

CITIZENS PROPERTY INSURANCE CORPORATION

**Summary Minutes of the
Market Accountability Advisory Committee Meeting
Wednesday, November 20, 2024**

The Market Accountability Advisory Committee (MAAC) of Citizens Property Insurance Corporation (Citizens) convened via Zoom webinar on Wednesday, November 20, 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:

Adam Marmelstein
Alden Mullins
Ariel Shami
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, Ariel. Welcome, everybody, to today's Market Accountability Advisory Committee meeting on November 20, 2024. Thanks for taking the time this morning. We'll get right into things. Do I hear a motion to approve the prior meeting minutes from September 18th, 2024?

MR. GORODETSKY: Yeah, good morning, Lee Gorodetsky. I'll make a motion to approve for you, Dave.

CHAIRMAN NEWELL: Okay. How about a second?

MR. HODGERS: I'll second that.

CHAIRMAN NEWELL: Okay. Any discussion? Okay. Show the meeting minutes adopted. Thank you, everyone. Let's turn to tab two in our book and bring in and welcome Jay Adams to talk about an Underwriting Market Update. Welcome, Jay.

2. Underwriting Market Update

MR. ADAMS: Thank you, Chairman Newell and committee members. I'd like to provide a brief quarterly update on where the underwriting market is. If we could go to the next slide, please. Citizens' policy in force count as of September 2024 was 1.26 million policies, which was a 2.8 percent increase over the prior year-end of 2023. So far this year, we've averaged 37,041 new business policies per month through September. Next slide. And one more, please. Personal lines multiperil and wind-only policy counts increased 2.8 percent as the end of the third quarter 2024 as compared to year-end 2023, which saw a decrease in insured value of 1.2 percent. Next slide. Citizens' total new policy count declined in the third quarter by about 10 percent as compared to the same timeframe in 2023, ending in 26,820 monthly new policies with a total insured value of \$438.5 billion. Next slide. Citizens' new business trend for personal residential policy types declined 35 percent from June 2024 through September 2024 as compared to the same timeframe last year, with the largest decrease occurring in the homeowner policy type and the smallest decrease was in the tenant policy types.

Next slide. Continuing on the new business trends for personal residential policy types, the largest growth in Coverage A values occurred in the range of two to three hundred thousand, the largest growth in the age and home in years was the 31 to 40-year range, and the largest growth for age of roof was the zero to two-year range. Next slide. The top three prior insurance carriers for multiperil new business were Slide, Universal, and American Integrity for the period of June 2024 through September. Next slide. And one more, please. Okay. Commercial multiperil and wind-only saw a decrease of .9 percent for the quarter ending September 2024 with a total insured value of \$94.7 billion. The majority of the decrease occurred from the wind-only with a 4.5 percent decrease in policy count and the total insured value decrease of 13.8 percent.

Next slide. Commercial residential and nonresidential saw a decrease of .9 percent for the quarter ending September 2024 with an insured value of \$94.7 billion. The majority of the decrease occurred from the commercial residential with a 6.7 percent decrease in policy count and a total insured value decrease of 14 percent. Next slide. Comparing the period of September 2023 through September of 2024, there's been an in force building count decrease of about 3 percent. The monthly new policy count over the same time period reduced from 715 a month down to about 132. This reduction has reduced the total insurance value to \$94.7 billion.

Next slide. The commercial new business trend over the period of June through September of 2024 was less as compared to the average same month period for the prior year, and it was down by an average of about 3,400 policies. Next slide. When compared to the same timeframe over the prior year, Citizens decreased its overall new business total insured value by \$7.5 billion, with the largest decrease from the commercial residential wind line, then followed by the commercial residential multiperil. Next slide. 49 percent of all the commercial new business written was for building coverages between 1 million and 10 million, followed by 19 percent between \$500,000 and a million. The A-rated business is slightly down over the period, and the largest category of building age is between the 31 to 40 years, and that's closely followed by two periods, 41 to 50, as well as 51 to 60. Next slide. The majority of the commercial new business had a prior carrier of Lloyd's of London and American Coastal. And the next slide. One more, please. Okay. This chart shows forecasted 2024 year-end policy in force counts. Our best estimate so far is to be around 900,000 policies in force. The upper range of that estimate is 924,000 and the lower estimate is around 876,000.

