

CITIZENS PROPERTY INSURANCE CORPORATION

**MINUTES OF THE
MARKET ACCOUNTABILITY ADVISORY COMMITTEE MEETING
Tuesday, December 6, 2016**

The Market Accountability Advisory Committee (MAAC) of Citizens Property Insurance Corporation (Citizens) convened at Sheraton Orlando North hotel in Maitland, FL on Tuesday, December 6, 2016 at 11:30 am (EDT).

The following members of the committee were present:

David Newell, Chair
Brian Squire
Gordon Jennings
Greg Rokeh
Nestor Rivero
Skip Boylan

The following members of the committee were present telephonically:

Dennis Martin
Phil Zelman
Steve Roddenberry
Susanne Murphy

The following members of the Board of Governors were present:

Juan Cocuy

The following Citizens staff members were present:

Adam Marmelstein	Andrew Woodward
Barry Gilway	Bruce Meeks
Carl Rockman	Carrie Thomas
Christine Ashburn	Dan Sumner
Jay Adams	Jennifer Montero
Joe Martins	John Rollins
Kelly Booten	Michael Peltier
Spencer Kraemer	Violet Bloom

The following Citizens staff members were present telephonically:

Ariel Shami
Candace Bunker
Jeremy Pope
Marsha Watson

Call Meeting to Order

Roll was called.

1. Approval of Prior Meeting Minutes

A motion was made and seconded to approve the September 27, 2016 minutes. All were in favor. Motion carried.

2. Agency Services Update

MR. ROCKMAN: Thank you, Mr. Chairman. For the record this is Carl Rockman, Director of Agency Services. I would like to provide the committee with a brief update on our activities in the Agency Services space. First of all, my traditional slide on slide two where we document our current agency and agent count you will see the downward drift continues. We attribute this to a healthy marketplace. We are also going to attribute this to the consolidation activity we continue to see, and I will also put a little plug in for our cyber security initiative. We are seeing more agent adoption in that space to take producers down that are no longer with that agency, getting to us faster and quicker. So we do believe some of the attrition that you see will be due to that. We are going to continue to monitor this trend, but overall it does reflect we think a healthy marketplace and a reflection of consolidation activity. Any questions on the producer count or agent count?

Okay, if we can fast forward to slide five, just a brief, brief update on our progress in the agent education space. What you see detailed here are the education events that we have held this year and the corresponding attendance figures. One thing not on the slide that I did want to update the committee on, and I think Greg had brought this up or Commissioner Rokeh had brought this up last time, a question about the recorded webinars that we do, because a lot of these webinars we do live and it then post them as a recording. I am pleased to report that we have had 3,191 clicks on those recorded webinars. So the webinar series that we started to run in April that was focused on policy center, customer service, customer experience, agency operations, we recorded each of those, posted them and today we have had over 3,100 clicks on those which indicates strong adoption in that space. We promote those primarily through our agency management force when they are out visiting agents and the agents are looking for additional support. We encourage the agents to go onto the website, click on those experiences and we believe that is driving a little better experience on policy center and in the customer service space. We continue to have an aggressive schedule for next year. We are going to be out in the marketplace conducting live training. Our webinar series will be popping up again, and then I will also be updating the committee on what we plan to do in the depopulation space in just a moment. Any question on agent education, progress to date or next year?

Okay. Continuing on, I would like to turn your attention to the agency management portion of my department. Again, just to remind the committee, we have six agency managers that are fully engaged in helping our agent community. To date they have conducted 797 in person consultations in agencies and 2,685 phone consultations. I am giving you a verbal update on those numbers, but I did want to also mention to the committee that we do survey those agency managers. If we are sending them out to work with agencies we want to be able

to measure their success and their effectiveness, and this dashboard really reflects what we think is great success in this space. If an agency manager visits or calls that is documented and we selectively will follow up with the agencies that were engaged to make sure that the agency manager's effectiveness was something that met that agency's expectations. So this dashboard is a reflection of that. We continue to get high scores in this dimension and we are going to continue that pace for next year, particularly in the area of depopulation which I will be covering. Along with the agency manager survey that you see I wanted to bring some additional visibility to the use of the agency management team when it matters, and that is at the moment of catastrophe.

