

CITIZENS PROPERTY INSURANCE CORPORATION

**DRAFT MINUTES OF THE
BOARD OF GOVERNORS MEETING
Wednesday, March 12, 2025**

The Board of Governors (Board) of Citizens Property Insurance Corporation (Citizens) convened at The Westin Lake Mary in Lake Mary, FL on Wednesday, March 12, 2025 at 1:00 p.m. (EDT).

The following members of the Board were present:

Carlos Beruff, Chair
Jamie Shelton, Vice Chair
Josh Becksmith
Jason Butts
LeAnna Cumber (By phone)
Erin Knight
Charlie Lydecker (By phone)
Robert Spottswood
Frank White

The following Citizens' staff members were present:

Tim Cerio	Carl Rockman	Mathew Carter
Jennifer Montero	Spencer Kraemer	Ray Norris
Aditya Gavvala	Michael Peltier	Eri Addison
Jay Adams	Michael Wickersheim	John Schmitt
Jeremy Pope	Mark Kagy	Barbara Walker
Joe Martins	Ken Tinkham	Bonnie Gilliland
Brian Newman	Andrew Woodward	

The following people were present:

Kapil Bhatia	Raymond James
Dave Newell	FAIA
Doug Draper	Bank of America Securities
Mark Weinberg	JP Morgan
Duane Draper	Bryant Miller
JW Rollins	Patriot Select

Call Meeting to Order

Barbara Walker: Good afternoon and welcome to Citizens' March 12, 2025, Board of Governors meeting that is publicly noticed in the *Florida Administrative Register* to convene at 1:00 pm. It is recorded with transcribed minutes available on our website. For those attending today's session through the public

link, you are automatically in listen-only mode. Chair Beruff, we have no speaker requests for today's meeting.

Roll call: Chair Carlos Beruff, Josh Becksmith, Jason Butts, LeAnna Cumber, Erin Knight, Charlie Lydecker, Jamie Shelton, Robert Spottswood, and Frank White were present. A quorum is established

1. Chairman's Report

Chair Beruff: Thank you. The Chair will entertain a motion for approval of the minutes.

A motion was made and seconded to approve the December 4, 2024, Citizens Property Insurance Minutes. All were in favor. Motion carried.

Action Item: Consent Agenda Items

Chair Beruff: Thank you. Consent Agenda items, please. The Board will entertain a motion to move the Consent Agenda items

A motion was made and seconded to approve the following items:

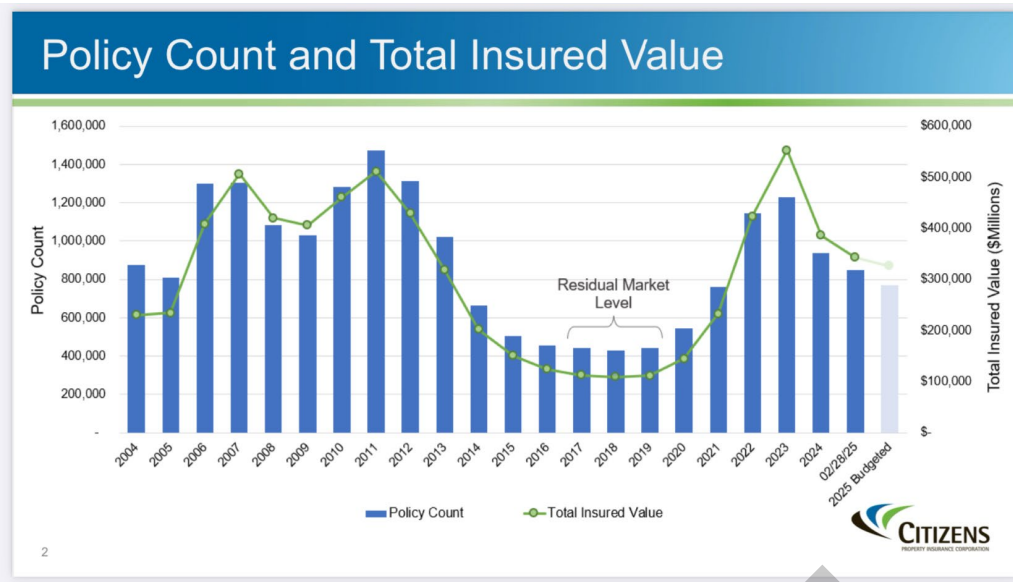
- Financial Data Services
- Independent CPA Auditing Services
- Furniture and Equipment – Tampa Office
- Jacksonville Office Space Lease
- Loss History Reporting Extension
- Claims Legal Services
- Recommendation for Board Approval of Increases Required by Section 627.351(6jj)FL

All were in favor. Motion carries.