UNIDENTIFIED SPEAKER: Hey, Jay, quick question. How are the recent storms going to impact these forecasts?

MR. ADAMS: Well, these forecasts were done by our actuarial department. I believe that, you know, as they look at these on a quarter-by-quarter basis, it probably takes that into account. Based on the depopulation that Carl will be talking about in his presentation, I don't think it's going to have any significant impact because we didn't see any significant decrease on the depopulation for November -- or, excuse me, October.

UNIDENTIFIED SPEAKER: And have we seen the financial impacts on any of the carriers that had more exposure to the areas hit?

MR. ADAMS: No. I would venture to guess that Citizens probably is going to be your biggest carrier for all three storms that made landfall.

MR. GORODETSKY: Hey, Jay, this is Lee Gorodetsky. How are you doing?

MR. ADAMS: I'm good.

MR. GORODETSKY: Good. Quick question. So it looks to me like as much as we are depopulating a lot, and I know we're going to go over that in a little bit, the business is not going down anywhere near that much, which means a lot of new business is still coming in. I know the fourth quarter, which hasn't come out yet, has a lot of depopulation. Is that expected to continue, or do you think -- and also -- I guess you don't know, I guess we'll have to talk later about the depopulation. Is that going to continue based on the two storms that just happened?

MR. ADAMS: So I'm going to defer that question for Carl to go through because that really is his area of expertise. I will tell you, though, that since June, our monthly new business writings has

been declining. So the market is taking up more new business than they had in the first part of the year.

MR. GORODETSKY: So the 38,000 is an average. So how much is it now averaging like in the last few months? I'm assuming it was a lot higher in the first half of the year.

MR. ADAMS: Yeah, you have to give me just a second to get to that. I apologize here.

MR. GORODETSKY: That's okay.

MR. ADAMS: So for August, we were about 35,600 new business, for September, it fell to 29,000, and for October, it's 24,100.

MR. GORODETSKY: Okay. Hopefully that continues.

MR. ADAMS: Yeah. So it's a good decrease so far.

MR. GORODETSKY: Thank you.

MR. ADAMS: Sure. Next slide. And, Dave, that does conclude my part of the presentation.

CHAIRMAN NEWELL: Okay, Jay. Thanks so much. I know we've had some questions thus far. Any other questions of Jay? Okay. Thank you, Jay.

MR. ADAMS: Thank you.

CHAIRMAN NEWELL: Let's turn to tab 3, Depop, CHIPS, and FMAP, with Jeremy Pope and Carl Rockman. Welcome.

3. Depopulation, CHIPS and FMAP Update

MR. POPE: Thank you, Chair. Good morning to you and the fellow committee members. For the record, my name is Jeremy Pope, Chief Administrative Officer. So joining me today is Carl Rockman, our Vice-President of Agency and Market Services, and today we have a brief update to the committee on our depopulation program and our clearinghouse interim program, which is also known as CHIPS, along with any questions around our Florida Market Assistance Program the committee may have. Following these updates, Carl will continue and close us out strong with Alden Mullins, our Director of Communications and Strategic Services, with an agency management update. So I'm just going to focus on two slides of your materials and really recap Q4, because Q4 has proven to be a very strong and successful exchange of depop activity, which I know many of you are already aware. We have experienced historical records and service volumes assisting both consumers and agents through the process. Twelve carriers have participated in this quarter alone, which includes five new entrants to the market. These are all telling signs of an active market continuing in the right path, and the market's resilience is especially notable given the active storm season we just recently experienced and still servicing consumers and agents through -- throughout the state with Debbie, Helene, and Milton. So I'll just recap on this slide right here, October, we had -- again, this is record-breaking; in fact, the highest number of policies depopped in Citizens' history, actually -- for the month of October, 237,323 policies. This is from the personal lines book, and that consists of eight carriers participating. You'll see the commercial accounts right there, a little over 1,500 policies that were depopped, and that included four carriers. For November, we have six carriers that are participating for personal lines. Of

