

CITIZENS PROPERTY INSURANCE CORPORATION

**Summary Minutes of the
Exposure Reduction Committee Meeting
Wednesday, March 12, 2025**

The Exposure Reduction Committee of Citizens Property Insurance Corporation (Citizens) convened at The Westin Lake Mary in Orlando, FL on Wednesday, March 12, 2025.

The following members of the Exposure Reduction Committee were present:

Chair Carlos Beruff
Governor Jason Butts
Governor LeAnna Cumber
Governor Robert Spottswood

The following Board members were present:

Governor Jamie Shelton
Governor Scott Thomas
Governor Erin Knight
Governor Charlie Lydecker
Governor Joshua Becksmith

The following Citizens Staff were present:

Jay Adams	Eric Addison
Tim Cerio	Carl Rockman
Bonnie Gilliland	Mark Kagy
Jennifer Montero	Jon Schmitt
Brian Newman	Jeremy Pope
Michael Peltier	Barbara Walker
Ken Tinkham	Andrew Woodward
Joe Martins	Raina Harrison
Mathew Carter	Ray Noris
Mike Sills	Michael Wickersheim
Brian Donovan	Sudheer Kondabrolu
Ravi Tadiparthi	Aditya Gavvala

Call Meeting to Order

Roll was called and a quorum was present.

Depopulation, CHIPS & FMAP Update

MR. POPE: Good morning. For the record, Jeremy Pope, Chief Administrative Officer. Joining me today is Carl Rockman, our Vice President of Agency and Market Services, and today for the committee, we have a brief routine update on our depopulation program, which also includes an update on our clearinghouse program with some great updates Carl is going to share today with our Citizens Reimagined initiative as we're currently in the process of rolling out Phase 3 of that project. I will jump into –

CHAIR BERUFF: Excuse me one second.

MR. POPE: Yes, sir.

CHAIR BERUFF: Motion to approve the minutes. Is there a second?

MS. CUMBER: Second.

CHAIR BERUFF: Motion passes. Thank you. Thank you. Sorry to interrupt you, Mr. Pope.

MR. POPE: No worries. I'm gonna jump right into the depop results on page 2 of your documents today. And we've been talking about these numbers all last year, the final numbers for 2024. Again, record-breaking depop activity. We've never depopulated so many policies in such a short amount of time, further validating the many positive developments that have taken place within the market. So the recap for 2024, we pushed out 477,821 policies into the private market with 16 carriers participating in our program last year, and that includes five new entrants to the Florida market. Total exposure landed in with the final number of \$214.5 billion in exposure removed from Citizens. And this year so far, again, active results. In January, we had our first commercial lines depop where two carriers participated and we moved 170 policies into the private market, and then in February -- we just received these finalized numbers -- for our personal lines assumptions, eight carriers participated, resulting in an additional 102,053 policies that were assumed by the private market. So year-to-date total so far, we've pushed out 102,253 policies, which equates to \$40.6 billion in exposure removed from Citizens and placed into the private market. We have some depops currently in flight this month. We have a commercial lines policy -- or commercial lines assumption that'll close on the 18th of this month, and then we also have a personal lines assumption that'll close on March 25th. And, again, it's in your meeting materials in the appendix, but we also have an April personal lines assumption scheduled. We have four carriers that have expressed interest in participating, and the office has approved 238,462 policies. That process opened up on February 27th. And then we have a May commercial lines assumption. Only one carrier is participating. OIR approved 100 of those policies, and that'll open up on March 31st. So -- and we don't have anything for June, but we are officially -- but we are hearing whispers that that is expected to be an

active month with depop activity with carriers.

The next slide, page 3 of the materials, really just a breakout of the totals that I've shared, and, then, also, just a reminder, I mean, there's numerous avenues that we take to educate consumers and agents. The customer experience is at the forefront of our depop process, making sure that it is an optimal experience for consumers that go through this process. So we're constantly educating them through updates on our websites, communications, and so forth, videos, that's also that we've pushed out, and we're also providing the same materials to our agent workforce as well. Chairman, that is the depop update, and if there's no further questions, I can turn it over to Carl Rockman.

CHAIR BERUFF: Good.

MR. SPOTTSWOOD: Chairman, can I ask a question?

CHAIR BERUFF: Of course.

MR. SPOTTSWOOD: So what's -- what's the rationale for the recent success or better success with depop than we've seen in the past?

MR. POPE: Well, I think a big piece of it, and Carl, you disagree, the 20 percent eligibility rule, I mean, that right there, that was put into play has forced policies into the private market. Historically, it was, you know, we had a consumer that could make that choice. So from a pricing perspective, those changes have helped.

MR. SPOTTSWOOD: That's as a result of ours -- ours going up or theirs going down that's brought that 20 percent into play?