2. President's Report

Chair Beruff: Thank you very much. Okay, Mr. President, your report.

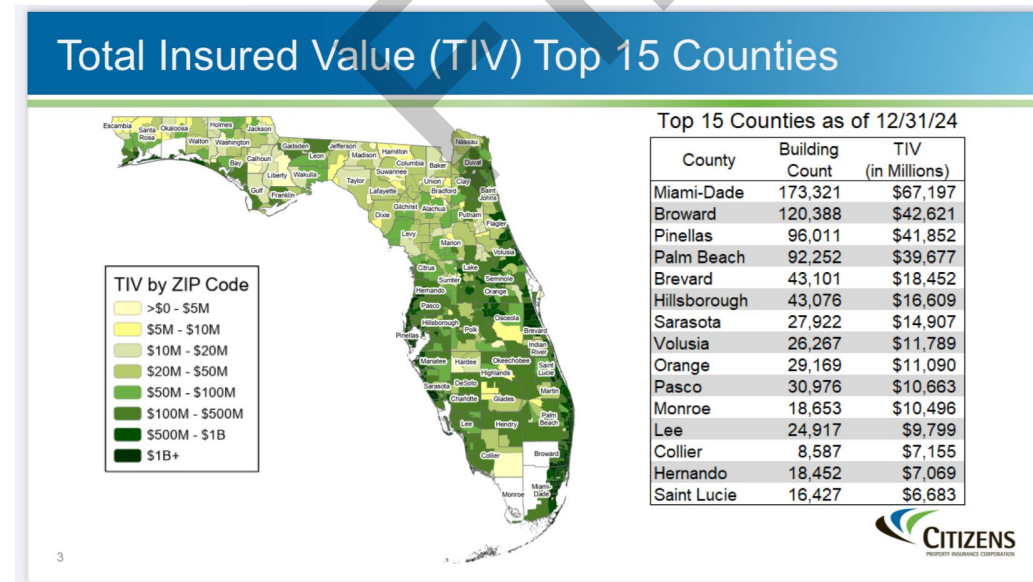
Tim Cerio: Thank you, Mr. Chairman. It's good to be with you all. I appreciate the time and your comments in our prior committee meetings. Obviously, we've moved all the committee meetings and this Board of Governors meeting to one day. I think it's good for efficiency. I appreciate the input from the Chairman. I think the staff and I know that many of the Board members appreciate us getting together, doing good business, and knocking things out. So, I will try to do my part to keep things moving along and give you an overview. And once again, I think the news is very, very good.



Next slide, please. You’ve all seen this slide before. This is the historical policy count and total insured value for our book of business, along with our budgeted projections for year-end. At the end of February, we were down to 847,571 policies and \$343 billion in total insured value. That number has obviously come down quite a bit since our last

meeting, and I’ll talk more about that in a little bit. We had 102,000 policies taken out earlier at the end of January. Again, but for the recovering market, we would not be seeing this depop activity. We projected to end 2024 — you’ve heard me say this to you too — we projected ending 2024 with about 1.2 million policies. Since our last meeting, of course, the year ended, and we actually ended the year at 936,000, so we were well below our mark. Since then, we’ve shed more policies, and we’re now down to 847,571. We are currently forecasting — and we may need to update these figures throughout the year — to end 2025 with just under 738,000 policies and \$290 billion in total insured value.

