over 1 percent. And what that essentially means is 99 percent of the policies are remaining out of Citizens, which is great. There are times where policyholders may be eligible to return back to Citizens, and that really occurs if the final offered premium for the takeout company is more than 120 percent of the current Citizens premium, because there's estimates initially with the depop, and if the premium ends up changing, sometimes that policy could, you know, come back into Citizens. And, then, just what we do is just to protect the integrity of the 20 percent eligibility rule, we, as the organization, review all new business policies that were assumed in 2023 and this year, and if they've been resubmitted to Citizens as new business, we look to make sure it's valid, but policies that do not qualify are canceled during the underwriting period. So, again, that's just to protect this data and ensure that it's -- there's high integrity, and, then, most importantly, ensuring that we're keeping policies out of Citizens if they truly shouldn't be eligible.

CHAIRMAN NEWELL: Jeremy, I apologize. This is Dave Newell. Just to reiterate, right, you guys are monitoring that, because I know there's been a lot of discussion on this committee for sure about the clawback, right? Some of these –

MR. POPE: Yeah.

CHAIRMAN NEWELL: -- (inaudible) back. But you think that process that you have in place is working? It's -- certainly the results are showing that, but -- and your team is staying on top of that, because I know that is always something that we get a lot of questions about is –

MR. POPE: Yeah. We do -- yeah, Chair Newell, absolutely, we do. And, again, with the keeping 99 percent -- that's one of the reasons we want to dedicate and make sure that all new business, you know, last year and this year, that we are reviewing to validate and ensure because, you know, yes, we're very satisfied with the process, and, again, that's what helps us preserve the data, but, yeah, we are seeing a little over 1 percent on average as far as the repop, we'll call it, rate. And, again, we don't like to see that, but sometimes it's valid and the policyholder is eligible to return back to Citizens. To be honest with you, it's an exception when you look at the results, so...

CHAIRMAN NEWELL: And, then, last question, Jeremy, just curious, is there anything that we can do as the associations that are represented on this call to educate around this process? Is there anything else that you feel from your team or Christine's team that we can get the word out of how well this is working and what that process may look like if you want to reenter? I know there is a -- there's some bulletins out there about reentering if you're re-eligible.

MR. POPE: I think -- so there's two -- there's two pieces to that. So, one, I think the speculation, like you mentioned -- we've heard it also, you know -- policies come back to Citizens, and they shouldn't, but just to reiterate, you know, we are looking at every piece of new business that comes in to validate. So that right there, I think, kind of helps, you know -- you know, with that and provides some validation. And I think when we get to the agency management update later, Dave, I think just helping -- I mean, obviously, you know, reducing errors and things like that and making -- you know, not just the depop process, but even the day-to-day process with service, you know, keeping that, that, to us, would be the biggest piece that could help us. And if there's anything that we could do to better educate or communicate, I know Christine's team would be on deck to help from that perspective, and if -- you know, we're always open to -- if we feel that there's an area of training that we -- you know, an outreach we can do with the agent community, we're there, you know, we'll partner for sure.

CHAIRMAN NEWELL: Okay. Thank you, sir.

MR. POPE: No, you got it. Slide -- next slide. This is just, you know, for all the history buffs. If you'd like to go back and look at all the history with depop, you know, with the personal lines piece, we have the data all the way back from 2009. And, then, the next slide, slide 19, this is the commercial piece. And, then, again, I'll just reference -- you see 2020, 2021, '22, '23, we went four years with no commercial depop. So that's why we got extremely excited this year. We started to see, and we're grateful, the interest in some of the -- the policies on the commercial book. So we feel confident that that trend will continue. Next slide. Just depop timelines, pretty self-explanatory, but you'll see here's the 2024 personal lines calendar. No activity is going on in July, and as of today, there's been no interest expressed for anything in September. So we expect it to be rather quiet through October, but we do expect October, November, and December to be quite active. And it usually -- you know, this is usually a quiet time for us anyway when it comes to depop, carriers have finalized their reinsurance, but, again, the fourth quarter of this year, we're expecting heavy, heavy activity. And, you know, last year, I mentioned, you know, we're a little over 275,000 policies that we've -- you know, have been assumed from Citizens. And, you know, our most recent forecast, you know, we are -- you know, we may potentially hit up to 400,000 policies, which would put us right under the million-policy mark, right, which would be great. So all indications at this point, you know, are high -- you know, a substantial amount of activity, fourth quarter of this year. Of course, any type of significant storm could throw a wrench. We'll continue to monitor and keep the conversations going with the various carriers as appropriate. And you'll see on the next slide, 2024, again, nothing for the commercial piece. We just wrapped up the commercial depop yesterday. But August, we don't have anything on deck in -- but October, we're hoping to see some additional interest as well. So we're expecting some activity in the October timeframe with the commercial depop. Next slide. All right. And at this point, I'll turn it over Adam to pick up with the FMAP results.