MR. POPE: Yes, it's a combination, yes, that's correct.

MR. SPOTTSWOOD: A combination of the two?

MR. POPE: Correct, yes.

MR. SPOTTSWOOD: Is that continuing?

MR. POPE: We do -- all indications as of now, yeah, we don't see why it would not at this time.

MR. SPOTTSWOOD: Yeah, would the --

MR. ROCKMAN: For the record, Carl Rockman. We're seeing great indications of capacity in the private market, rate stabilization, our depop is a reflection of that, also some things we're seeing on new business in terms of our decreases. So it seems to us that the capacity is out there in the marketplace.

MR. SPOTTSWOOD: Do you see these circumstances staying in place? Is this something that we can anticipate throughout the year?

MR. POPE: Well, I think what we're noticing is -- I mean, October, I mean, it's the best of the best, right, are being selected from these carriers. So the numbers are starting to come down as our policy count comes down, and consumers are receiving more and more offers, if you will. Eventually we expect that that'll dwindle down, Governor Spottswood, as far as what that ideal number is. We have internal debate on what -- but we're kind of -- market will dictate that. You know, is the lowest point, you know, when we get down to, you know, seven hundred, 600,000 --

MR. SPOTTSWOOD: Policies?

MR. POPE: -- policies, yeah. There's -- and that we don't have an official number, if you will.

MR. SPOTTSWOOD: The chairman told me earlier we're hopeful to stay at 850 or below.

CHAIR BERUFF: We want to get to 400.

MR. SPOTTSWOOD: You want to what? I'm sorry.

CHAIR BERUFF: We want to get to 400.

MR. SPOTTSWOOD: 400?

CHAIR BERUFF: We just want to insure Monroe County.

MR. SPOTTSWOOD: I appreciate that, especially if you can drop the rates. I think that's great news, and if we can really stay down like that and focus on the core of what this organization was set up for, that's fantastic news. So thank you.

MR. POPE: Yep. And, Governor Spottswood, I'll just add, and it's -- in addition to pricing, there's also -- in many cases, these consumers are receiving better coverage as well. So it can be a win-win when explained correctly to the consumer, if you will.

CHAIR BERUFF: Okay. Yes, please.

UNIDENTIFIED SPEAKER: Twenty percent threshold, is that something that is set by the legislature?

MR. POPE: Yeah.

CHAIR BERUFF: Anyone else? Next.

MR. ROCKMAN: All right. For the record, Carl Rockman, Vice President of Agency and Market Services. I'd like to draw the committee's attention to page 4 of the presentation. I'll present a quick update on our Citizens Reimagined program. This is essentially with us reimagining the clearinghouse program and platform. Track A is completed, and I'm pleased to report that we are on the road to Track B with the successful launch of the final phase, Phase 3, of the clearinghouse with 20 pilot agencies on the 17th of January. A reminder to the committee that we'll be doing renewals through EZLynx starting on October of 2025. If I could draw your attention to page 6, I'd like to present a quick update on our progress with the new clearinghouse platform. I'll remind the committee that due to the size and complexity of this program, we wanted to roll it out in phases. Phase 1 and Phase 2 have been accomplished, and right now we are in Phase 3. Again, with the successful launch in the 20 pilot agencies on the 17th, we are now in Phase 3. What is Phase 3? Agents will be required to use EZLynx. They've always been required to use EZLynx since Phase 1 to determine eligibility at premium for HO3s, HO6s, DP1s and DP3 policy forms, but the key change with Phase 3 is agents are now blocked from binding if they get a return back from a carrier that's within 20 percent. So this is a significant change. Okay. Before that, it was manually done, manually checked in underwriting. That's our CHIPS program. But starting with Phase 3, we are now blocking the agents from binding if a carrier comes back with a rate within 20 percent. The agents will no longer need to send us the details because we're doing it electronically, but we also have initiated an exception process. And this came out of our agent roundtable and interactions with agents. The EZLynx platform is not perfect. The clearinghouse (inaudible) is not perfect. We will get what we call false returns. We will get some returns where the price -- it returns a price, but it may be underwritten by the carrier. There may be underwriting standards. The agent can let us know that and we can override that decision, but that's done with integrity. We obviously review 100 percent of those. But we do have a process for the agents to submit an exception to us should that be necessary. Why did we do this? Again, we wanted to make sure -- in phases, we wanted to make sure that the agent experience was the best it could be. This is a significant change, and that's why we rolled this out in phases. We also wanted to make sure that we could keep up with any necessary changes or learnings from the rollout. Pleased to report that on March 3rd, we launched our first training webinars for our Group 1 agents, and they got the new capability on the 6th of March. Group 2 was just in training this week, and they'll be given the capability on the 13th. We're rolling this out to about 1,800 agencies at a time. So, again, a very staged and very disciplined rollout. I'm pleased to report that we've had close to 2,000 agents already attend the two training sessions. So the agents are highly engaged and want to learn and understand more about this platform. We look forward to reporting better pro- -- or more progress on this at upcoming committee meetings, and, again, this is a very, very important initiative for us to make sure that the new business that's brought to Citizens comes to us under the right rules and there's great integrity in that point-of-sale process. With that, I'll take any questions on the Clearinghouse program.