So slide seven I wanted to highlight how we plugged the agency managers into the Hurricane Matthew event that happened a few months ago. Obviously the agency managers provide us great flexibility. They are in cars, they are in the field. They can pretty much go where we tell them to and really help out at a moment of truth, like a catastrophe. With Hurricane Matthew we were able to deploy the agency managers in two specific ways. First, we were able to take a look at where the storm tracked, look at policy county by agency and take a look and see whether any outlier agencies that had a lot of Citizens' policies that were in the path of the storm, and wouldn't you know it, there was one. One agency that I am highlighting here on the chart had over 700 Citizens' policies in force. Working with Steve and the EOC team we were able to take our agency management group, assign one manager and an EOC volunteer who is adept at claim handling and check writing, and put them into that agency physically. This gives us the ability to work with the agency, work with the consumer, process an additional living expense check on the spot, and from an agency standpoint you can only imagine the level of support that they felt at this moment. Now fortunately the track of the storm was Volusia, a little less modest policy count, but this same system can be replicated in other areas. And working with Steve we want to continue to look for opportunities should they present themselves to put an agency manager and an EOC volunteer in larger agencies to assist at the moment of truth, particularly around ALE. That complements our strategy around our emergency operation centers, and again provides another level of support and advocacy for the consumer and for the agent. Along with that one agency that was identified we did see Volusia County being among the highest impacted counties with the event and we were able to take three of our agency managers virtually immediately after the storm, get them in their cars and call on the 33 agencies that had the most policies in force count. And what did they do, we went in physically, visited them, made sure they knew how to report a claim on policy center. Do you understand how to use policy center to punch in a claim, get a number, get an adjuster. The second thing, brochures particularly around AOB. We wanted to make sure that our agencies understood the urgency of getting that claim reported, to make sure that their interest and the consumer's interest were protected. And then just advocacy. Just making sure that they understood that Citizens was here, prepared to respond and that agent manager for an advocate for them. So these are two things that we were pleased to deliver during Matthew. They're going to be a part of our catastrophe plan going forward. Hopefully we won't need it, but should we need them, look for that agency management team to be completely engaged in catastrophe management and helping at the moment of truth. Any questions on how they were deployed or what we had them do?

CHAIRMAN NEWELL: Any questions from the committee? Great. Carl, I had one. Just remind us where the agency managers are, where are they located around the state?

MR. ROCKMAN: Thank you, Mr. Chairman. I am pleased to answer that question. We actually have six agency managers. Three are physically located in the tri-county area. We have two that are physically located on the west coast of Florida, and then we have one agency manager that we call an internal agency manager who is based in Tampa who really works our lower PIP agencies. So we find that consider five of them to be in the marketplace, in the field, able to get to agencies at a moment's notice and obviously tri-county and that Pinellas/Hillsborough corridor and the sinkhole areas north of there present the most opportunity for us.

CHAIRMAN NEWELL: Okay, thank you. Anything else?

MR. ROCKMAN: Okay, the last part of my presentation today is really going to cover what we call depopulation and the changes that are coming. Now, I am not going to get into the details of the changes because the Director of Consumer Services or our Director of Market Service, Adam Marmelstein will cover that in just a moment. What I wanted to cover with the committee though is our overall strategy to make sure that our agency community is prepared to engage these very, very important changes that are coming with depopulation next year starting with the February assumption. There are some great things coming that we worked over two years to deliver. We are not going to take it for granted that agencies are going to understand those changes or understand how to optimize them. So let me go ahead and walk you through the three big things that we are going to be delivering with the depopulation that is coming in February.

First of all, webinars. We are going to be running a series of webinars on the 4th, 5th and 6th of January. Now, these webinars are going to be break-thru in a couple of ways. First, for the first time we are going to be bringing carriers into the webinars. There are three participating carriers in the February assumption. We are going to co-host a webinar for each of them. So they will have an independent webinar where the carrier will be able to feature their service and support, what they can do for the consumer, and more importantly their coverage comparison related to Citizens. It is very, very important that the carrier speak to the coverage differences that are beneficial for the consumer so when that agent is faced with an opportunity to move that customer to another company, they have a clear understanding of the features and benefits of that policy. That will be the first part of the webinar. The second part of the webinar which will be consistent throughout all three will be Citizens staff presenting the operational opportunity. We are going to cover the old and new features of the program. We are going to cover what we call agency operations. We have done a tremendous amount of work in the policy center space to make this smoother, better, quicker for everybody, consumer, agent, Citizens carrier. Phenomenal improvement in this area. We are going to really drill into that in the webinars and make sure that the agencies understand all the moving parties. And then the last piece is really what we are going to ask, and it is called the

best practice. For the first time we are going to be asking the agents now that you can see it in policy center, now that you know every customer that is involved in this depopulation, we are going to ask you to call them. We need you to contact these consumers. We need you to ask them what the best choice is and we need you to help them facilitate that. With the changes we have made there is virtually no excuse for that not to happen, and we are going to be emphasizing that big time in these webinars.

The second piece, agency manager engagement. The agency managers will be following up, because remember, these webinars, and I failed to mention and I apologize, these webinars are going to be targeted to the agencies that are involved in the February depop. We have thousands of agencies, not all are going to be selected to participate. Our webinar series is very targeted, but should an agency not attend or not be able to, clearly we are going to post that content. Count on that to happen, but the agency managers are accountable. If you have an agency that is engaged, if they're not in the webinar, have them hit the recording, your responsibility is make sure that they understand and they are standing by for that level of engagement. So we will provide in office training. We have already gotten commitments from our three largest agencies that we know will be involved. They have already scheduled it, we are already prepared to go in and work with their staff. So that is already on the calendar, and then will be looking to support any additional support that comes from that.

The last piece is obviously posted webinars recordings. We will be posting the Citizens portion of those webinars so the agents understand the operational piece. And then we are also making dramatic changes to the agent portal. Our agent website, obviously we have Citizensfla.com. Behind that is the agent portal. Significant changes coming to the agent page for depopulation. All of these resources posted, additional education, additional formatting, all to make the journey a lot easier for agents and support staff to understand what has changed with depopulation. That will all be introduced at the webinar and we will be having the agency managers promote that in their business. So the one big measurement we are looking for though ultimately through all of this is agents are going to have the ability to make the choice for the consumer on their behalf. The consumer can always make the choice and Adam will get into this in a minute, but what is going to be disappointing to us if either of those two things don't happen. If a consumer is not choosing or an agent is not helping them, then we have work to do. So we are going to be very, very focused on that outcome to make sure that 80, 90 percent of the people are engaged and helping and making an informed choice versus letting the system choose which is something that we don't want to have happen. So that is our strategy for education for agents. And I will entertain any questions that you might have.