course, that is currently in flight. A little over 103,000 letters have been mailed to consumers. On December 5th, we have five carriers that are participating with our personal lines depop, and that consisted of around a little over 82,000 letters that have been mailed. You'll notice that we're starting to see a reduction in the letters that we're mailing, because as this group knows, we send out one comprehensive letter to the consumer with all offers. So what we're starting to see is more and more carriers are selecting or have interest in the same policy, which means from a consumer perspective, they're having more and more options, if you will. January, our commercial lines, depop kicks back in. We have two carriers that are participating. The office has approved 3,800 policies. And this was just in recently, but our February personal lines approvals are in. As of right now, we have 11 carriers that will be or have expressed interest in participating, and the office has approved almost -- well, 342,918 policies. So we expect February to be an extremely active month. So we're continuing down the path of the active activity that we've seen in Q4. Next slide, I'll just recap the year-to-date results. So as you can see, right now we are -- and this includes October -- we're at \$170.4 billion exposure removed from the organization, and that consists of 374,295 policies. And, again, October alone was 273,000 of that, so that's huge. The forecast as of right now, it's a little over 490,000 policies are what we expect to be assumed this year in total. That'll place us well below a million policies as an organization, and we're expecting and forecasting the total exposure to be right at \$225.2 billion exposed for 2024. So huge, huge leaps, if you will, compared to last year. For 2025, we have scheduled nine personal lines depop opportunities for carriers. Those are already on the books. And for our commercial lines book of business, we have six opportunities that are booked for 2025. That concludes the update, Chair. I'll be happy to answer any questions and then turn it over to Carl to continue with the agenda.

CHAIRMAN NEWELL: Thanks, Jeremy. Any questions of Jeremy about depop? Those are awesome numbers. I know that's a lot of hard work and a lot of moving parts. So thanks for all your efforts and certainly all the communications that go around that, because that can get a little clunky from time to time as new agents don't really understand because they've never been through a depop. So thanks for all those efforts.

MR. POPE: You got it. And, Chair, I'd be remiss if I didn't say there's a -- I know Alden has an exciting update around communications for the agent population, but thank you to the agents, obviously. This is a partnership and we wouldn't be able -- I mean, with this amount of activity, I mean, there's a lot of operational volume as well. That means the agent volume is high, too. So thank you all for the partnership for us to be successful at this. You guys are critical.

CHAIRMAN NEWELL: Yeah.

MR. GORODETSKY: And, Dave, I have a quick question for Jeremy, if that's okay.

CHAIRMAN NEWELL: Go ahead, Lee.

MR. GORODETSKY: Yeah. Hey, Jeremy. On that question I kind of asked before, so first is more of a comment than a question, maybe kind of both tied together because I get asked this a lot. We can't write a lot of these companies that are doing whatever for all kinds of reasons. Either they're just not writing, or there is a Federal Pacific panel so we can only put it in Citizens, or there is a water claim two years ago so we can only put it in Citizens. All these companies won't let us write this business, but they're depopulating it. It's very frustrating and confusing for the consumer and us as to why we can't write a policy with a carrier, but they can go ahead and depopulate it. It just makes no sense for the agents to have to deal with that scenario. If we could just write the case, you wouldn't have the business.

MR. POPE: Lee, I think we'd have to look, Lee, at the, you know, specific policy where the -- I don't know of any trends -- and, Carl, if you can jump in there where we're seeing that. Obviously, these carriers are able to -- you know, they're examining these policies. They're able to -- you know, they're selecting which ones they're interested in. There is some additional underwriting -- or review, I should say. There's a review process once they receive the risk on their books. But we'd have to look at that scenario where, you know -- and then we could help bridge that conversation, if you will, be happy to, with the carrier to try to get some more specifics around that.

MR. GORODETSKY: And, then, just real quick, what is the situation with when they find the claim -- if they go through underwriting in the course of the first year or so and they find the claim or they find that it has a Federal Pacific panel, are they able to dump that policy and go back to Citizens, or how does that work? It used to be a three-year rule, but I'm not sure about now.

MR. MARMELESTEIN: Yeah, there's -- I'm sorry. This is Adam Marmelstein. Hey, Lee. It's still three -- it's still three years. There are a few specific circumstances where the insurer is allowed to return the risk to Citizens, those are spelled out in our depopulation plan, but the examples that you provide don't fall under that category. So the carriers do assume some additional risk when they take policies through depopulation, but they're also getting a history of the risk's performance, as well as some of the additional underwriting that --

MR. GORODETSKY: All right. So it's still three years of otherwise?