MR. BECKSMITH: Mr. Chair, can I ask a quick question? Carl, great job on this. I know that you've been working on it for a while, and I do think it's a great resource and it's

used around the industry quite a bit, Rapid Rate or EZLynx, all of that. My question, I guess, would be that if an agent tries to submit, it goes through EZLynx, and let's assume that this agent doesn't have access to the markets that spits out a quote. What are we doing to help -- I'm not as concerned about the agent, but the client find somebody who they can now go to to get a better option other than Citizens?

MR. ROCKMAN: Right. Right now to describe the process, while EZLynx has a panel of approximately 20 carriers, we administer the clearinghouse program based on the appointments the agent has. Okay. It's very important. Our interpretation of the statute and how it applies is that is how we have to -- we have to only send those quotes to carriers that the agents appointed with. At that point, there is no other program to tell the customer there might be other markets. It's really at the agent's discretion right now to put those -- put the information at EZLynx and then get a return back. So I think this came up at the last committee meeting, Governor Becksmith, where there might be a little bit of a flaw in the program where some might say just send that rate out to all the carriers and let all the carriers come back with a price, but right now our interpretation is that the agent and who he's appointed with or she is appointed with are the carriers that would return back premiums and rates.

MR. LYDECKER: Can I ask a follow-up to Governor Becksmith's question, which I think is a good one? This is Charlie Lydecker. That seems like a relatively significant hole in terms of the consumer experience, and maybe I'm reading that wrong, but is there an obligation -- excuse me -- is there an obligation on the agent -- which if there isn't, there ought to be, but is there an obligation on the agent to directly communicate -- communicate back to the prospective client, or in our case, the consumer, that the agent is not eligible to place them in Citizens and they'll have to go find another agent? Is there an obligation on that agent to communicate that to the consumer?

MR. ROCKMAN: The way we administer the program is at the point of sale, the agent, if they want to place the business with Citizens, they need to present that risk to EZLynx, and carriers will return those prices back or eligibility back. At that point, the agent has -- if it's eligible for Citizens, the agent could present it to Citizens. If it isn't, the agent would offer the other carriers that are on that platform. And by the way, agents have carriers outside of EZLynx as well. Not all carriers are represented on EZLynx. So --

MR. BECKSMITH: Make sure I'm on here. To Governor Lydecker's question, if Agency A submits it to Citizens, and let's say for argument's sake, they have five carriers, right? And you just said that EZLynx can rate up to 20 carriers.

MR. ROCKMAN: Right.

MR. BECKSMITH: I believe what Governor Lydecker is now asking is it's going to say that it's eligible for Citizens because this agent only has four or five carriers when, in reality, the other 15 that we have in this platform could theoretically provide an option with better coverage and such.

MR. ROCKMAN: Theoretically, yes.

MR. BECKSMITH: And so then at that point, how do we notify -- can we notify the customer to Governor Lydecker's point of you're eligible for Citizens under your agent, but there's other -- how do we do this to where we don't cut the knees out from the agent? So we want to be very respectful on that, obviously, but if our goal is to get to 400,000 policies, Mr. Chair, we got to figure out a way to incentivize policyholders to be able to go to where they can find the options in some way, shape, or form, right? And I think that this is a great platform, but it's going to be a very limiting platform because I do believe a lot of -- most agencies are going to have some sort of system like this unless they're very small on the size of the carrier representation.

MR. ROCKMAN: Right.

MR. BECKSMITH: And is there a way for Citizens to say that -- I mean, I think you understand where I'm going with it. How do we explain to the potential policyholder that there could be other options, or is it on the agent then at that point to say, "We only represent five, you could have these other 15, but we don't have an appointment with them," and are they under obligation to do that?

MR. ROCKMAN: Well, the same is true of independent agents today. Take the clearinghouse out of it. Not every agent has all carriers. So when a consumer chooses to work with an agent, the agent is the one that's brokering the insurance and they're going to be limited to the markets they represent.

MR. BECKSMITH: Right.

MR. ROCKMAN: So we have the potential, though, on the platform -- I think the committee's starting to see the potential of this platform and what it could do maybe with some different legislative changes, some carrier participation. But right now on new business, to be clear, consumers are working with agents with the carriers they're appointed with on EZLynx and then any other carrier they might have outside of that platform.