CHAIRMAN NEWELL: All right, any questions for Carl?

MR. ZELMAN: Dave, this is Phil. Just a comment.

CHAIRMAN NEWELL: Okay, Phil.

MR. ZELMAN: I want to thank Citizens and the depop committee for all of the time and effort that has been put in to make these changes and to put these educational sessions

together for the agents. Unless you are involved in this stuff you really don't know the amount of time that everybody has spent in putting this together. And it has been a long time coming. So all I want to do is say thank you from all of the agents.

CHAIRMAN NEWELL: Thanks, Phil. Anything else?

MR. ZELMAN: That is it.

CHAIRMAN NEWELL: All right. Carl, I just had a couple of things just because this is so recent and the notice went out about not only the reconciling commissions from ePas transitioning over, and then of course the renewal fees. That is a recent event. I just wanted to hear any feedback or anything that you have heard as far as from agents or on both of those fronts. And then secondly, on the renewal fees, and I know part of that was delayed because of some system things that were trying to be worked out, but the dollar amount, has that ever been looked at as far as what those fees are for an agency to renew?

MR. ROCKMAN: Mr. Chairman, I will handle the first two questions and then I will defer to the Chief of Underwriting Agency Services for the second question. For both the commission charge-back effort and the renewal payment effort, let me give you an update. We a week and-a-half ago we went out to the agency force and sent them a note saying we were reconciling commissions that were part of the old ePas system that are not part of policycenter. We worked all this through the agent roundtable, extensive conversation was them. We went ahead and sent out the notice for agents that had commissions that they owed us from the old system with a full report. I am pleased to report that based on the communication, the input from the ART that they gave us that was very informative on how to hand it, plus our agency management team being engaged with the agencies that had the most outstanding, we have seen very little static coming in through the phones or to my desk or through Steve or through any other area. We may have a little ways to go yet, but we are feeling that the communication was tight, that it was informative and we are seeing very little uprising from the agents. In fact, I can report to you specifically because I dealt with the three largest agencies personally. They were prepared and were reconciling this and they were just waiting to meet up with us. So agencies that had an enormous amount outstanding it was not a surprise or shock to them we were able to manage that.

On the renewal side we had a lot of agencies that were waiting for the renewal invoice for their staff. We obviously had a system issue that delayed that. We shipped that out three weeks ago. We are pleased to report that over 2,000 agencies have already sent in a renewal payment for the agency staff that they have, and other than some very minor things that come up with browsers and things that are very minor, there has been no major uprising in terms of agents objecting or needing more time. So I will defer to Steve on the third part of the comment.

CHAIRMAN NEWELL: Well, one last thing. One question that just came to me. Because now those payments are being received, is their due date going to be reset or if it was an October renewal, it will continue to be an October renewal?

MR. ROCKMAN: We are going to reset to what they were previously.

CHAIRMAN NEWELL: Okay, okay.

MR. ROCKMAN: So we look at this as a one-time event. And then the agency renewal date will be reset to what it was. Most have said they are accustomed to paying, it is easier for them to remember. So we will do that one time accommodation.

CHAIRMAN NEWELL: Got you. Okay.

MR. BITAR: And this is Steve Bitar for the record. We did actually go down this road a few meetings ago, Mr. Chairman. I know Phil had asked the question about how we use the fees that we gain, and quite frankly if it is appropriate amount when we charge that. And we did do some reconciliation and look at that. And when you look at quite frankly the expenses that we have from all of the training that we have done and the agency infrastructure that we have done, that is really where all of those fees go. So it is very well spent and warranted quite frankly. When we went in there, I will tell you despite what we collect, we are spending more. So I think you can agree that the infrastructure that we have built and the support that we are providing, that is where all of this goes. So we did look at that and we feel very comfortable with what that is.

CHAIRMAN NEWELL: Thank you, Steve.

MR. BITAR: You got it.

CHAIRMAN NEWELL: All right, anything else from the committee before we let Carl and Steve -- well, Carl. Steve is not going anywhere. All right, thanks Carl. Well, let's head into depop and invite Adam up to the dais and answer a few questions from the committee. Welcome, Adam.

