Summary Minutes of the
Information Systems Advisory Committee Meeting
Tuesday, September 13, 2016

The Information Systems Advisory Committee (ISAC) of Citizens Property Insurance Corporation (Citizens) convened telephonically on Tuesday, September 13, 2016 at 9:00 a.m. (EDT).

The following members of the ISAC committee were present telephonically.

> James Holton (Chairman)
> Freddie Schinz (Board)
> John Vaughan (Advisor)
> Kelly Booten (*staff)*

Call Meeting to Order

Roll was called.

1.   Approval of Prior Meeting's Minutes (June 7, 2016)

Chairman Holton asked if there were any changes to the prior minutes. There being none, he asked for a motion to approve the minutes from the June 7, 2016 meeting.

Freddie Schinz made a motion and John Vaughan seconded to approve the minutes as presented. The minutes were unanimously approved.

2.   IT Disaster Recovery Strategy Update

Robert Sellers, Vice President Infrastructure & Operations, stated that Citizens is in the process of working through interview activity with vendors that have been identified as on the State of Florida Contracts for disaster recovery services.

A request to utilize that contract vehicle was placed in front of the executive leadership team. They reviewed that activity and approved going forward with that as the acquisition and contracting method for those services.

Robert continued by saying the contract is very wide and deep with five different vendors providing most services through the State's contracts vehicle, as well as other components available on other State contracts that meet and fit the need for disaster recovery.

As stated, interviews have started with the different vendors. At this time, we have had two vendors make presentations to the technical teams, including DSM, which is a Florida based disaster recovery organization, as well as Sunguard. Many of you probably know the term Sunguard from disaster recovery services, a nationwide vendor.

Robert went on to say that several other vendors have been targeted for interviews and on site presentations over the course of the next several weeks. At the same time, we are going through our development of the deep technical requirements associated with this service so that both of those two activities come together simultaneously prior to us coming forward to the Board for approval for the service contract. We anticipate that in the first quarter of 2017, as we continue on this project.

Robert concluded by saying that everything is going as expected at this time and we are working well with our legal and other organizational units to proceed forward with this particular project.

Chairman Holton asked if there were any questions for Robert. With none being heard he turned the floor over to Sarah Harrell for the ERP Update.

3.   **Enterprise Resource Planning (ERP) Update**

Sarah Harrell, Director Enterprise Programs, began by saying that since the contract approval in June our implementation vendor AST has been on site since August 1st. We had the joint program kick-off on August 9th, and we have had tremendous collaborative effort since they have arrived.

Our discovery planning process will go on through September. Some of the activities are weekly recurring meetings where we do discovery, gather requirements, and AST starts to configure the system. We have done gap analysis on the content of the SOW to make sure that we didn't miss anything. IT has been doing impact assessments. Great collaborative effort has been ongoing.

After we finish the discovery planning and process modeling in September, we have configuration and development of sprints one and two. That is where the vendor actually takes the information they have gathered, configures the product in the cloud and then the business teams and the IT teams look at it, validate it and then move forward.

Those two sprints are scheduled October through December, we will then move into testing and training in January and February of 2017, and our projected go live date for Phase One - Financials and Purchasing is April of 2017.

We will follow that with Phase Two - Advanced Procurement, which is additional purchasing functionality in our vendor management functionality and is slated for deployment in September of 2017. Phase Three - Budgeting is slated for go live in January of 2018. Our two HR modules, Phase Four – HCM & Projects and Phase Five – Advanced HCM, are projected to go live in January of 2018, as well. Keep in mind these are projected dates and we firm these up with the vendor at the beginning of each phase.

Sarah shared the approved action item and the projected implementation spend that was approved to support the 10-year contract, which the Committee has seen before. The software subscription services and the implementation services essentially are what they are. This is the projection of how they will be spent over the implementation years.

Sarah concluded by saying the only area that will have any variance is the contingency funds so we will need to monitor that. We have 10 percent contingency funds for additional subscriptions and 25 percent contingency funds for change orders and we have had no activity in those areas to-date.

Chairman Holton asked if there were any questions for Sarah. With none being heard he turned the floor over to Curt Overpeck for the IT Update.

4.   **IT Update**

Curt Overpeck, Chief Information Officer, provided updates on two items.