MR. LYDECKER: Could you add additional color around what if it's -- because it was a scenario that was popping out. What if it's a small agent that has limited market access separate from Citizens, limited market access, and, you know, because the market's changing each year, a lot of the insurance companies limit capacity and are really looking to use what capacity they have -- property capacity they have for -- with agencies that they have a more robust relationship with versus, you know, just a small agency that might also be a real estate, you know, agency and they also happen to place insurance. One of the early problems -- I don't know if it's still a problem, but one of the early problems at Citizens with respects to population is that, you know, just throwing policies in Citizens because you don't have access to a lot of other carriers, right, because you're not really, you know, full bore in the insurance space. And so that was creating a -- I think it was creating a population dynamic that was unhelpful to what

we're trying to accomplish here. I'm just wondering if you have a view on how EZLynx -- you know, how that helps or hurts that process.

MR. ROCKMAN: Again, there are limitations in the way the insurance is distributed. The idea that the consumer would have multiple markets available to them, again, depends on what market or what company or what carrier those agencies represent. I will say to your question, Governor Lydecker, though, to the question around the Citizens agent not having markets, there was a recent legislative change that changed the requirement to be a Citizens agent. It used to be you only needed one appointment with an admitted carrier.

MR. LYDECKER: Yes. Correct.

MR. ROCKMAN: Now it's three appointments with an admitted carrier. Some might say maybe it needs to increase, maybe we need to raise that standard to be a Citizens agent. That would be a legislative change or something that the board would have to recommend. But at this point, you can become a Citizens agent with three admitted markets in the state of Florida, and, again, if you look at the size and scope of the market, is that enough? That's something for some other folks to decide. But right now, the standard is three, and that allows them to become --

MR. BECKSMITH: Just a thought, and I know Governor Butts is trying to say something too, but is it smart and something maybe for the board to consider down the road, not today, but for Citizens to align there are -- I'm going to call it wholesalers out there that represent 20 to 30 personal lines carriers or whatever it may be to where if in this instance, right, it comes in, that then is an automatic reach to that agent so the agent's still involved, and now we've got a wholesaler that's got access to other markets to, again, try to drive down this policy count in some way, shape, or form, because, again, to Charlie's point and to many others that are in the room, this market's changing dynamically and it's changing in a lot of different pockets in and around the state. All good, by the way, thanks to the reform and thanks to the other things that are going on. And you got to stay on your toes on these things. And the capacity is there, but the carriers, to your point, I think, Carl, you said it earlier, they're giving capacity to a lot of the agencies that are writing the business, right, that are efficient in it. And so if we're trying to depopulate Citizens, we're trying to help the consumer, which is ultimately our goal, too, should we consider as a board some sort of alignment with a -- I'm going to call it a wholesaler, but somebody where the agent can work through, they can still become the agent and things, because there are those out there --

MR. ROCKMAN: Yes.

MR. BECKSMITH: -- but, again, I'm not sure how the statute's written and things of that nature, and so, anyways, just some thought on that.

CHAIR BERUFF: Governor Spotts- -- Governor Butts? And then -- yeah.

MR. SPOTTSWOOD: I'm listening, and this is kind of on the far end of where -- you know, say my area of expertise, but we're hearing this, it sounds like this continued initiative to remove people, and it sounds like, you know, they may be unaware if they're with an agent in a certain area of the state that only has two or maybe three, it sounds like this -- I'm not saying this is the end all, be all, but some public service announcement, some type of initiative to push it out there to communicate to the consumers if you're working with an independent agent or whomever and they're giving you two quotes as to who they're affiliated with in Citizens, that they need to know that the market is better out there and that there has to be some personal responsibility on their behalf and some education, and maybe that's something we consider as Citizens, you know, pushing some campaign out there. I don't know, but I think it's something to maybe think about.

CHAIR BERUFF: I agree with everything that's said, but you started this by saying you have 20 people or 20 agents or 20 insurance companies on the list.

MR. ROCKMAN: Yes.

CHAIR BERUFF: Okay. So walk me through this. An agent goes in with a customer into this -- into the computer, and what comes up?

MR. ROCKMAN: What comes up are price returns and eligibility for the carriers of that 20 that that agent is appointed with, plus Citizens.

CHAIR BERUFF: So is there a way that you could disclose -- that that client automatically knows that there's 20 insurance companies in the system, even if his agent is only promoting four?

MR. LYDECKER: Yeah, disclosure.

CHAIR BERUFF: There you go.

MR. ROCKMAN: Okay. Yeah, understood. Yes. Yeah, if the recommendation is we do something to obligate or push in front of the consumer available options beyond what that agent has, I think that's certainly something we can take back and look at what we could do to build that into the point-of-sale process.