MR. MARMELSTEIN: Very good. Thank you, Jeremy. This is Adam Marmelstein for the record. I'm the Director of Agency and Market Services. Nice to be with you all here today. Quick FMAP results on the following slide. The trend here continues as it has over the last few months. The results are through the end of April. So Quarter 2, 2024 is only a third of what we expect. We anticipate that Quarter 2 will end in a similar fashion to Quarter 1. And, in fact, all of 2024 will essentially mirror 2023 as there'll be about -- between $700 and $800 million dollars of exposure placed in the private market as a result of the FMAP program. Slide 25 is something that Jeremy alluded to earlier, the CHIPS program. This is the Clearinghouse Interim Program. It's what is in place now as we bridge the time between the clearinghouse going offline earlier and the new one coming online, which I have an exciting update about a little later on in the presentation. To me, the big takeaway here is the percentage verified as eligible. You can see that that's a positive trend. We're up to 94, almost 95 percent of the policies that are reviewed, the eligibility is being verified is correct. So this is important because it's a manual process and the agents are doing a great job understanding the 20 percent eligibility rule that's in place and submitting the appropriate documentation that supports that the policies that they're writing with Citizens do, in fact, belong here. 95 percent is looking pretty good. I don't know that there's much room for improvement, but maybe at the next meeting we'll see a slight uptick there as well. Bottom half of this slide talks about, again, the interim renewal program that's in place. There's not much changed here from its inception in late 2023. We're seeing some small gains and we're hoping that in the course of the year, we'll see about $15 million in exposure removed as a result of the interim program. So that's the end of the slide presentation for now, and I'll move off slide deck and talk a little bit about some of the things that we're working on and then I'll come back to the depopulation plan and maybe end on that note.

I want to turn to the exposure reduction process enhancements that are underway. Again, Jeremy talked about the fact that over time, we're always looking to improve the depopulation program. One of the things that we're doing now is focusing very much on the policyholder experience. It's gotten much better over the years, but there are always things that we can do to make it better. I have the pleasure of leading a group that runs across the company that's looking for specific policyholder improvements, things we can do to make it easier for them. Once we've addressed that, we're also going to look at things we can do to help the agents and things to help the participating carriers. I'll just give you a couple things that we're working on right now. One is creating some videos for those who want more information about depopulation, starting with "why me," we'll have little snippets, two or three-minute videos where policyholders can visit our website and learn a little bit more about the depopulation process, including answering the "why me" question, as well as a few other things. We're going to continue to revise the coverage worksheets that are found online. Those are distinct from the ones that are mailed. The ones that are mailed, we have some constraints because it is print mail, but online we can be creative and be colorful, and we're working to improve those as well so it's easier for policyholders and agents to see the differences between the policies that are currently offered -- that they currently have with Citizens and what's available to them in the assumption offer.

Lastly, we've done some trade journal article in advance of FAIA, and we're also looking to do some radio spots post-hurricane season. We want to make sure that we're on message during hurricane season about what people can do to prepare and also what they can do in the event of a storm. But after that, we'll focus a little bit on depopulation. So that's the exposure reduction enhancements process that we're working on now.