Curt started by saying a new IT Security Policy has been established. The policy was approved by the executive leadership team in August, and announced to all employees by CEO Gilway. It's an updated and streamlined policy based on the cyber security framework developed by the National Institute of Standards and Technology, also known as NIST.

The framework represents best practices created through collaboration between industry, academia and government. It is a flexible framework and it is a guide to all organizations in the management of cybersecurity related risks. Our policy aligns with newly developed State of Florida cybersecurity standards, which is also based on the NIST framework.

The new policy is important in that it clearly establishes corporate direction, expectations and responsibilities as we work to assure confidentiality, integrity and availability of information and technology assets. The new policy is an updated foundation that we will now build on as we review, develop and implement specific security standards.

The second item for update this morning is the IT support and response to Hurricane Hermine. As discussed at previous ISAC meetings, CAT preparation is a year around initiative coordinated with our Claims division to assure that our systems and processes are well prepared to meet the demands of a major hurricane.

Our plans were executed with Hurricane Hermine, which made landfall on September 2nd. As the storm approached we entered a period of change moratorium, not wanting to implement any changes to systems or technical infrastructure that could possibly result in a problem situation. The IT team supported in-house adjuster training over that first weekend that the hurricane struck and they stood ready for field deployment support that potentially could have been required.

While we had an effective response we did uncover some problems with standard reports and processes for on-boarding adjusters. Curt concluded by stating that the problems are being addressed promptly so that we are improved and ready to meet the needs should our plans be called on in the future for another hurricane.

Chairman Holton asked Curt to elaborate a little on what some of the problems were, what the IT issues were with the hurricane.

Curt replied that there were a couple of areas primarily. First, there were three reports that proved not to be accurate when they were first run in response to the hurricane. Those have subsequently been reviewed and the corrections are not major. In fact, we are working on them now and they should be corrected right away.

He continued by saying that all of our information needs were met with work arounds or other information, but there were some problems with standard reports.

Secondly, when we bring on adjusters specific for a hurricane, we have set-up processes through our systems where adjusters go through a credentialing and approval process and are ultimately authorized in new system. It is a multi-step process and in practice the process did not work as smoothly as we anticipated. We have followed up on that and it appears that it's a combination of assuring that processes are well understood and tested across the business unit and IT. It may also suggest that some additional systems improvements are needed to streamline the process.

We are continuing in that area with the critical issue being able to on-board a high number of adjusters should we have a hurricane of much more dramatic impact, so we are following up on those items with confidence that we can resolve the issues right away.

Barry Gilway, President & CEO, added that the IT issues were identified as part of a process that Jay followed. Barry said it was kind of a lessons learned approach, so we took a look at the entire process in terms of claims handling and evaluated where improvements might be necessary, as Curt indicated, in the event of a much more major catastrophe. I do want to be clear, however, that the IT issues in no way, shape or form really hurt our response time.

The claims response to this event was just absolutely fantastic. We have only received about 750 claims so far, and are estimating that we will probably end up with something in the 1,200-1,500 range. I think about 90 percent of those individuals have already been contacted, so the response from the claims organization has been excellent. These items are really just recommendations as to how to improve the process so that we are more responsive, particularly in the event of a far greater catastrophe.

Chairman Holton thanked Barry; he appreciated the information and said good job on the overall response. He continued by saying that from what he's heard and from the feedback he has gotten, it has been great. He then asked if there were any other questions.

Governor Freddie Schinz had a question, but first said that as far as the little boo-boos that were experienced, he echoes Chairman Holton's response about how good and how great the Citizens' response team was. He asked if Citizens had any idea how long it would take to implement some of the corrections that were taking place at this time.

Curt replied that our expectation is that reports can be corrected in a matter of a couple of weeks. Any issues identified were not major, at all, and we may possibly even have corrections made at this point.

A review of the adjuster on-boarding process is looking for improvement. I believe we can also work through that in coming weeks. It is going to take a collaboration with the claims unit, the vendor admin unit to make sure that all processes are well understood, and then we can build on that and see where there is some areas for improvement. I think that a continuous improvement effort, depending on what comes out of the analysis, may require a bit more time, but I think we can work through that quickly in a matter of weeks.