CHAIR BERUFF: So that would go to make sure that the client, who's not an agent or sophisticated, at least knows there's 20 companies that participate in this clearinghouse system --

MR. ROCKMAN: Okay.

CHAIR BERUFF: -- and you should know about it, even if your agent's only dealing with four of them.

MR. ROCKMAN: Understood.

CHAIR BERUFF: So I don't know how you'd do that in a friendly manner, but I'm sure you guys will figure it out. So is there a policy we should think about implementing, and we could do it at the board meeting later this afternoon, to try to move forward with -- to add that to the -- to the landing page?

MR. ROCKMAN: If the committee's making that recommendation.

CHAIR BERUFF: Does that make sense to you guys in the insurance world?

MR. LYDECKER: Yeah, this is Charlie. It does to me in the sense that -- I mean, I'm a big proponent of disclosures anyway, and I think the more you can educate the public, you know, the better off our industry is. And as an agent, I think agencies are stronger and better and the -- and so transparency, I think, is an important -- is an important quality for us to have in our proposals. And to the extent that there could be disclosure that has, hey, here's 20 agencies throughout the U.S., throughout the state of Florida, we represent these four, and they could even put a footnote next to each one that, you know, they may not represent it, but the carrier may not be writing in Southeast Florida, so the carrier might be writing only in North Florida. So ought to take -- to keep it on the list, but it ought to be -- like that could be identified.

MR. BUTTS: So I will say that there's definitely something here, something that I've talked with Carl and Jeremy and our general counsel about now. I know that there's some statute language in terms of some older language that probably would need to be cleaned up in order for some of these things to happen. The only challenge at this point would be if we tried enacting something very quickly, I think it probably needs a little bit more thought and discussion simply for the fact that we still see folks that come to an agent. If EZLynx provides a quote from another carrier that that agent may not have, they're required to issue a disclosure to that customer saying, "Hey, Jeremy, thank you for allowing us to take a look at your policy, but there is another company that I don't represent as an agent that is available to you," that customer is now pushed away. He could potentially not qualify for that company once they get into it. And so I think that there's a little bit more -- there's a little bit more thought that needs to happen behind it, but there is certainly something here with it. I know it's been -- we've talked about it quite a bit. The technology is now there to be able to do it. The other thing we also will want to consider is how we get all carriers to go ahead and provide us their underwriting criteria so it goes from 20 to say all 33 carriers or whatever it is we have now in the state of Florida to be able to do it. But I think it's a great idea, and I certainly think that it's something that the private companies would like to have a shot at at every house that comes in before it goes to Citizens. But I would caution us to move too quickly on it because there is a lot of times where it comes back saying it's eligible and it's not, and now that customer who an agent maybe has gone out, spent money to market and things like that, now is being pushed down the street to somebody else who really wouldn't be able to write the policy anyway.

CHAIR BERUFF: Right. Right. (Inaudible) nothing moves quickly even when you start. So I'm not terribly worried about it, but I think we could discuss it this afternoon and make it a policy to go figure the wrinkles out to Governor Butts' concerns to make sure we cross T's and dot I's, but there's no reason why we shouldn't disclose to the clients, even if their agent is not carrying are the 20 people that are in the system, that's their problem. They figure out how to expand their coverage or how to get approved by other insurance companies to write for them. Those are the challenges that they face, and our challenge is to give the consumer a better choice.

MR. BECKSMITH: Do we communicate -- in an instance that now they're eligible for Citizens, but we know that there's other 15 carriers that would have written that, do we communicate with the potential client of Citizens that says, "Hey, you're now going to be an eligible Citizens holder, but there are other options out there." Like is there a letter that goes out in some form or fashion?

MR. ROCKMAN: Not at this time. And let me be crystal-clear on the point-of-sale process. Twenty carriers on EZLynx. The agent is only seeing prices for the carriers he's appointed with.

MR. BECKSMITH: Right.

MR. ROCKMAN: Okay. If he's not appointed, there's nothing there. But could we expose and let the consumer know there's other carriers that might be available for them? I think that's absolutely --

MR. BECKSMITH: That's, I think, the point that we're trying to make. And then I would say also, again -- so that's one part of it, and, again, it's something we can consider this afternoon, but the other part is, I think, offering an easy option as opposed to now an agent has gone and written and gone through the underwriting guidelines with Citizens, it's now in there, right? And so now we're already on it. Is there another option to attach some sort of -- again, I'm going to use the term "wholesaler," but somebody -- a clearinghouse over here where every agent can access them in the instance that they don't have it specific to Citizens, right --

MR. ROCKMAN: Right.

MR. BECKSMITH: -- in some way, shape or form? Just a thought.

MR. ROCKMAN: Okay. We'll take those back.

MR. BECKSMITH: Yeah.