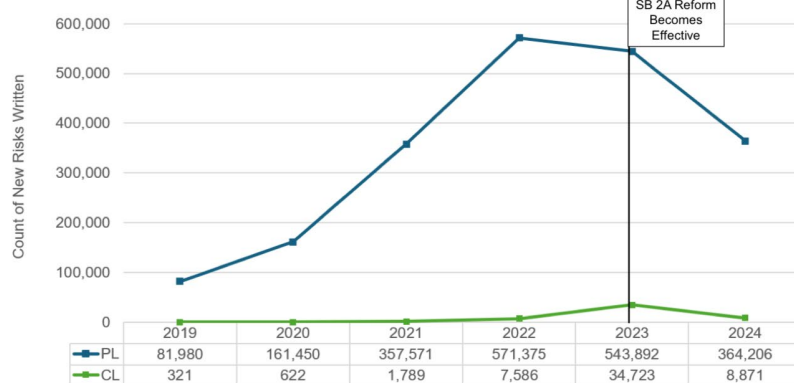
Next slide [see next page]. This slide provides a visual of our policy concentration throughout the state. The darker the color, the higher the concentration of total insured value. You’ll notice lower TIV — total insured value — in the Panhandle, except in the Jacksonville area and along the coast, relative to the rest of the state. Overall, the rest of the state shows a



higher concentration of TIV, particularly along the coast and in larger cities. Our top 15 counties, shown on the right here, reflect about 82% of the total insured value of

Citizens.

Policies Return to Private Market – New Business



Notes:
 1. Personal lines includes policies from insolvent carriers.
 2. Includes policies with wind coverage; 3.0% of new policies exclude wind coverage over the past year.

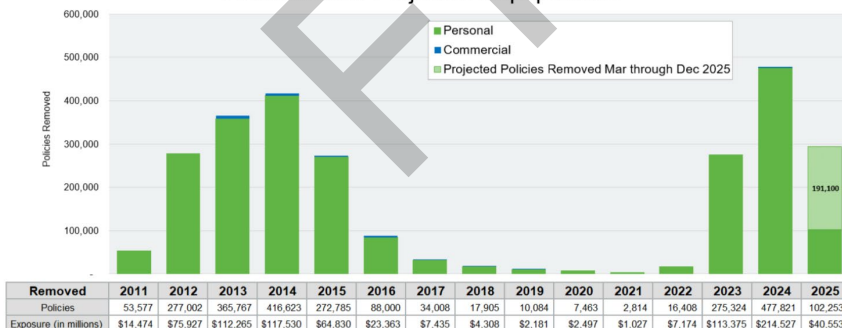


Next slide. This is our new business trend going back to 2019. As you can see, the rate of new business — and I'm not talking about takeouts now — I'm talking about the rate of new business coming into Citizens — has significantly declined in 2024. This is really

good news because, again, it shows market stabilization. Policies are finding a home in the private market. In 2024, we had budgeted to end the year with about 527,000 new policies in Citizens. We actually ended the year with about 373,000 new policies. So that's 30% lower than what we'd forecasted. Again, we're currently forecasting — and we may have to update this — about 219,000 new policies for 2025. I'll tell you, in January we received about 17,000 policies. So, the takeaway, once again, is that the private market is really taking up the slack here for us, and the policies are not finding their way into Citizens.

Policies Return to Private Market – Depopulation

Historical and Projected Depopulation



Notes:
 1) 2025 policy counts and exposure removed are as of February 18, 2025.
 2) Depopulation does not reflect opt outs after the date of assumption.

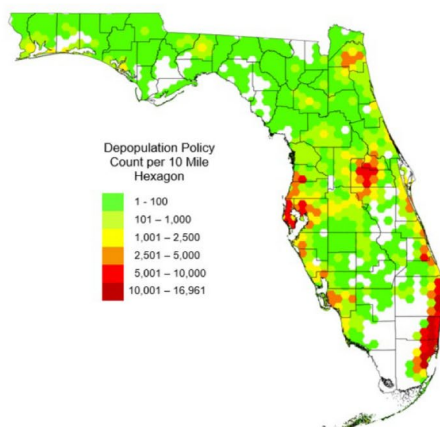


Next slide. This slide shows the historical depopulation. These are the annual counts for policies and exposure that were removed through depopulation. In 2024, a total of almost 478,000 policies and \$215 billion in exposure were removed from Citizens. We budgeted for 2025 to have close to 300,000 policies removed through the Depopulation program. We will continue to revise and

update that figure as needed. Through February — as I mentioned a second ago — 102,000 policies and \$41 billion in exposure have been removed through depopulation. Now, I think you all — and everybody knows this — but I want to say it for the record and for any members of the public and the media who are listening: it's important to remember that the trend is depopulation slows down in the summer. Depop slows down as we get into hurricane season. It will not be surprising if our numbers start to slowly tick up again during the season. But once we get into the fall and depopulation activity resumes, we will start to

drop again, and that's why we have these projections for a much lower policy-in-force count by the end of the year.