Governor Schinz thanked Curt. He also wanted, once again, to echo kudos for staying on top of this thing and for doing such a fantastic job during this recent storm.

Kelly Booten, Chief Systems & Operations, iterated that the IT team, along with the Claims team, very effectively responded. So, though those issues did surface, it is always good to have run through something and found things that you can quickly resolve. The IT team responded, we met all of the SLAs and things got addressed. This is just making sure that, as we scale up for bigger events, things run even better. So I wanted to add that vote of confidence.

Chairman Holton thanked Kelly and asked if there were any further questions on this agenda item. With none being heard he turned the floor over to Robert Sellers to present the consent item.

5.   Consent Items

Robert Sellers presented the consent item.

a.   Telecommunication Network and Services - Extension

Robert stated that the consent item is focused on the telecommunications network and services and is an extension request for an existing contract. He went on to say that we have a seven year contract in place with AT&T, that we are at the end of that contract, and we are in the process of working through the solicitation activities with the State of Florida to replace these existing services.

Robert continued by saying he does not believe we will execute a new agreement in time, which is December 10th, such that we can assure continuation of services underneath the new contract. This request is to extend the existing contract for six months with a potential secondary extension of an additional six months for a total extension of one year with the existing vendor, AT&T, for the provisioning of our long distance services, toll free services, IVR, and some reporting services.

Robert stated that this is typically budgeted every year, that it was budgeted for in 2016, and that there are plans to continue with budget in 2017 as part of our budgeting activities for the amounts identified in the request.

Robert concluded by requesting the approval to extend the referenced contract for this period of time from the Board of Governors.

Dan Sumner, General Counsel, addressed the Chairman and asked to make a comment. Dan said that they will certainly work with IT on this request but he wasn't sure how many extensions at a time the Board can approve so he would want to look at it more carefully.

Dan asked that in approving this request that approval be given for a six month extension and then give approval for a second six-month extension, if that is permissible, but make it clear that you are absolutely approving a six months extension, and then the second six months is contingent on confirming that that is permissible.

Chairman Holton acknowledged Dan's comment and reiterated that the actual recommendation will be conditioned to a six-month approval and when staff recommends a second six-month approval it will be subject to legal review confirming that it is permissible pursuant to our regulations.

Governor Schinz added that we also need to have a contingency in there that it is approved in the upcoming budget in the request for 2017, to make sure because it hasn't been approved by the Board of Governors yet. So just make sure that that money is funded and it has been approved.

Chairman Holton asked Barry Gilway if he would like to comment.

Barry said he agreed with Governor Schinz's recommendation and stated it would be included. He thought a contingency that it would be included in the 2017 budget and subject to Board approval is an appropriate response.

Chairman Holton agreed that staff recommendation be amended to include those two contingencies. He asked if there were any further questions regarding this consent item. With none being heard, he entertained a motion to approve subject to the contingencies.

Freddie Schinz made a motion to approve subject to the two contingencies discussed and John Vaughan seconded to approve the Consent Item: Telecommunication Network and Services – Extension.

Chairman Holton asked if there was any further discussion or anyone who had objections.

Robert Sellers addressed the Chairman stating he had one concern on the activities. He said the current contract, itself, is due to expire December 10th and the challenge is whether the Board meeting, where the budget will be approved, will be held before the December 10th timeframe. He thought the timeframe for the Board meeting was later in December and asked if anyone could confirm the date.

Chairman Holton stated the next Board of Governors meeting is December 7th and Kelly Booten confirmed that date.

Chairman Holton again asked if there was any further discussion. With none being heard he asked if anyone objects to the motion. With none being heard, show the motion carried.

6.   Addendums

Chairman Holton brought attention to the addendum items in Section 7 which were not discussed in detail today and asked if there were any questions regarding these items. With none being heard, Governor Holton continued to the final item of business.

7. New Business

Chairman Holton asked if there was any new business before the committee, to which there was none.

8. Final Comments

Chairman Holton thanked everyone for participating and stated the next teleconference would be held prior to the December 7th Board meeting.

As there was no further comments or questions to be discussed, Chairman Holton entertained a motion to adjourn.

Freddie Schinz made the motion to adjourn and John Vaughan seconded to adjourn the meeting.

[Meeting adjourned]