MR. BUTTS: Absolutely. It's a great thought. And I also think, Chairman, if I may, that you can not only do this on the new business side, but then you can also do it on the renewal where you're pushing out in the same manner. So you're able to limit it, as well as get them out more quickly on the backside. So it could potentially reduce the policy

count very quickly over the next couple years.

MR. LYDECKER: I also -- I would just -- (Inaudible cross-talk.)

CHAIR BERUFF: Excuse me, Governor Lydecker. The consumer is -- as someone -- you know, all of us at this table buy lots of insurance. As someone who buys insurance, it's amazing to me the -- some agents get really comfortable and they're not doing their homework in advance, and then they come and you've got to renew the policy because you're going to be out of insurance and all kinds of things. And at the end of the day, we should be proactive, and six months into a policy, we should be sending out an electronic notice, not a mail notice, because I don't like paper, that says, "Hey, by the way, just in case, you know, your policy expires in six months, and here's 20 carriers that, you know, are in this group that we already work with and who may write insurance for you." I need to get away from policies. So I try to push them anywhere I can. Now, I don't know how that tampers with the agent relationship, but my relationship with the client that's insured.

UNIDENTIFIABLE: Yes.

CHAIR BERUFF: So you guys can put that on and then we'll take a vote in the meeting this afternoon to -- you guys go figure out all the details.

MR. ROCKMAN: Understood.

CHAIR BERUFF: Thank you. Go ahead, Governor Lydecker.

MR. LYDECKER: Yeah, thank you.

CHAIR BERUFF: I forgot you were up there in the heavens.

MR. LYDECKER: Yeah, I'm hoping it's the heavens. There's a lot of red around me here, yeah, and flames. The -- one other piece of color, but I -- but I like what we're talking about. So this is just a little coloration on what we're talking about. There are strong agencies, so not the fly by nights, but the strong agencies in the state of Florida that will choose not to do business with carriers because they don't think the carrier -- maybe it's because it was born out of a takeout process or there was just -- whatever the reasons, they got hurt at the last storm and their surplus is inadequate, that their financials -- their balance sheet are viewed not to be strong, notwithstanding the fact that they're still a licensed insurer in the state of Florida as it relates to regulators. So just keep that in mind as you guys are thinking about a policy or a set of recommendations for later on today, too, that there's just -- like I know our company won't represent certain carriers 'cause we don't think they're safe.

CHAIR BERUFF: Yeah. Understood.

MR. ROCKMAN: Understood.

CHAIR BERUFF: Okay. That concludes your report?

MR. ROCKMAN: Concludes my report.

Legislative Update

MR. WICKERSHEIM: Mr. Chairman, thank you. For the record, my name is Michael Wickersheim and I am the Legislative and Cabinet Affairs Manager for Citizens. I have a very brief presentation that I will get through very, very quickly. Do not waste anyone's time. On the first slide, which I won't read everything, I just thought it was important for the new or newer members of the board to understand what some of the duties of my office is. They include anything from keeping our administration informed of legislation, advocating legislation that's consistent with Citizens' policies, keeping open lines of communication with all of our cabinet officers, the governor's office, as well as our legislative staff in the house and senate. On the next slide, you'll see kind of we've already been busy. The organizational session started what seems like yesterday, but way back in November. We've been through all the interim committee weeks, which were in some cases disrupted a little bit by both Snow-mageddon and the special session that the governor called. Regular session began on March 4th. We're currently in the second week of that. And the last day of session (inaudible) ends on May 2nd of this year. A little bit of a recap to date of what we've been up to. Both Tim Cerio and myself have met with all of the chairs and vice chairs and the ranking members of the insurance and banking committees of both the senate and the house. We've also had scheduled meetings with other key members, such as Senator Boyd, et cetera. We've also had meetings with the house and senate committee staff, as well as continued lines of open communication with the governor's office, the CFO's office staff, and the two remaining members of the cabinet who serve in their roles as the financial service commission members. Tim gave two presentations, one in January and one for the senate banking and insurance, and one for the house insurance and banking subcommittee on February 4th. These were market updates. They both went over very well. There were several questions. We did follow up on all of those, but I think it was received very well and had a good result.