Depopulation Activity



Policies Assumed in 2024 and 2025			
Assumption Date	# OIR Approved	Choice Letters Mailed	# Assumed on Day of Assumption
2024 (PL)	1,307,949	711,090	475,697
2024 (CL)	5,800	3,129	2,124
1/21/2025 (CL)	3,800	320	170
2/18/2025	342,918	143,814	102,083
3/18/2025 (CL)	250	56	TBD
3/25/2025	160,440	47,334	TBD
4/15/2025	238,462	49,812	TBD
5/20/2025 (CL)	100	TBD	TBD
Total	2,059,719	955,555	580,074

Notes:

- 1) Policyholder Choice Letters Mailed indicates the number of depopulation letters mailed, one per policy. Multiple offers may be contained in a single mailing.
- 2) Number assumed refers to policies assumed on date of assumption.
- 3) The hexagon map shows all personal lines (PL) and commercial lines (CL) policies assumed through February 2025.

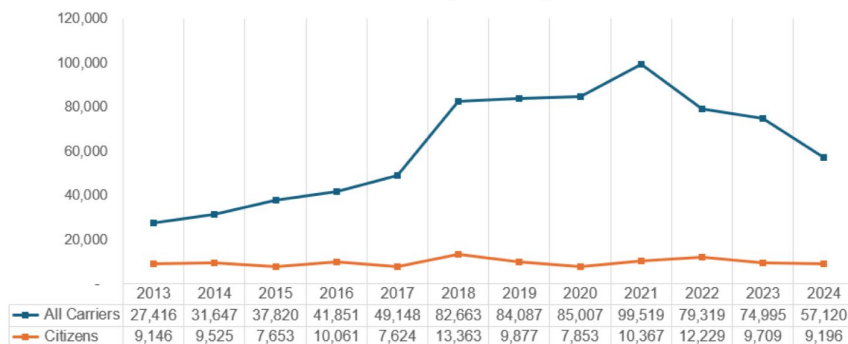


Next slide. This slide gives a visual of the depopulation activity for 2024 and early 2025. You can see the concentration, and although the map shows that policies are being removed from across the state, the top five counties that make up over half of the assumed count are

Broward, Miami-Dade, Palm Beach, Hillsborough, and Orange. This is really unique. Companies have an appetite for these regions because litigation is really down. The industry tended to avoid these areas because of higher litigation and, therefore, higher rates. But with litigation dropping, I think a lot of the takeout companies are really interested in these areas. Litigation has dropped once again because of the reforms championed by the [Florida] Governor and passed by the legislature, culminating in the passage of Senate Bill 2A. By the way, for the 478,000 policies that were removed in 2024 — I think this is an interesting stat — if we had to buy reinsurance in 2025 to cover those 478,000 policies for a 1-in-100-year event, it would cost us about \$370 million. So basically, using last year's pricing, we should be able to spend \$370 million less than we otherwise would have.