MR. MARMELESTEIN: Correct, three years.

MR. GORODETSKY: Okay. Thank you.

MR. POPE: And, Adam, remind me, that review process, that's 30 days, right?

MR. MARMELESTEIN: I believe it's 60. It used to be 90. It follows the standard --

MR. POPE: Okay.

MR. MARMELESTEIN: -- underwriting, yes, sir.

MR. POPE: Okay. So 60 days for the review process. Okay, perfect. Thanks.

MR. HODGERS: Mr. Chair, this is Brian Hodgers. I have a question for Adam. On that comment, they have that review period before they actually take over the policy and renew it for the first time. It's not after they renew it for the first time. Is that correct?

MR. MARMELESTEIN: Correct. I'll just change the terms around a little bit. When the policy rolls off of Citizens' books and onto the insurer's book, I'm going to call that the first term. So they have 60 days from the time of that first term, just as they do with any other new business to review the risk.

MR. HODGERS: Okay. Thank you. And I have one follow-up question. A few months back at our last meeting, there was talk about defining the terms specifically in regards to comparable coverage. Has there been any update on the language with that and progress?

MR. MARMELESTEIN: I'll defer that to Carl or Jeremy.

MR. ROCKMAN: Yes, this is Carl Rockman. I'll take that. We have made progress, Brian. In terms of the order that's issued by the office when depops do occur, the office has clarified the language in the order that really helps get the comparable coverage a little bit beyond the statute and really compels the carriers to make sure that if they're offering a depop policy, that the coverage is not just during the spirit of the statute, but also in the spirit of the coverages that Citizens offers. So we're really feeling good about that on future depops and we definitely heard that from the agents in terms of an improvement to the program.

MR. HODGERS: All right. Thank you.

MR. ROCKMAN: You're welcome.

CHAIRMAN NEWELL: Anything else for Jeremy before we welcome Carl in?

UNIDENTIFIED SPEAKER: Dave, I have one question. I want to make sure that I understood the numbers. I'm looking at the screen that says the "2024 forecast, 490,000 policies assumed," and I think right before that, you were saying your record month was October at like around two hundred and -- almost 50 percent of that number. Is that accurate? Did I --

MR. POPE: That is correct. Yeah, so a huge chunk of that, as you stated, is from October alone. So that is correct. This number includes the October numbers, yep.

UNIDENTIFIED SPEAKER: Okay. Thank you.

MR. POPE: You got it.

CHAIRMAN NEWELL: So, Jeremy, this is Dave Newell. Just a quick question. When is the November depop closed? When would you anticipate getting numbers for that?

MR. POPE: So the numbers we should have -- I have the schedule right here. Actually, I don't have November's. Adam, do you want to jump in there for the -- when we should have the finalized numbers? I've got everything future state from December on in front of me.

MR. MARMELSTEIN: Let's see. I'm scrolling through our materials. Yeah. The final date is on the published calendar, the page which I always say I should bookmark, but never do. November, we mailed 103,000. Today's the 20th, so it's got to be in the next few days. I know we're in the process of it. The team's been working on it the last couple days. So it's got to be end of this week, beginning of next week. I will give you some good news on that, which is to say that roughly 40,000 of those 100,000 policies that were affected are receiving offers that have a premium less than their Citizens estimated renewal. So four in ten of our policyholders are going to save money through this depopulation. And thank you very much to my staff who just sent me a notice here on this and -- oh, I'm sorry, wrong date. Yeah, so four and ten. Looking good, and we'll wrap up end of this week, beginning of next.

CHAIRMAN NEWELL: Well, you were hoping you were going to tap dance enough for somebody to give you the info, but --

MR. MARMELSTEIN: I was, and I was also wishing I was going to be smoother doing it, Chairman.

MR. POPE: I was pulling the materials up as well. So what's that date, Adam? By the end of the week, we should have finalized numbers?

CHAIRMAN NEWELL: So, again, Jeremy and Adam, just curious, when is that updated in real time? When do those numbers get posted on the website for people to see how good a results they were beyond October, which was record-breaking, and see what November brings?

MR. MARMELSTEIN: So in order to officially post it, we wait until the assumptions completely run, everything has had a chance to settle, and then we calculate -- you know, the accounting team does the exposure that's removed, but we can give you a number before then, and that'll be next week.