Just a little bit of an operational -- on the next slide, a little bit of an operational update for you as our board to understand some of the things that I'm doing in this role that I think might be of interest to you. We have a legislative support team that I've created, which consists of programmatic staff members of Citizens, from programmatic folks to attorneys to financial staff. They -- we meet once a week. I send them bill reports, and they are very important in support of my role in helping to analyze bills, see where there might be challenges or issues with bills, and address them accordingly. I think it's been very successful and it's helped with just the operational knowledge within the corporation as a whole. So moving on to what I know we've all been waiting for, these are bills of note. I am following probably close to 70 bills, but I'll just go over just a very small handful of that. And these on the first page are bills that directly affect Citizens. We are named in the bills. The very first one is HB 1073 and SB 1020. These bills -- and they're both a senate version and a house version and they are identical. These

bills revised eligible criteria for residential policies. It raises the coverage limit from 1 million -- the value from \$1 million to \$1.5 million. The glide path does remain, but there is a cap of 10 percent in noncompetitive counties. It also does waive the flood requirement that was passed recently if that specific insured structure is elevated at least 1 foot above the flood zone -- flood zone's minimum based elevation. That bill is sponsored by Representative -- yes, sir.

CHAIR BERUFF: I need -- I need some clarification.

MR. WICKERSHEIM: Okay.

CHAIR BERUFF: So what I heard, obviously the rate -- the increase from \$1 to \$1.5 million, that's easy to understand. Tell me about the 1 foot. What does that do?

MR. WICKERSHEIM: In the FEMA Zone Z, I believe it is, we are currently requiring flood insurance with our policies on a rolling basis, but this would remove that for structures that are elevated -- that have a 1-foot elevation above the minimum flood zone of that area.

CHAIR BERUFF: Okay. So the legislation is to say that if you have a certified, finished floor elevation of 1 foot above the 100-year floodplain, you do not have to have flood insurance to have a Citizens insurance policy?

MR. WICKERSHEIM: Correct. Much more eloquent than I said, but yes, sir, Chair, absolutely.

CHAIR BERUFF: Thank you.

MR. WICKERSHEIM: Thank you, sir. Going on to the next bill, which is HB 7 -- sorry, back one, please -- 705, SB 1448. As currently written, this removes the glide path from applying to new policies that are issued by Citizens after June 1st, 2025, including those that might be renewed.

CHAIR BERUFF: So that means we could charge whatever the rate should be?

MR. WICKERSHEIM: Correct, absent the glide path. I will tell you, Chair, there is an amendment floating around that not only eliminates the glide path after policies issued on June 1st, but also requires a noncompetitive rate. The sponsor in the house, Representative Alvarez, had about four amendments he was looking for -- and I hope that this is okay to share all this -- and he actually did have a meeting with house leadership. The one that was selected actually does add the competitive rate to it, including policies that are renewed. It does give the OIR the latitude to waive those expectations in noncompetitive counties, however. My understanding, that he is going to be having meetings with the house insurance and banking chair to see, but I do understand leadership has kind of blessed that amendment. That's my understanding. I don't have actual confirmation of that, but that's what I've heard from the members. So

we'll continue to monitor that to see if that amendment is going to come forward.

MR. BECKSMITH: So just to clarify this, just to make sure that I understand this as well, this would remove effectively the glide path that we've been constrained on for the last however many years, subject to competitive rates and then noncompetitive rates?

MR. WICKERSHEIM: Noncompetitive rates.

MR. BECKSMITH: Thank you for clarifying. And, then, in counties down south, for instance, Monroe and such like that, would there be a cap on that, or how would that operate, or do we know?

CHAIR BERUFF: I don't think there's an exclusion –

MR. WICKERSHEIM: Yeah, there's not a cap. What it does is allow the office of insurance to waive these requirements in the noncompetitive -- where there is not a reasonable degree of competition is actually what it means.

MR. BECKSMITH: Tri-County?

MR. WICKERSHEIM: Correct.

MR. BECKSMITH: Right. They could waive it and effectively say -- but all the rest of the state, theoretically, then, then this glide path disappears, we're able to charge noncompetitive rates, potentially?

MR. WICKERSHEIM: Correct.

MR. BECKSMITH: Okay. Thank you.

MR. SHELTON: Mr. Chairman, real quick?

CHAIR BERUFF: Yes, Governor Shelton.

MR. SHELTON: As you're going through these, if it's appropriate for me and I'm listening to them, as you go through each one of these, is it appropriate to say we as Citizens, we are supportive of this, or we are non-supportive of these? I mean, this second one sounds pretty good to me.

CHAIR BERUFF: We're supportive.

MR. SHELTON: Right.

CHAIR BERUFF: At least this board -- one vote on this board is supportive.

MR. SHELTON: But as we're going through them, you know, (inaudible) management,

we like where this legislation's going. I see Mr. Cerio coming –

CHAIR BERUFF: We could even consider -- you know, to poll the board and see how everybody's -- is everybody on board with this?

MR. SHELTON: On this one here, I would be very supportive as well. As we go through them, there are some -- there was more –

CHAIR BERUFF: Right. No, no, let's talk specifically. There's two that we've been discussing, I think. One is the noncompetitive, get rid of the glide path. That's one, right? And the second one is the 1 foot above the floodplain, not require flood insurance. I think that's a reasonable one, but I don't care either way. I'd rather have the flood insurance in addition to the Citizens insurance to make sure there's no -- there's no back and -- finger pointing as whose responsibility it is. So if you force the person -- and flood insurance is relatively inexpensive. So that one is more nuanced, I guess, depending on what we want to achieve.