3. Depopulation Update

MR. MARMELESTEIN: Thank you very much, Chairman Newell. Good morning everybody. Happy to be with you here again. At the end of December I was having a little conversation beforehand remarking as always on how quickly the year has gone by and it seems like just a little while ago we were sitting here talking at the last Board of Governors and Committee meetings of 2015. So it is good, in the groove. Before we get into a little bit more about the depopulation enhancements that Carl spoke about I would like to start with an even bigger look back. Last year I kind of summarized 2015 for you. This year I would like you to look at slide number two which is entitled a Decade of Depopulation. And there is no -- there is no real take

away here or ask. This is just more an informative piece to give a sense of what 10 years gone by looks like in depopulation. And I think more than anything this graph really speaks to the efficacy of depopulation in terms of reducing Citizens policy count when it gets too big. It is in many ways kind of the relief valve for quality policies that come into Citizens. They seem to find their way out not too long after coming in and that is what we are here for. 2016 year-to-date the following slide. As we have talked about previously, the high water mark was 2014. 2015 we saw decreases as the bar graph on the previous page shows, and 2016 continues that trend. This is not -- this is not a bad thing. Usually downward trend lines are a need to get concerned, but in this case it really shows the fact that most of -- many of the quality policies that have come into Citizens have found their way out the door as they should. It also reflects on the fact that there are fewer policies coming in to Citizens than ever before. So where we are currently, I just received November's assumed numbers. That is about 15,600 round numbers. So for the year we have approximately 69,000 policies that were assumed. So that is not -- that is not bad considering that our policy county now is -- and has been for quite a while, south of 500,000. If we continue to look forward for December, another number that arrived after the materials went out, we had about 39,000 offers made in December.

So we do a little, little fuzzy math, but we think from that we will have maybe 20,000 more policies leave. So that would bring us short of 100,000 policies depopulated in 2016, which isn't bad. It is again we have been dropping by thirds here the last few years. So I think we will finish the year very clearly under 500,000. So 2017 will prove to be another interesting year. Will depopulations continue at the same pace, will they slow down even more, and of course, I can't even imagine I am thinking about hurricane season already, but of course that is always in our minds, too. Even as policies leave we need to be prepared to take care of our policyholders should something happen in the coming year. I will segue a little bit, page 4 talks about the timeline. Phil, sorry, I am used to being on a first name basis, we have such wonderful relationships among committee members. Committee Member Zelman spoke a little bit about the depopulation work group and all the work that has gone into depopulations. This starts back in 2015, as well. I won't spend time on the timeline or slide seven, but this summarizes the tactical changes that have been made to improve this process.

And that was the lead up to page 6 which are the strategic changes. There are two of them that the depopulation work group worked on. One was policyholder choice, the other was automation. If you can think back to the undoubtedly riveting slide decks that I shared with you 18 months ago, I am sure they are right in the forefront of everybody's mind. We talked a lot about how those two things can be done separately, but each one is better if they are done together. So I am proud to say that policyholder choice is -- will be in effect in February. We have been working very hard to get there, and along with it there have been some considerable automation. Not as much as we would have being liked and perhaps that is something we will talk about in 2017 and 2018. But let's spend a minute on the strategic, on policyholder choice.

We have worked very hard to move away from the old style which is here is the policy, this is what is available to you. Speaking Citizens, speaking to the consumer and towards, these are your choices, please pick the one that you would prefer. And to do that requires a lot of effort from a lot of people. It starts with our Citizens internal folks thinking of things to do, ways that we can do it. It fits in nicely with the depopulation work group. They were convened to

help advise and steer this course, and then you need to begin to rope in all the other stakeholders, whether it is the Office of Insurance Regulation or carriers, consumer advocates. All of these people needed to come together to not just help define the course, but then support the process, because of course there are many pitfalls along the way. There are any number of compromises that need to be struck given the limitations of technology, the limitations of training, the limitations that pop up everywhere we look. But I am delighted to announce that policyholder choice as devised by the depopulation workgroup, as required by House Bill 931. It became very popular, the Legislature saw the need for this as well and they really helped put the wind at our sails by passing legislation to help move this along. February, February 2017, will be the first depopulation where there is a number of things, but chief among them is policyholder choice. So what does that mean? It means that policyholders will now be made aware of every offer that a carrier is interested in making in that depopulation. They will have the ability to choose if there is more than one, and of course, they will be able to remain with Citizens as they always have been. I am making an effort to sort of change the vernacular a little bit and move away from the term of opting out. I want everyone to see this for what it is, which is informed consumers with capable agents making a good decision about which policy they're going to use and which carrier to insure their homes. Obviously we think there is a compelling case for many of these policies to be returned to the private market. Clearly the carriers do as well or they wouldn't be offering to do so. So the way that we settled on making this happen is to -- is to run this process a little tighter. I spoke last time about removing links in the chain and replacing it with kind of a solid rod. We want this to go as smoothly as we can. And so that meant and means having one -- one locust of control, one point of contact. And Citizens has taken on the role of compiling all of the carriers' offers in one depopulation, putting them in a single sheet of paper.

There is an example, if we flip ahead to slide 11, slide 10 and 11. Putting those offers on a single sheet of paper along with a cover letter that explains to the policyholder, this is the new process. We think you are going to like it, this is what you need to do, please call your agent, talk to them, make an informed decision and then return that form instead of to the various carriers who then need to notify Citizens, who then needs to take action, send it back to Citizens. I won't get into details about the ways in which we have automated that process, using optical character recognition, using e-mails and all those sorts of things, but it is going to be a smoother, easier process, and we want to keep the agents tied in as much as we can. And one of the keys of course to having our agents being involved is providing them with the information they need to truly assist the policyholders in making a good decision. So by means of contrast, today's process is essentially here is the offer that you have been given. You can do nothing and take it or you can opt out of Citizens. The agents are given a list that has any number of policies, some of which the carriers may take, some of which they may not. Only after the policies are assumed are they given a list that reflects what has happened. They are relying on Citizens customer care center to learn about the status of those policies, if an offer has been made, whether it has been accepted, whether somebody has decided to remain with Citizens. There isn't a lot of information forthcoming all the time from the carriers. So as we worked very closely with Carl Rockman, we said, what do the agents really need to help drive this process, and the answer was information, they need information. Who else needs