CHAIRMAN NEWELL: Okay, perfect.

MR. POPE: And Dave, while we have the calendar, I'll just share --

MR. MARMELSTEIN: I'm sorry. My team did give me the number, Chairman. I did successfully tap dance. I just failed to interpret. There were 57,355 assumed. So it's done, it's over, it's in the books. 57,355 were assumed. Thank you very much, Judy.

CHAIRMAN NEWELL: Okay.

MR. POPE: Dave, while we have the calendar, I'll just say for the December 17th assumption date, we sent the depop packets out at the end of October. Policyholder choice deadline is December 5th. So, again, we're -- a little past the middle of the month; we'll have those finalized numbers as well for December.

CHAIRMAN NEWELL: All right. Well, committee, keep those numbers in mind because those are record-breaking, and certainly, hopefully, as Lee mentioned and others, I'm sure are concerned, we've had a couple events. Hopefully that does not sway anybody from continuing to come to the table, come to the OIR for approval for depopulation efforts. So we'll just keep fingers crossed that we end the season without any more hiccups. Welcome Alden Mullins into the fold here and bring us up-to-date on some of the things that you've been overseeing.

MS. MULLINS: Good morning. For the record, I'm Alden Mullins, Director of Communications and Strategic Services. I wanted to share today that we are going to start sending agent bulletins in a new format. Instead of sending agent bulletins one at a time, we're going to move to more of a newsletter format, and it is called *Agent Advisor*. We'll be sending these once a week on Thursdays and only as needed, and as you can see from the template on the screen, you may see up to four topics in each issue. So an issue could include agent updates, personal lines, training, and/or commercial bulletins. Now, communications that are for a select group of agents will still be sent as standalone announcements, and storm announcements will still be sent as usual because they are time sensitive. Now, instead of the content being included in the email, you'll click on a tile for a particular topic, and it will actually take you to the website to read the bulletin. So you'll access all of the bulletin content on the website. And we'll also use this new format to highlight resource materials. For example, this infographic leads to some information on hurricane season and are you prepared. And then, we also have links in the *Agent Advisor* to frequently-linked resource items. We plan to send the first issue of *Advisor* on December 12th, and we're very excited about this new format.

CHAIRMAN NEWELL: Well, thank you, Alden, for the update. Any questions? I'll have one at the end, but anybody have any questions for Alden about the new format? And, certainly, this is good news, because I know we all get bulletins in different days, different times, different ways,

communication. So having it one way is certainly -- will be helpful to agents for sure. So any questions of Alden about this particular change? I just have a question. This is Dave Newell. I certainly get these bulletins, but I am not an appointed and licensed agent. So how would I access the website to look at these once they're issued?

MS. MULLINS: These are actually available on our public website. So if you go -- this is the external website that I'm showing on the screen, and then you can access news and agent bulletins, and all of the bulletins that we send are here on the website.

CHAIRMAN NEWELL: Well, that answers that.

MS. MULLINS: All right. And that's all I have today. Thank you very much.

CHAIRMAN NEWELL: As you know, and Carl and certainly Jeremy knows, I blog a lot as this information becomes available to our members. So I'm going to need access, so that's the way to do it. Good.

MS. MULLINS: Thank you.

CHAIRMAN NEWELL: Thank you, Alden. Anything else from Alden? Okay. Carl, are you back with us?

