

CITIZENS PROPERTY INSURANCE CORPORATION

**MINUTES OF THE
ACTUARIAL AND UNDERWRITING COMMITTEE MEETING
Tuesday, December 3, 2024**

The Actuarial and Underwriting Committee (A&U) of Citizens Property Insurance Corporation (Citizens) convened at The Westin Lake Mary, Lake Mary FL, on Tuesday, December 3, 2024.

The following members of the A&U were present:

Chair Carlos Beruff
Vice Chair Scott Thomas
Josh Becksmith
Robert Spottswood
Fred Strauss (telephonically)

The following Citizens staff members were present:

Tim Cerio
Jennifer Montero
Barbara Walker
Joe Martins
Michael Wickersheim
Jeremy Pope
Mark Kagy
Jay Adams
Aditya Gavvala
Jeremy Pope
Brian Newman

Call Meeting to Order

Barbara Walker: Good afternoon, and welcome to Citizens' December 3, 2024, Actuarial and Underwriting Committee webinar that is publicly noticed in the Florida Administrative Register to convene immediately following the Finance and Investment Committee and will be recorded with transcribed Minutes available on our website. For those attending today's session through the public link, you are automatically in listen only mode. Panelists, thank you for identifying yourself prior to addressing the committee. Presiding Chair Beruff, we have no speaker requests for today's meeting. I will proceed with roll call.

Roll was called and quorum established with Chair Beruff, Vice Chair Thomas, Governor Becksmith, Governor Spottswood and Technical Advisor Fred Strauss.

Barbara Walker: Chairman, you have a quorum.

1. Approval of Prior Meeting's Minutes

The minutes from September 24, 2024 committee, were approved before the conclusion of this meeting.

2. Chief Insurance Officer Report

a. Loss History Reporting Services [AI]

Jay Adams: Thank you, Mr. Chair and governors. I have two action items today for the underwriting group and good news on both. Both of these are renewal of services, both have come in at a cheaper price than what we had previously then we negotiated. The first action item is Loss History Reporting Services, and this is an item to request to contact with LexisNexis Risk Solutions. What they do is provide loss history reports the information is used to assess insurance risk and ensure properties meet underwriting requirements. Approval is requested for a five-year base term with three one-year renewal terms with an amount not to exceed \$2,787,840. Really what's done here is this provides the underwriters with the information they need to properly underwrite the policies. It includes items such as dates of loss, causes of loss amounts paid, if the losses were catastrophe or not. Again, it's necessary to make sure that we are properly assessing the risk. And through the great work the team did this contract was negotiated 45% cheaper than the prior contract we had, and this is a replacement vendor. So, the incumbent was unable to retain that. I'll entertain any questions chairman.

Chair Bruff: Are there any questions?

Governor Spotswood: So, in charging service providers here is there any gap expected doing that in regard to these kinds of historical losses?

Jay Adams: No sir. So, we create an overlap so that we can do all the IT work to integrate that into our system. So, we have time under our old contract to get that done so, there will be no laps.

Chair Bruff: I was going to say how do you think they saved the 45%.

Jay Adams: So, if I could read the recommendation__

(Recommendation: Staff proposes that the Actuarial and Underwriting Committee review, and if approved, recommend the Board of Governors: a) Authorize the Loss History Reporting Services contract with LexisNexis Risk Solutions, Inc., for an initial base term of five (5) years, with three (3) one (1) year optional renewal terms, for an amount not to exceed \$2,787,840, as set forth in the Action Item, and b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.)

Chair Bruff: Motion to go ahead and approve.

Governor Spotswood: **So moved.**

Vice Chair Thomas: **Second**

Chair Beruff: All in favor signify by saying “aye”

Chorus of ayes

Chair Beruff: **Motion passes.**

b. Replacement Cost Estimating Services [AI]

Jay Adams: Thank you, and the second item that we have is for Replacement Cost Estimating Services. This is a contract request to contract with CoreLogic Spatial Solutions for replacement cost estimating services. This service facilitates a critical part of underwriting to determine the estimated cost to rebuild using similar materials and construction techniques when the home was originally built. So, we’re asking for a five-year base term with one three-year option for renewal term one two-year renewal option for an amount not to exceed \$3,348,580 for the life of this contract. This also includes \$150,000 for professional and ancillary services. So, this one is the same vendor, so they were the incumbent and what we do here is, this is what the underwriters use to validate the submission of new business to make sure we have the appropriate replacement cost value set for the house. This particular contract again our team did a great job negotiated 24% lower than where we were in the previous contract at term. Once again, I’ll pause for any questions.

Chair Beruff: Any questions?

Governor Spotswood: I have a question.

Chair Beruff: Yes.

Governor Spotswood: Where’s this company based? In Florida?

Jay Adams: I do not know of the top of my head where their based. I’m guessing probably not Florida but all these carriers that do estimating cost for claims or replacement cost for new dwellings, they are using local markets information. So, they reach out to the market, they look at the labor material cost and they validate these things on a regular basis to make sure there is no over or under inflation associated with it.

Governor Spotswood: Have you checked to see if there are companies that are based in Florida that provide these kinds of services when you go out and look?

Jay Adams: I believe there were only two vendors that participated in the solicitation, and I know for a fact the second one was not a Florida based company. I don’t believe there are any Florida based carriers that do this.

Chair Beruff: I think maybe we should look at that at the full Board meeting tomorrow about implementing a policy saying we should put that on our check list of things to do. As long as they're competitive we prefer to give our Florida business the opportunity but at the end of the day as long as they are a US company this board member doesn't have a problem with it especially today with digital being where it is and people working in all parts of the country. I sure would like to know if we are getting something that we might have an embarrassment with if we're not careful.

Jay Adams: This is not ...

Chair Beruff: This is not one of them I understand that.

Jay Adams: This is a national company and again this is the incumbent over the prior term.

(Recommendation: Staff proposes that the Actuarial and Underwriting Committee review, and if approved recommend the Board of Governors: a) Authorize the Replacement Cost Estimating Services contract with CoreLogic Spatial Solutions, Inc., for an initial term of five (5) years, with one (1) three-year optional renewal term then one (1) two-year optional renewal term, for an amount not to exceed \$3,348,580 as set forth in the Action Item, and b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.)

Chair Beruff: So, the committee will entertain a motion to approve.

Vice Chair Thomas: **So moved.**

Governor Spotswood: Second

Chair Beruff: All in favor signify by saying "aye"

Chorus of ayes

Chair Beruff: **Motion carries,** thank you.

Jay Adams: Thank you and that concludes my presentation.

Vice Chair Thomas: Mr. Chairman, so they don't ask you I'll go ahead and make a motion to approve the last meetings minutes too.

Fred Strauss: I'll second that.

Chair Beruff: We're good, next.

(Whereupon, the proceedings were concluded.)