Citizens Clearinghouse Reimagined. So this is the program, this is the process that is being built to replace the old Clearinghouse. And I'm excited to announce that on Monday, two days ago, we went live. As we've talked about before, this is a phased process, and so what went live on Monday is not the finished product, but what went live on Monday is the EZLynx system, and it's up and it's running and agents are using it and we're seeing submissions. And this is the culmination of many, many months' work both by the people here at Citizens and our vendor partners Applied. There are approximately 2,000 agents to whom this was rolled out. The remainder of the agents will receive access over the coming months in a staged process. We want to make sure that we don't overwhelm the system; we want to make sure that we're addressing any problems that come up, so that it's as good a user experience as possible for people when they join. To that end, there's also a lot of training that's taken place. There are approximately 1,500 agents that have already done training. And when you look at it, if you've got 2,000 agents who've gone live and 1,500 who've received training, that's a pretty astonishing result. Everyone knows how busy everyone is all the time, and for them to take the time out to receive the training is good, and I think that's going to pay handsome dividends in the success of the rollout. That's still Track A, so phased approaches. Track B is still very much on track, and we'll see that coming live in January of 2025. That will be the automated eligibility checks. And, then, in the third quarter of 2025, the renewal process will also come on board. There are a few other things going on in between and a few more pieces of functionality that will be rolled out as well, but those are the big -- those are the big hits.

Lastly, this is just sort of an awareness piece. The depopulation plan that governs how the depopulation program is run is, of course, controlled by statute. The depopulation plan incorporates the statutory requirements and adds some of the operational pieces, and we use that to dictate how the program is administered. It is approved by the OIR. In order for it to be approved by the OIR, it must first be approved by the Board of Governors. In order for it to be approved by the Board of Governors, it has to come out of the EXRE committee. So it'll be presented to them the Tuesday before the next board meeting. It's being presented to you all here today for awareness. It's at the back of this slide deck, a red-line version. And I'll just tell you, Jeremy mentioned it, this -- these changes essentially incorporate -- they don't essentially incorporate -- they do incorporate the changes that were required as a result of both the 2023 and the 2024 legislative sessions, as well as a few cleanup items. So feel free to read it at your leisure, especially prior to bedtime if you're having some trouble sleeping as it's a fascinating read. So that's what I've got for all of you. Thank you very much.

CHAIRMAN NEWELL: Well, thank you, Adam. I appreciate all that information. Folks, any questions of Adam about all the stops and processes that he just outlined for us?

MR. GORODETSKY: This is Lee Gorodetsky. Just a kind of generic question. I'm not sure who it's for, but it seems like with the depops -- and I know there's a lot more coming out later this year. I don't know -- because if I'm hearing the numbers right, it looks like thirty-five to forty thousand new policies are coming in every month and we're depopulating maybe about that same amount. So whatever the numbers -- however they work out, but it's just a wonder -- I have a lot of people asking me, why aren't these companies writing the business as opposed to having us put it in Citizens and then go through this depopulation process, and they're not understanding that part of it. So maybe those videos will help people understand this whole process, because all they're seeing is higher pricing when this happens. So it's not like the consumer is happy about it. But in any event, I'm just hoping more of these policies come out. I'm hoping the second half of the year, the fourth quarter will have this depopulation big, especially in South Florida, because we've got a lot of policies going in for sure.

MR. MARMELSTEIN: Yeah, that's an interesting observation and some of our depopulation numbers sort of mirror that. I don't know which slide it was, but early on, Jeremy talked through the numbers of the depopulation. If we go way back to slide 7, you can see there's a column that says "Assumed Premium Less Than Citizens," and 27 percent of all the policies that have been depopulated this year, the policyholder has gotten a lower premium with the private market than they would have had if they had stayed with Citizens, which, obviously, is a huge win for the policyholder and a story that we're really quite proud of. So why aren't they writing in the first place? That I can't speak to. But it's certainly the case that when some of them do come here, they are going out through depopulation, thank you very much. It's not on the slide, but if you look at the assumed premium less than Citizens' premium, the bottom is 35,314. You divide that by 132,319, and you get 27 percent. So more than a quarter of people who receive -- who are assumed are saving money by leaving Citizens. So, hopefully, Governor Gorodetsky, we're catching them even if they're -- even if they should have maybe stayed out in the first place, they're getting gone.

MR. GORODETSKY: Do you happen to have a breakdown of how many of those are South Florida and how many are the rest of Florida of those percentages that are saving money? Because I'm not seeing it down here.

MR. MARMELSTEIN: I don't. We can certainly get it. I think maybe if we look at the other slides -- we talked about tri-county, and the tri-county numbers are what they are. They're a smaller percentage than they used to be, which I think speaks to the fact that a lot of them were removed last year and the beginning part of this year, but I think it also speaks to the fact that the rates are not as competitive in the private market as they are in other places. But we can certainly get that breakdown for you, but I think it's -- I think it's a market (inaudible).