information? Well, the policyholders need information. Is it better to have them getting information from disparate sources or all from one source. Will I continue to ask rhetorical questions or not. So we put all the offers on a single letter, sent it out. Now the policyholders will get the same letter with the same offers, because guess what, the agents, they won't get the letter, but they will have access to the letter. Not a generic form, they will have the actual letter with the offers, with the premium that the consumer is being offered. They are going to see the same coverage comparison charts. These coverage comparisons are going to be standardized. All of the carriers are going to provide them to Citizens. Citizens is going to print them out, put them in the envelope. If an offer comes from two carriers in Citizens, they will have three coverage comparison worksheets. One will list Citizens' policy form coverages, the other we will call carrier X, will be there and so will carrier Y. We are going to push an activity, a to-do item for lack of a better word in our policy system to the agent to say, this policy has some offers. Go ahead and reach out to that consumer, and you can reach out to them knowing that you have all of the information you need because you have the exact same letter they got. You have the exact same coverage comparison they have and talk to them about their choices. We have looped the carriers in, Carl mentioned this. As carriers make offers we want them to weigh in on the training to give their perspective on why their carrier is the good one. Obviously we will do all of the technical training, but we want them to make the case for their company. After all, depopulation is the goal. If someone doesn't want one of those offers for whatever the reasons are, that is okay, that is okay, too. They can send the form in or now back to empowering the agent, the agent after speaking with the customer can go right into Citizens' policy system and indicate the choice. That choice may be carrier X, it may be carrier Y, it may be carrier Z, it may be I would like to stay with citizens. But we are eliminating more links in the chain. They don't have to say to their policyholder, take that form, print it out, fill it out, and mail it to a carrier who is going to send it to Citizens. Nope, I hear you, I am glad we talked, I am going to punch this right in. I am going to send it in, your selection is going to be made and it is just going to be that simple.

So our hope is that by empowering all of these people, providing information to everyone that is involved, we are going to have much better outcomes. So that is depopulation enhancements in a nutshell. I am also excited to announce, too, that the plan that we brought to the Board, because all of this is great, but of course we work in a regulated environment. So we need to make changes, we need to have regulatory support and buy and we have been working very closely with the Office of Insurance Regulation to make sure that our plans are in keeping with the spirit of the Office. And so the revised plan that the Board approved three months ago was just approved by the Office of Insurance Regulation. Steve will cover that is little bit tomorrow at the full Board meeting. So that came back. There were no surprises. And again, that traces its root back to involving all of the stakeholders very early. We didn't want anybody to be surprised. There is going to be a new assumption agreement between Citizens and the carriers. My agency manager has been out, my carrier relations manager has been out on the road talking about this for months. He is out on the road right now sharing the new agreement. So those will come back in and we will be all set to go. So that is truly the end of my presentation on policyholder choice enhancements for 2017. February 21st, policyholder choice, February 21st 2017. Thank you.

CHAIRMAN NEWELL: Okay, thanks Adam. Any questions for Adam?

MR. RIVERO: I have a question.

CHAIRMAN NEWELL: Okay, Nestor.

MR. RIVERO: Actually I have got four. On the rates, I know you are getting the rates from the companies, okay. In the past the company has offered change from Citizens and it is going to be \$200 less or whatever. When the renewal comes in it comes in for higher. What have you done to make sure that the renewal offer or the take-out offer from the insurance company is going to be accurate? I thought Citizens was going to be doing the quote. You just said that you are going to be getting these quotes from the insurance company. The insurance companies have in the past, and I don't think it was intentionally, given us the wrong rate or given the insured the wrong rate and then the police comes in for more and we look kind of bad and so does Citizens. Anything being done on the new proposal that the insurance company have to stick to the price that they are offering on that take-out or the depop? Do you understand?

MR. MARMELSTEIN: I do, I do. So in the past Citizens wasn't given the premium for the policy that was going to be given to the policyholder should they elect to go with carrier X. And there were certainly times back in November of 2015, it became a requirement that the offer letter that the carrier sent have their estimated premium on it. Now, estimated, it is a key word, but it isn't intended to be a get out of jail free card. The estimates are expected to be as accurate as possible. Now, Citizens never got that information. We will be getting it under the new, under the new process which is good for any number of reasons. But one is that it will give us some insight into whether or not the offers that are coming in when that policy leaves Citizens are closed, whether the premiums are closed. Now, Citizens also provides an estimate. Our estimate is just that as well. And the reason you can't ever lock anything down, of course, is policy changes and taxes and fees, but rates move as well. If you are making an offer on a policy that is going to leave in 11 months, and you are going to take your rate filings in February, that policy leaves in November, you can't ever know. But you should kind of know within reason. So we are going to keep a close eye on how close these carrier premiums are to what are being estimated by using what we usually -- some of it is by feel. What are we hearing from the agents? What are we hearing from the policyholders? What is the Office of Insurance Regulation seeing? Now, when it comes to can we have a list of every policy that they issued versus what they said they were going to issue it for, we won't have that, we won't get that. Can we compare the two and walk them off, that isn't Citizens' role per se, but I think we are going to be very focused on the information that comes in and to see if these occasional outlier missed estimates are really just that, or whether there is enough there to seek to go another route and say that perhaps there might be some fire beneath that smoke.