MR. ROCKMAN: Great. Okay. So thank you. Apologies for the technical delay. Another big component piece of our exposure reduction program is the clearinghouse program. The blue box will indicate our rollout plans for our Citizens Reimagined program, which is essentially the new clearinghouse. I've got a much more detailed slide in a minute that I'll share with you, but we're very pleased with our progress in rolling out the new clearinghouse with our partners that applied. On the far right side, though, we have had an interim program going on since the sunset of the old platform. Pleased to report that agent quality remains at about 94 percent. Business submitted is eligible for Citizens based on the manual checks that we're doing and the manual process that we're putting the agents through. Obviously, that program will sunset shortly, and I'll get into that in just a minute. And then our renewal program, while the results are more modest, we still -- do still send leads and things to agents where we believe there's a high potential for a Citizens policy to be remarketed to the private market. But if I could have Raina advance the slides to page 28, please, I want to give a little bit more detailed information on our rollout of the new clearinghouse. Again, a reminder to the committee, when we did embark on the journey to put a new platform in front of our agents, we wanted to make sure that we improved their experience, and we made the process faster and a little shorter. We also wanted to improve our carrier reach, and we really do believe we've accomplished that with the new platform. But the next slide is what I want to bring to the committee's attention. This is our rollout plan, both where we've been and where we're going. So we did roll out the new clearinghouse in phases. This is a significant change and we wanted to make sure that we were supporting our agents and easing into it. Phase 1 started on July 1st with the introduction of the EZLynx rater to our appointed agents. Phase 2, which we're currently in, is the mandatory use of EZLynx to prove validation manually. And, then, in Phase 3, in mid-January, the checks for eligibility will be mechanized. EZLynx will block agents from bridging to PolicyCenter if a carrier return is within 20 percent of the Citizens premium. Now, we did hear from our agent roundtable and have heard from other agents that if we have that process, there are certain things that may come back from EZLynx with a price, but the risk may not be eligible because of the brief questions we answer. And we're working very diligently on what we call an override process where the agents can validate that the carrier won't take it when they bridge to the carrier, and we're going to make sure that we put something together that's rapid and supports the agents in terms of speed

to get that business bridged over to Citizens so they can bind it when appropriate. But a significant change for the agents will be coming in mid-January. You can see the level of support we've gotten from the agents on adopting the education we've offered for the first two phases, and we're planning on a robust education effort for Phase 3 to walk the agent through not just the override process, but all the different changes that will come when we mechanize the process. But, again, very pleased with the progress here. We know it's a significant change for the agents to move to this new platform, but because of the carrier reach and the ease of using it, we believe that it's a win for the agents, win for Citizens, and good overall for the marketplace. So with that, I'll take any questions that anyone might have on the clearinghouse rollout or anything else we covered in the exposure reduction section.

MR. GORODETSKY: Yeah. Hey, Carl, it's Lee. So mid-January is kind of locked in. So what you're saying, then, basically, is if we're doing a quote for a home and it's \$7,000 with Citizens and there's a carrier for \$8,000, it's going to automatically bump us over to the other carrier, we won't be able to do Citizens, and that's going to start happening in January or it's -- to everyone, everywhere?

MR. ROCKMAN: That's correct, Lee. Starting in mid-January, carrier returns a premium that's within 20 percent of Citizens, you will not be able to bridge in. Similar to the old platform that was mechanized, we'll be mechanizing EZLynx in mid-January to block agents from bridging the PolicyCenter if an appropriate offer comes back.

MR. GORODETSKY: Wow.

MR. HODGERS: Hi, Carl. This is Brian Hodgers.

MR. ROCKMAN: Hey, Brian.

MR. HODGERS: Question. I brought this up through a couple of trainings. When we do bridge over, it's bringing us into the field where we have to run background check. Has there been any progress with the discussion that I know a lot of people have brought it up to bringing it in under the quick quote section so we can still work with the RCE, still work with the quote side of it because there could be some changes there, instead of having to go through that whole long section of completing the application before we finally get that rate?

MR. ROCKMAN: Brian, are you specifically talking about the prior claim report?

MR. HODGERS: Yeah. So it brings us in where we have to run that background check and it shows claims history, et cetera, and then we can start moving through the application. Of course, then we can get that final rate, whereas before if we could go into the quick quote section, we could at least say, "Okay, now we've done the RCE. Now we've got -- established a rate so that our client can say, 'Yes, we agree with this rate.'" In the current status, we've got to do a whole lot of work completing that application just to get to the part where the rate comes back into play because there are going to be changes in most cases.

MR. ROCKMAN: We're evaluating, Brian, all things to do with what we can do at the front end of the EZLynx process, including RCE. What you're advocating for, though -- so I understand your ask, are you advocating to try to move the investigation if a customer has had a prior claim farther up in the process?

MR. HODGERS: No.

MR. ROCKMAN: That was your –

MR. HODGERS: No. Bring the bridge over to the quote part before you would hit full app.

MR. ROCKMAN: In PolicyCenter quick quote?

MR. HODGERS: Correct.