MR. GORODETSKY: Okay. Thank you.

MR. MARMELSTEIN: You're welcome.

CHAIRMAN NEWELL: Anything else for Adam? All right. Adam, are you going to take slide 5, section 5, or is that Jeremy?

MR. MARMELSTEIN: I think that's Jeremy.

CHAIRMAN NEWELL: Okay. Agency Market Services Update.

MR. POPE: Adam, I think that's you. I just want to make sure. No, we're not like passing the ball.

CHAIRMAN NEWELL: We're playing tennis today, I gotcha.

4. Agency Market Services Update

MR. MARMELSTEIN: Sure, I'll take it. Let's roll. Current agent and agency counts. This is essentially exactly what it says, it's the number of agencies, the number of agents, the number of LCRs. The numbers in red show a net change. They're obviously pretty -- pretty small compared to the relative numbers. So there's not a lot of change going on here, the breakdown. And I'm going to just gloss through this because I know you've all seen this before, but we break down the agency sizes through -- Tier 1 through Tier 6, and, again, it's always worth calling out how striking it is, the percentage of business that's written by the larger tiers. Let's go to slide 3. Performance violations. We see this, too, in the new business piece that I talked about earlier. As agents are submitting new business and the eligibility is being checked correctly by them, fewer performance violations are being issued for that reason. We can see that in 2023, the numbers, compared to year-over-year -- and it's important to look at it in terms of the total volume, which is why the percentage column is useful, but 3 percent continues to be about the number of performance violations that are -- that are issued. There's also the bottom, the number of warning notices that were sent during the time periods and the number of suspensions. Let's go to 4. This is the same breakdown by month. Let's look at 5, late submission violations. Again, this is summaries, but this is specific to the late submission, LSVs as opposed to -- to PVs. PV is performance violation, the agent did something incorrect, whereas a late submission violation is simply that, the submission wasn't late, but the trailing documents usually were late. And that's an indication sometimes of a need for processes to be tightened up, but, clearly, if they're late submitting trailing documents, it kicks off an unfortunate chain of events where underwriting sends out for it, agents respond to it. If they don't, then you start to get into possible cancellations and a back and forth. So we've carved this out to be a separate item worth checking, and the numbers there are in the table. Yeah, I'm sorry.

MR. POPE: Adam, I'm just going to jump in really quick because, Dave, to your comment earlier, you know, what can the associations help with, I mean, this is the one that causes a lot of noise, right, for consumers. So while we're -- you know, Adam and Carl Rockman's team do a great job of partnering with the agents and agencies around the state on specific issues. We do look at trends when we see that -- you know, for us to go out, you know, with training material to try to help. But if there's anything that the associations hear or think that we can do a better job as far as getting out there to clarify anything around, as Adam mentioned, the process or anything like that, that's where we want to partner really close because this is where -- you know, if we're going to receive a complaint, whether it's regulatory, whether it's directly into us, a lot of times it's in this space. So, a lot of our effort is focused here, but if there's something we're not thinking of, we'd love to hear from you guys anytime in the future. Sorry, Adam, I had to jump in there.

MR. MARMELSTEIN: No, no, not at all.

CHAIRMAN NEWELL: Jeremy, again, this is Dave Newell. Thanks for those comments, but, Adam, I'm just curious. I mean, you must be doing a pretty good job because you've had, you know, certainly warning notices and the level of suspensions for both PVs, performance violations, and late submissions, but based on these numbers, none of them have resulted in terminations of the agency. So how is that for us and maybe some new on the committee? How does that work since once you get suspended trying to recover from that so you don't lose your appointment with Citizens?

MR. MARMELSTEIN: Yes, I can say without any false humility that I can take zero credit for any of that. This department rolls up under Tina Guzman underneath Carl, and her team does a great job getting the notices out in a timely fashion, helping agents understand what they are. Of course, the agency field managers under Kelly Abell are on these all the time working with agents to make sure that when warning notices turn into suspensions, they don't turn into termination. So it's very much a team effort on this side to make sure that agents continue to stay appointed, and, of course, their policyholders don't have to deal with anything that comes as a result. And I know it's something that Carl in particular is very proud of.