MR. CERIO: Mr. Chairman, if I may?

CHAIR BERUFF: Yes, sir.

MR. CERIO: Far be it for me to tell this board how to act or vote. I would say these are not action items, but that certainly does not -- we're not taking action. You can express support and that can be –

CHAIR BERUFF: I understand. I'm talking about support.

UNIDENTIFIED SPEAKER: Right. And we can certainly -- that will be noted and we can take that feedback back. I think it's hard not to get excited about the bill on actuarially sound, noncompetitive rates, and it's pretty straightforward. If there are bills that are more nuanced, I would just caution that we be careful if it's a little convoluted, if we're not quite sure what we're getting into. But some of these that are pretty straightforward, if that's your inclination, there's nothing wrong with expressing support or a lack thereof. I hope that didn't confuse things, but –

MR. WHITE: Mr. Chairman?

CHAIR BERUFF: Mr. White.

MR. WHITE: I like this bill. I think it gives -- it gives the legislature -- it gives the regulatory authority more flexibility.

CHAIR BERUFF: More flexibility, I agree with you.

MR. SHELTON: As I was saying, you know, kind of a board support or like, well, this is really bad or whatever -- because the one that may come through, I don't even know --

you know, we're going to be just wind only now, you know, and someone proposes that or to, you know, do away, but –

CHAIR BERUFF: There's some crazy ones out there that I've seen.

MR. SHELTON: Yes. Reinsured for the state, no, thanks.

MR. WICKERSHEIM: Mr. Chair and Governor Shelton, if I may on that point, that bill has actually been withdrawn. So just so you're aware of that. It's not on the report, but did want to mention that.

CHAIR BERUFF: Good to hear.

MR. SHELTON: Thank you, Mr. Chairman.

CHAIR BERUFF: Sure. Anybody else? So how many things affect us that they've currently got in the sausage mill?

MR. WICKERSHEIM: These are the two that directly we are mentioned in. The other ones that I have on here do affect the insurance industry as a whole, which in some cases does touch us. On the next slide, they're the ones that you've probably been reading about in the media that have some effect of -- especially 41 and 554 of rolling back some of the SB 2 reforms. Again, to follow up Tim's comments, these are more for informational purposes for you, specifically this page, so you're aware and so that you have the confidence that we're watching them, we're watching them closely. I don't know that the appetite is there for them to move, but that, of course, is my opinion. I don't want to prejudice anyone else's thoughts outside this group or even outside the building. But they are there so you're aware of what we're watching. And, then, finally, if I can, on the very last page, there is an insurance agent's bill and -- sorry, on this page, too -- going one back, my apologies, Barbara, but thank you, you're helping me greatly. On HB 59 and SB 724 are affectionately known as the tree damage bill. This does change liability issues when a tree falls from a property and damages another property. Current law is the insurance would apply for the property damage. This changes that to make -- to move the liability to the person or the owner where the tree was. There is a five-acre limit on that that is out there, so that you're aware of that. And, again, there's a policy cancellation and nonrenewal of property insurance. This is a return from a bill last year that Senator Bradley and Representative Botana have filed. Again, don't know if there'll be movement on it, but there is an amendment floating out there. What this bill does is requires insurance companies to add one year of renewal to a home that has water damage caused by a hurricane whose repairs have not yet been completed. There is an amendment floating out there that allows those homes to move to Citizens, makes them eligible for Citizens coverage. I have not seen it filed yet, but it is floating out there, again, just so you're aware and we'll be monitoring that situation.

And the very last one, Mr. Chairman, if I may, is HB 590. That -- 599. That does not apply necessarily to us, the bill on the board right now, sorry, 643 and 1184, but it does

have one piece of language that does apply to us that we worked out with the agents' group. And this goes to the three having -- representing three insurance agents. There were some challenges with that, and so this just simply clears up some concerns the agents had, and we've worked it out with them. There is some additional language coming that we've requested, but, again, whether that bill will move is speculative. So those are the main bills I'm watching, and sorry, Mr. Chair, if I've jumped ahead of you, but that concludes my report.

CHAIR BERUFF: No, I think that's great. Thank you for keeping up with it, and hopefully we'll have a successful session like we've had the last two years.

MR. WICKERSHEIM: Absolutely. Thank you.

CHAIR BERUFF: Any other comments from the board? No. We're done. Did we do the minutes on this one, Barbara? New business, any new business? All right. This meeting is adjourned. (End of proceedings.)