MR. RIVERO: I understand what you are saying, but it makes us look bad when the policy comes in and not just a couple of dollars. I understand it is an estimate, but the people that are

getting out, you know, they are giving out maybe because of the price change, because of the better coverages. And then when you have to go back and tell them no, you know, then maybe it goes back to Citizens again and you have a consumer that is kind of upset because you told me it was going to be \$500 less and it turns out to be more. Signature, you said that we can now go into the computer under the new system and say, okay, I want to go to ABC company for the insured obviously. Any signature required if I do that on the computer as an agent?

MR. MARMELSTEIN: That is a great question. There is going to be, after an agent makes their selection there is a dialogue box that is going to pop up, ask a few questions. I don't have them memorized, but essentially we want the agent to confirm that they did indeed speak with the consumer. We have -- we have some concerns about how diligent everyone will necessarily be. So we want the agent, the agent to attest to the fact that they indeed have the conversation. That it indeed is the policyholder's choice, not the agent's choice. And the third piece is we will -- the agents will be required to get a signed copy of the form. They will not be required to Citizens, send it to Citizens, Citizens will not wait to get that copy. We don't want to turn this right back into a paper copy, but in discussions, especially with the agent roundtable it became clear that from everybody's perspective the best option was to ask agents to get it as a trailing document like so many other things. It protects the agent, it protects the consumer, it protects Citizens and then keep it on their own agency system.

MR. RIVERO: The other thing is Spanish, is it going to be done in Spanish, too, for the Spanish population in Dade County?

MR. MARMELSTEIN: Allow me to answer that question in Spanish. No.

MR. RIVERO: No.

MR. MARMELSTEIN: It's something that we can certainly look at. The policyholder choice letter, I am sure we can -- we can look to have translated into Spanish, as are the election forms, but it isn't currently in process that way.

MR. RIVERO: All right, thank you.

MR. MARMELSTEIN: You are welcome, thank you.

CHAIRMAN NEWELL: All right, any other questions for Adam or Steve?

MR. ZELMAN: Yes, this is Phil. I do have a question.

CHAIRMAN NEWELL: All right, go ahead, Phil.

MR. ZELMAN: When there were multiple offers on these letters which we are taking a look at the example, if the client picks company B and then the insurance company realizes that

they may have too many take-outs, what is the process going to be at that point, you know, where the company is saying, no, now we don't want the policy?

MR. MARMELSTEIN: The -- the process for the re-weights will continue to be as it -- as it was currently, which is to say that the carriers can re-weight policies if they feel that they have too great an exposure. At the end of the day the carriers have to stay within their comfort zones if they find that they are acquiring too much risk in any one particular area, we all know what happens, they stop making offers. So one of the concerns from carriers always is, well, if I make too many offers will I get too many policies. So they still have the right to re-weight policies. That has always been -- that has always been a concern for us and it has always been the case. It doesn't make for a great experience, if you were to send an election form and then find out that you can't -- you can't have the carrier you wanted, but it is, it is a reality. And one of the ways that we are seeking to sort of mitigate any -- any poor experience, and this is also something I knew that I didn't get into, is we are going to close the loop on every single communication. Today if a consumer opts out they do get a letter that says they can -- that that opt out was confirmed, but if they get re-weighted out or sometimes policies cancel or there are other technical reasons, there is no communication. So what we have done here is gone to great pains to make sure that if you were to follow this work flow down the line and the work flow is provided in here as well, you would find at the end of each one there is a communication back to the policyholder that says essentially, this is the disposition of your policy. Yes, you got exactly what you asked for, whether it was to remain with Citizens or to go somewhere else, or unfortunately, the offer that you received is not going to be able to be honored and the policy is no longer available at this point, they still remain eligible. They remain with Citizens, they remain eligible for future depopulations, and although it isn't a great experience, I hope that this process will be good enough and the offers will be compelling enough that there will be a little bit of disquiet and that people may be a little, just a little bit upset that they didn't get the take-out carrier choice that they wanted, because quite frankly, that would be 180 degrees from what we -- what we usually hear. I don't even need fingers to count the number of times people have called Citizens hopping mad to complain that they didn't get taken out. So we -- we think the numbers will be relatively low. We are working very hard with the carriers to make certain that they select policies that they absolutely want. And, in fact, one of the changes in the wording of the plan and of the agreement, I am sorry, of the assumption agreement is that there needs to be a good faith effort for a carrier to acquire the policies that they have asked for. We are doing away with this broad wish list. I didn't want to get too far down into the weeds. We are doing away with the late agent agreement and the agent decline letter and all of this is a way to say, let's start, excuse me, from the very beginning with a much smaller selection, but even within that smaller selection there needs to be a little bit of wiggle room for some finer, finer adjustment.

CHAIRMAN NEWELL: Phil, does that help?

MR. ZELMAN: That helps.