CHAIRMAN NEWELL: Okay. All right. Well, thank you for that. All right. Anything else for Adam or Jeremy on this topic?

MR. HODGERS: Yeah, Mr. Chair. This is Brian Hodgers. I have a question for Adam. I noticed on one of the slides there were no additions nor deletions of new agencies being appointed with the new rule about having to have three or more appointments. How is that impacting, because it looks like -- there's been no impact or has it not kicked in yet?

MR. MARMELSTEIN: It has not kicked in yet. And, also, there's -- that's also a net number. So I don't even know that would be the next -- the best place to see it. But the program itself is currently being rolled out, so that's the reason it isn't showing up there. And, again, this is another thing where we're taking a very proactive approach to reach out to agents who have less than three appointments and make sure that there isn't an appointment that we're missing. We're going to rely on the Department of Financial Services' data to some extent, but, then, we're also going to check it against what we know to be the current case, because that data, like so much data, is -- ages pretty quickly. I believe there's a segment in the slides a little further down that speaks to it more in detail, but the short answer is it's not being -- it's not in place just yet.

MR. HODGERS: Thank you.

CHAIRMAN NEWELL: All right. Adam, are you going to take the lead on the Clearinghouse EZLynx rollout update? I know you gave us a little bit –

MR. MARMELSTEIN: Yeah. Yeah. These slides will put a little color around that. Let's just roll through them, see if I missed anything. The section's highlighted in red. The big piece here is the why, improved agent experience, shorter application process, and, then, the improved carrier reach is really a big part of this. Clearly, the more carriers that participate in the program, the more likely the policyholder is to receive offers from the private market. The timeline that I alluded to earlier -- fortunately, I got it right -- is right there in print under the what and when, June 2024. That's what just went live on Monday. Then we've got mid-January 2025, the new business and the automated eligibility checks. That's a huge milestone, too, because it'll take away the manual checks that are happening now during the CHIPS program. And, then, Track C, the big piece, like I mentioned, is that the renewal quoting comes on live, and that's when every policy that's on the platform -- every policy type is run through automatically every single night in an effort to get those policies returned to the private market. Let's go to 9. This was communication that was sent out to help bolster the attendance at training and also to make certain that we had communicated well to the agents that the new clearinghouse powered by EZLynx was going to be rolled out and when it was and all the details. Page 10, this is a timeline explaining in detail when the webinars have been held or are going to be held. I'll also mention that there's a recorded webinar you can see right there in the middle of the page. So not only are we doing live training to anyone who wants it, but for those who find it easier or want to hear it again, there's an EZLynx recorded webinar that's going to be available to them. I'll also mention that the training is a coordinated effort between EZLynx and Citizens. Not surprisingly, EZLynx is focused on the user interface itself because that's their product, that's their expertise. The Citizens training is focused on the program and the process, what qualifies, what doesn't, when it does, when it doesn't, what you should do if you have any issues, and it's also going to be the same on the support side. So right now, because of the rollout on Monday, we have two different teams that are actively taking agent questions, and it's divided between the Applied EZLynx side and the folks here at Citizens. Page 11. Implementation timelines. Again, just another way of seeing it, 2024 versus 2025. Page 12. Governor Hodgers, this is what we talked about here. Here is the language, and it's at least three insurers. I think we're all on this committee pretty well versed with this. And I don't know that there's much more I can say than I didn't say already, but Citizens is going to be very active in making sure that the legislation is applied exactly as it's written and no more and no less. But we want to make certain that every agent has the opportunity to do whatever they can do to make sure they can remain a Citizens agent. Any other questions on that? I know it's an important topic. I don't want to just gloss over it.

CHAIRMAN NEWELL: Yeah. Adam, this is Dave Newell, and Brian may have something else, but I'm just curious, since I know there's been an outreach campaign by the team for those agents that may fall short of the three appointments, have you seen a decrease in the number of agents that have either provided Citizens with validation that they'd have the three appointments, or, you know -- what are you seeing in that process? Is that number shrinking is my question?

MR. MARMELSTEIN: I don't know. That, again, is handled in a different area. It's a small number -- relatively small number to begin with. I suspect that the number -- oh, and I'm getting some support. Thank you very much, Kelly Abell. Kelly Abell gives me a definitive yes, the number is shrinking. So there you go. Citizens teamwork live in real time.