MR. ROCKMAN: I understand, yeah. Okay. Yeah, it's a fair question, and I think we can certainly look at what we can do there. Obviously, with quick quote, that -- we're not going to take that functionality away, and I understand what you're asking about, and we certainly can take that back and look to see what we can do to make those reports a little bit more visible to agents, certainly before they bind. We can take that back and look at it.

MR. HODGERS: All right. And I know that the RCE is coming to EZLynx, but is it going to be a duplicate of your RCE, or are they going to be different? Because, you know, every carrier has a different setting in their RCE.

MR. ROCKMAN: We are working -- we work with the same platform as EZLynx does and our vendors are identical, so that'll be a win. If you run it, at least for our purposes, the RCE that we would use in EZLynx would pass through to Citizens.

MR. HODGERS: Okay. So if we run it through EZLynx to get that RCE number, we'll be able to take that same number and, theoretically, when we complete the application, it's not going to change?

MR. ROCKMAN: Yes. Now, that may not be true of other carriers because they use different RCEs, but for –

MR. HODGERS: Right.

MR. ROCKMAN: -- Citizens' purposes, yes, correct.

MR. HODGERS: Okay. Perfect. Thank you.

MR. ROCKMAN: Okay. You're welcome.

CHAIRMAN NEWELL: Anything else for Carl on the topic?

MR. MARTIN: Hey, quick question.

MR. ROCKMAN: Yes.

MR. MARTIN: On the 20 percent rule, has any thought been given to risk weigh it or to -- you know, 20 percent for a median income earner is huge, 20 percent to a high-income earner is a far less impact. Has any thought been given to weighing that rule by income or by some other factors that more -- you know, that more fairly impact that rule?

MR. ROCKMAN: I can't say that that's come up in the discussion, and, again, the 20 percent rule is driven by statute. So any change to that rule would obviously need to go through that process

as well. But at this time, there hasn't been any type of means-based testing or anything about that. It's simply a premium comparison to the other parts.

MR. MARTIN: Okay.

CHAIRMAN NEWELL: All right. Carl, what's next on your agenda?

4. Agency Management Services Update

MR. ROCKMAN: Well, what I'd like to do then is move quickly into our Agency Management Update. And so let me go ahead and start this off with our traditional report on our agency distribution footprint on the next slide. I will note that at the top one, we are seeing a shrinking of agencies. This, I think, reflects some consolidation that we're feeling in the marketplace. There's a little bit of consolidation going on at the agency level and we're starting to feel some of that is combined, and also some of it is just agencies that may be looking at reducing their exposure with Citizens. Other than that, our agent counts are typically holding a bit and we're not seeing any great shift quite yet in our agency segmentation, agencies moving from Tier 1 and Tier 2 down, but as depopulation continues to kick in, we would hope that our reduction in premium would also reflect a reduction in the size of agencies with Citizens. On the next slide will be our traditional report on performance violations. This is the summary through 2003, but on the next slide, we'll report this year's numbers. These numbers are holding steady, a slight uptake in performance violations at 5 percent of September, but no great deterioration here; in fact, we've actually brought the numbers down from the beginning of the month. This reflects good agency performance and good agent compliance to our underwriting standards. We're going to continue to educate agents and support them on what the underwriters need to make sure the submission is in good order, but we're pleased with these numbers. On the next slide, we'll cover our late submission program. These are the results through the beginning of the program, but on the next slide, we'll cover this year's results. You'll notice a slight deterioration in the alert percentage at 36 percent. It could be an anomaly, could be a spike. We did have some shutdowns with storms and things, so we're not going to get too alarmed with that number quite yet, but work remains here. Again, late submissions -- late submission violation on the far right is charged when the agent doesn't submit the documents within 16 days of the effective date. We believe that that is plenty of time for the agents to get the documents in, and we're going to continue to work with those agents that need a little help in this particular space.