CHAIRMAN NEWELL: All right, just to follow up. That would be a one on one situation where you had one carrier select and then -- and then, of course, they had to re-weight the policy and they elected not to go ahead with the offer.

MR. MARMELESTEIN: Uh-huh.

CHAIRMAN NEWELL: What if there was two offers, okay, and the client selects coverage or policyholder A, and they re-weight and what happens in those situations?

MR. MARMELESTEIN: Well, the timing, we talked about that scenario, too. There is a couple -- there is a couple of -- theoretically there is a couple of options. One is you move them to the other carrier, and then you get into, well, they didn't choose that carrier. So maybe they, maybe they, the consumer, wouldn't want that. The other is, send them another selection form, maybe they will indicate the second carrier and then they can be moved out of Citizens. But the reality of the situation is this is a very tight timeline.

CHAIRMAN NEWELL: Right.

MR. MARMELESTEIN: And by the time, especially if that notice isn't sent back right away or the conversation with the agent doesn't happen right away, you come to the end of this time frame and there isn't time to start the process over. So the only viable option was the default option which again is usually appealing to most, which is to stay with Citizens until the next depopulation or Clearinghouse cycle.

MR. RIVERO: Question, please.

CHAIRMAN NEWELL: Okay, Nestor.

MR. RIVERO: If a company decides not to take the risk that the insured had requested, right.

MR. MARMELESTEIN: Uh-huh.

MR. RIVERO: Will the agent be notified?

MR. MARMELESTEIN: Yes.

MR. RIVERO: In writing, or --

MR. BITAR: Yes, yes, the agent will receive the same communication that the policyholder receives. It will be accessible through policy center. So you will see every communication electronically in policy center that the consumer would receive. And that is what is great about this process is, is at the end of the loop the consumer is told every single

time what has happened to their policy, either they were assumed or they were not assumed and they are remaining with Citizens. So they will always receive the communication and all of those communications are accessible by the agent as well.

MR. RIVERO: Thank you.

CHAIRMAN NEWELL: All right, anything else? All right, moving right along, all right, thank you.

4. Clearinghouse Update

MR. MARMELSTEIN: I will get right into Clearinghouse. Behind tab four, this is -- this is the summary that we have come to know through Clearinghouse. It is a brief summary of what has happened since the last time we talked. Year to date numbers are presented here. I am going to spend a lot more time on this after February 21st. I think the March Board of Governors hopefully I will come back and tell you what a rip roaring success policyholder choice was, and then after that, I want to spend a little more time digging into these numbers. But I will, since we are all here, call out just a couple of them. The first of which is on page 2, new business results, H03, these are homeowners' policies. Amount of coverage A averted on the right hand side, 2014, 2.3 billion, 2015, 3.1 billion, 2016 year to date, and this is through October, four and a half billion dollars. So this number continues to grow and it has been a very positive trend. It is attributable to a number of factors, comfort with the Clearinghouse on behalf of the carriers, the hard work that my carrier manager has done introducing carriers to certain risks that they want, some changes in the marketplace. We had some concerns with water and AOB that these numbers might start to fall, those concerns are still there. But the number that shows us the best is on the left hand side that, that orange colored bar graph, bar chart. You can see in 2014 on the far left, 6.2 percent of all business submitted for H03s in the Clearinghouse was rendered ineligible, meaning it couldn't come into Citizens, which is what we want. There was a private market offer, and the customer, the would be customer was redirected there. In 2015, that number went up about 33 percent to about 8.4 percent, and again, this year about 44 percent growth in that number, up to 15.2 percent. So year over year over year we are seeing this number go up. I talked again in another slide that long since has passed about the theoretical and practical limits of where Clearinghouse would end up with rendering policies ineligible. I pinned it at around 15 percent. So I will be really curious to see what happens in 2017, whether we can push through that ceiling and what the market forces, what the market forces do. I will spend just one more minute here on page 5. This is the renewal results for homeowners, H06 condo policies, the far right, there is this blue graph. We have seen great new business results from the H06. They have been rendered ineligible at a wonderful rate and on the renewal side, this 7.3 number is also very strong. That tells us that there is -- there are private market offers out there that are competitive and that there has been a fair amount of business in Citizens that was very desirable to the private market and it is coming out on the renewal side. The renewal eligibility threshold here is the premium cannot be greater than Citizens. There is no 15 percent, it has to be equal to or less than. So to see 7.3 percent of these risks being rendered ineligible under those guidelines is -- is very, very strong. And that concludes -- well, no, I am sorry, one more slide.

Page 6. We are going to add the wind-only product in 2017. We have talked about this before. The strong interest in take-out carriers, we have seen it on the depopulation side for wind-only products. We have spoken with some carriers. There is a much stronger interest now in adding this product to Clearinghouse. So there will be more policies being run through Clearinghouse, meaning they will have to go through Clearinghouse before a wind-only policy is written, and it will be run through at renewal. So that will help continue to keep policies out and take policies out. We are also adding some new products for our participating insurers, Monarch National is going to add the HO6 product, and Safe Harbor is going to add the DP3, and they are also going to start processing renewals, which isn't something they have done in the past. So again, more opportunities to keep policies out and to have policies leave Citizens and go back to the private market. That concludes my report, thank you, gentlemen.