CHAIRMAN NEWELL: Yeah. Well, and the reason I ask is because, you know, as you know, we just had our convention and we had a lot of agents come up to us that had a lot of angst, and, then, when we saw them at convention, a lot of that went away because they were able to work with your team and DFS and make sure the carrier list was updated to provide the carriers that they could get appointments with. So some of that started to happen, so I was just curious.

MR. MARMELSTEIN: Yeah. Yeah, I know it was a big topic at FAIA and I think it's great that, as always, Citizens has a presence there to address lots of strategic questions, and they do come up, but I think really the biggest help that we do there is talking to agents and addressing the immediate tactical concerns on the ground, and this was a -- I agree 100 percent, this was a big one. And the agency field managers and the agency managers are doing a great job getting the information out.

MR. POPE: And Adam and Chairman, I'll just jump in on this slide. You can see that, you know, kind of that population, as Adam referenced, it is decreasing as far as the impact with the agents, right? So right now, when you look at like personal residential, I mean, we had -- right now, there's 1,219 impacted agents, but 705 of those actually have PIF, some type of policy count with Citizens. So there's also a population that have no book of business with Citizens. So it looks a little bit worse than what it is, and you'll see the commercial and the commercial non-res, that's broken out there, too. So as Adam alluded to, the agency field managers are actively engaged and Tina's team are actively engaged at working with agents and providing options and helping them. We are white-gloving this behind the scenes, of course, and trying to minimize any and all consumer impact at the end of the day. That's the goal.

MR. MARMELSTEIN: Yeah, and I think the next slide shows that a little bit. How are we doing it, when are we doing it, who's doing it? Obviously, we all know why we're doing it. So this started a month or so ago and will continue through June and into July. And like everything else, as the numbers start to dwindle, there'll be even more and more focus on the agents that are remaining. So I expect we'll see a very positive outcome here. All right. Page 16. We're nearing the end here. Voice of the Customer, this is a program where, as the helpful bubble tells you, policyholders are asked to rate the satisfaction of the service provided by their agent and also whether or not the policyholder contacted the agent before contacting Citizens. So let's go to the big reveal here on page 17. These results, again, have been fairly consistent over time. You know, the bottom number here is 76, the top number is 82. So even as we're looking at some of these tightly angled spikes, the actual percentage points is a very small swing. You can see the number of calls versus the number of surveys. Again, not everyone who calls is going to want to take a survey, so we have to be careful with sampling bias and selection size, but having over a thousand is pretty good. So there's a fair amount of confidence in these scores. And it trends, it's fairly consistent, goes up a little, goes down a little bit. I know there are always efforts underway to try and improve them a little bit, but 2023, we can see an average around -- I'll call it 80 -- 79, 80 percent, and that's about where we are in 2024. And I think that's the end of the agency management presentation. So thank you again for your attention.

CHAIRMAN NEWELL: Well, thank you, Adam. Thanks for filling in today for sure. A great job as normal anytime you're part of this committee, so thanks again. Any questions of Adam about some of the matrix he just provided us? Okay. Any other questions or new business for today's conversation?

MR. POPE: Chair Newell, if I may, a new business item, and, honestly, just a reminder to the group. We've -- each of you on the MAAC should have received some type of communication regarding OnBoard. It's some software that we've invested in and we are going to be transitioning our MAAC materials into the OnBoard platform. So I think all will really enjoy it. You can download that app. There's instructions on the email on your personal device. It works really well with a tablet. Everything's in one spot, if you will, as far as the meeting materials. Following this meeting, Ariel is going to send a reminder out to the MAAC, and if for some reason you have not received that software link to download the app or anything like that, or you get stuck, you need some help, we have some resident in-house experts that will assist to make sure we get you up and running. So I just wanted to provide that follow-up that we -- will be some reach out and a reminder on the OnBoard software and just reach back out to us if you need any help with it.

CHAIRMAN NEWELL: Okay. Thank you, Jeremy. Yeah, I have that on my to-do list. So anything else before the committee today before we adjourn? All right. Well, with that, do I hear a motion to adjourn today's meeting?

MR. GORODETSKY: Motion to adjourn.

MR. MARTIN: I'll second.

CHAIRMAN NEWELL: All right. Have a great rest of your day and try to stay cool.

Whereupon the meeting was adjourned.