Next slide, please. Important update on our agency and agent appointment agreement changes. Next slide, please. You'll remember at the last committee meeting, we did present to the committee the changes that we were making to the agent agreement. We appreciate your support and the support of our agent roundtable. The board of governors did approve those changes at their last meeting, so now we're into the implementation phase. All right. We're deciding to go ahead and implement the execution of the new agreement starting on February 15th. Now, the reason for that is we obviously are about ready to put the agents through a big change with the next phase of clearinghouse, and then we have some changes to PolicyCenter that are coming later in Q2 and Q3. So February 15th looks like the real sweet spot to go ahead and get the attention of the agents and engage them on this agency and agency agreement changes. Who's impacted? Obviously, the agency principals have an agreement, and individual appointed agents have an agreement with us. Both will need to execute a new agreement. All right. We also are going to do this during a set period of time versus at renewal. Our goal is to get all of our agents on the same agreement by a certain date so we can begin to govern them according to the new agreement standards. It will be executed via DocuSign. Agents are very familiar with DocuSign. We'll make sure that that is implemented with good skill and effort, but we also have an education strategy. It's important

that we not just mail this to the agents and hope they understand what we're doing. In normal fashion, we will put together a webinar series and we will bring agents in to explain the changes, the why behind it, answer any questions, and address any questions they might have. But there is a consequence. Like any other agreement with any other carrier, if you don't sign the agreement, we really can't do business with you. So we'll be explaining to the agents that should they have some major objection to the agreement and can't live with the new terms, then they'll have to end their relationship with Citizens, which means that book can be sold to another agency, another -- it can be placed with another agent in the agency, or in the rare circumstances, we would take that book and consume it into our internal agency. We don't want that to happen. We firmly believe that most agents will understand these changes, want to live into them, sign the agreements, and move on, but if they do fail to sign, then, obviously, we're not aligned and we would need to take some action on the book that they have at Citizens. We want to make sure the committee had visibility on the when. We've talked about the what at the last meeting. We did include a reminder on what we did change in the slides in the presentation, but today I really wanted to cover the when and address any questions that you might have about this part of the program.

CHAIRMAN NEWELL: All right. Thanks, Carl. Any updates for -- questions for Carl on this particular topic or anything else thus far that he's discussed? All right. Carl, I guess your explanation was very good. So --

MR. ROCKMAN: Again, these next slides are just reference on what we changed, and, then, Chairman, we were able to advance all them due to my technical difficulties. So I believe that concludes today's presentation for the committee. I apologize, there is one more slide. There is one more slide. We do want to bring visibility to the survey results. Obviously, we have a voice of customer survey that we execute each month. In the next slide, slide 62 will show our results. We're very interested in the consumer's response to the service provided by their Citizens agent. You can see that we pretty much run in the mid-80s on this. We work with agencies that might be out of pattern if a customer tells us that they're not satisfied with the service provided by their agent. We look at that as a signal to go work with that agency to help them understand the results and help them improve. But we're going to keep our eye on these numbers, and we think it's a bellwether indicator of the service and support we provide to agents. So we want to make sure that they're equipped to do all they can to serve the customers that we mutually serve. So we'll continue to share this metric with the committee to make sure that we're showing good effort in supporting our agents as they support customers.

CHAIRMAN NEWELL: All right. Thanks, Carl. Hey, Carl, this is Dave Newell. Just remind us, how is this being communicated? Is it outbound calls? Is it email? Is it all the above?

MR. ROCKMAN: Currently, the way the survey is administered as a reminder, when consumers call our call center, when they call our call center directly, they're prompted to take a survey if they choose, and then we have an individual interview them, answer some questions, and then it goes into the database. So it's a very high-touch survey, but it's driven by folks that call us. Right now, we're not emailing, not doing anything in our consumer mailing packages. It's purely a survey of customers that are calling in, looking for support and help.

CHAIRMAN NEWELL: Okay. So there's no outbound calls at this point?

MR. ROCKMAN: No, not at this point.

CHAIRMAN NEWELL: Okay. Cool. Any questions of Carl of this, which, again, those results are very good, very positive, so -- but I know your team works with agents that may fall below those

service levels, so that's a good thing.

MR. ROCKMAN: Yes. Okay.

CHAIRMAN NEWELL: All right. Well, that concludes the topics today. Any new business before the committee this morning by any of the members? All right. I'm not hearing anything. With that in mind, everybody looks pretty good. Wish everybody a happy Thanksgiving. Enjoy family and friends. Take a little time to enjoy. But with that, do I hear a motion to adjourn the meeting?

MR. GORODETSKY: I motion to adjourn.

MR. HODGERS: I'll second.

CHAIRMAN NEWELL: All right. With that in mind, thanks, everybody, happy Thanksgiving, and we'll see you guys in 2025. (End of proceedings.)

DRAFT