CHAIRMAN NEWELL: Any questions for Adam about the Clearinghouse? Greg?

MR. ROKEH: I guess I have a kind of a 30,000-foot question. You mentioned market risk. You talked about water, AOB. Of course, we know we dodged a bullet on storms this year. There hasn't been anything said about the cost of money, and for the admitted markets, their capacity is limited in a lot of ways I think from my understanding by their ability to purchase reinsurance, and as money gets more expensive, clearly that is going to have an effect on -- on their capacities. Is that something that, that Citizens, that you have looked at as -- as the cost of money becomes more expensive and reinsurance for the admitted market becomes more expensive? How that will effect next year and potentially the year after? In the -- in somebody's computer someplace have there been projections that have been done, you know? I mean, everything looks really good right now, but that -- the cost of money is a variable that I think everybody I think pretty much knows is going to become more expensive as we go forward.

MR. BITAR: This is Steve. I will tell you, and I am sure, Barry, Jennifer and John are probably behind me chomping at the bit, though I don't have eyes in the back of my head. I at least respond by saying what we have seen thus far from a reinsurance perspective and the availability of money, we have not seen those trends thus far, and there really has been a play, especially on the wind side to remove policies at an unbelievable rate when you look at the experience that we have had in the prior year as well as what we are seeing trending in the upcoming year for 2016, and a desire to get into the Clearinghouse specifically on the wind-only side.

So for us we are not as concerned, the trends aren't there yet for the cost of money. We are seeing that it is still readily available, Hermine and Matthew, though we did have two hurricanes in the state of Florida, did not have the impact that it could have had, and has not ultimately led to what we are seeing as upward trends in the cost of that money. So that is the initial response that I will provide you. I think we are still in good position because we were spared quite frankly with the activity that occurred this year. We could be having a quite different conversation, had the storm path stuck to where it was originally projected, but fortunately it did not.

MR. GILWAY: Excuse me, I will support what Steve is saying. What we are seeing really is, continues to be virtually unlimited capacity, you know, in the -- in the reinsurance marketplace. I mean, Matthew and Hermine had no discernable negative impact, you know, on the reinsurance market at all. I think all of the predictions and I believe both Jennifer and John will support this, we are still seeing indications, you know, for the next, you know, reinsurance buying cycle of rate drops in the five to 10 percent range. So despite, you know, significant, I would say somewhat insignificant losses, you know, relative to Matthew and Hermine for most of the, you know, Florida marketplace, you know, it really is going to have no discernable impact. There is going to be a lot of capacity available. What is amazing to me is, as Steve indicated, is the continual interest in wind-only, because even going into next year we will be presenting the budget obviously to the Board tomorrow, the indication is that we will continue to have some coastal wind-only movement, you know, away from Citizens. It will be far offset by, you know, increases in the PLA where there is any kind of multi-peril, you know, or AOP impact. But we continue to see a slight drop in both the CLA and we continue to see a drop in the coastal account, not as significant as we have seen, but it is -- it is obviously driven by, you know, the arbitrage, you know, relative to reinsurance pricing in the overall marketplace. And Greg, we see no change in that direction whatsoever in -- for the foreseeable future.

MR. ROKEH: Well, that is really good to hear. Thank you.

CHAIRMAN NEWELL: For the record, that was Barry Gilway, President and CEO of Citizens. Thank you, Barry. All right, I think our last agenda item is Hurricane Matthew update, Jay Adams. Welcome, Jay.

5. Hurricane Matthew Update

MR. ADAMS: Thank you, Chairman and committee members. For the record, this is Jay Adams, Chief Claims Officer. For Hurricane Matthew, we have about 3,300 claims, almost 4,000, or 30 -- let me try -- we almost have 3,400 claims. We continue to get those to trickle in, a few at a time day by day. We have closed 86 percent of those claims and we have paid out approximately \$11.4 million. Something just to note, about 53 percent of the claims that we have had have closed with no payment, and that could be because it was a flood claim, there was no coverage for the claim or it could have been under the deductible, we saw that in a lot of them. I believe this committee asked me the last time we spoke about catastrophe, what did the picture of AOB and representation look like? For Hurricane Matthew we have received 69 claims that have an AOB attached, and we have representation of 61, and that would be a mixture of plaintiff attorney and public adjusters. And that concludes my presentation.

CHAIRMAN NEWELL: All right, thank you, Jay. Any questions for Jay? All right, before we conclude the meeting, thanks everybody, just a little sadness up here. One of our good friends, Nestor Rivero has decided to leave the group. So Nestor, you have been involved in this organization a long time. We thank you for all you have done and all you do for independent agents and so good luck, and we will certainly see you down the road because I know you will

stay active in other areas, but certainly thank you so much for your service to the MAAC Committee.

MR. RIVERO: Thank you for the Board and to Citizens. And you know I have explained the accomplishments of Citizens talking and working together with not only MAAC, but the roundtables and communication between us, the agents and the consumers. I really thank you for your time and for putting up with me.

CHAIRMAN NEWELL: Well, do I hear a motion it adjourn? Nestor.

MR. RIVERO: Yes. Let's adjourn.

MR. ROKEH: Second.

CHAIRMAN NEWELL: All right, meeting adjourned, thanks, everyone.

(Whereupon, the meeting was concluded.)