Decreasing Litigation – Industry vs Citizens

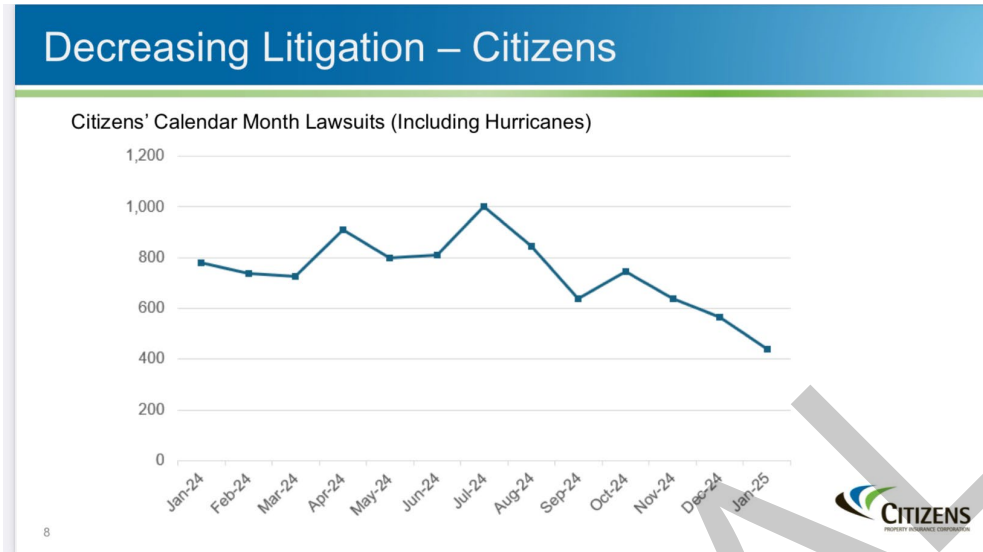
Calendar Year Lawsuits (Including Hurricanes)



Next slide. This slide shows the decreasing litigation in the industry and in Citizens. This graph shows the calendar year lawsuits for both. It does include hurricane litigation — if it did not include catastrophe litigation, you'd see an even steeper decline. This slide is based on calendar year rather than tracking claims by accident year — the year in which the

event occurred. For example, a lawsuit related to Hurricane Milton that is filed in 2025 would not show

up in the 2024 data. So, the trends can get somewhat distorted. But the bottom line is the trends are moving in a very positive direction in terms of claims that actually enter litigation. Our lawsuits are down, and the AOB reform and the Senate Bill 2A passage have made a tremendous impact. You can really see that on the next slide. Can you go to the next slide, please?



This slide shows lawsuits by calendar month for Citizens. You'll note again it does include hurricane litigation, but the decline — you can really see the decline here. We're talking about a little more than 400 lawsuits filed in January 2025, compared to almost 800 in January 2024, when you're trying to compare apples to apples. I think that was my last slide. So that is

the report — that's the status of the market. Again, it's just good news. We are about to go into the reinsurance market. I will tell you that I think the reinsurers — and I believe the folks involved, our brokers and our financial advisor — what we're hearing is that the reinsurers have heard loud and clear from this Board, from the Florida Legislature, and from the Governor's Office, that there is an expectation we're going to see much better pricing as we put together our risk transfer program. We're optimistic as we go into the market. I know Jennifer talked about that a little earlier in her report, but I wanted you all to be aware of that. We, as your team, hear you loud and clear. We have conveyed that message, and I think we're hearing very positive feedback. The only other topic I wanted to cover today has already been covered. I wanted to mention Joe Martin's report of our claims closure and his review of our claims closure data — and whether or not our closures were not just reported accurately, but whether we actually did the work correctly. Enough has been said about that. I'm pleased with the report. I know you all are. And Mr. Chairman, that is it for my President's Report.

Chair Beruff: I don't think there are any questions from the Board. Thank you, Mr. Cerio.

3. Chief Financial Officer's Report

Jennifer Montero: Would you like me to go back over the items that went over this morning?

Chair Beruff: Do you have any comments from this morning for Ms. Montero? I don't see any. Is there an action item that we need to handle for you?

Jennifer. Montero: I believe all the action items I had were moved to Consent. Thank you so much.

Chair Beruff: Thank you. Next, Mr. Adams.

4. Chief Insurance Officer's Report

Jay Adams: Good afternoon, Chair and Governors. For the record, my name is Jay Adams, Chief Insurance Officer at Citizens. I have three action items I'd like to go over, and all of these have a common theme. The common theme is that we do not budget for catastrophe expenses in our underlying contracts.

Action Item: Independent Adjusting Services - Litigated

Jay Adams: The first one is Independent Adjusting Services – Litigated. We are asking for an additional \$125 million. We have spent \$171 million in catastrophe-related expenses that we didn't budget for. Absent catastrophe activity under this contract, we would be on track — and really a little under budget — for the term of the contract.

Chair Beruff: The Board will entertain a motion to approve Action Item Number One.

A motion was made and seconded to approve an additional \$125,000,000 in contract spend authority, for a total not to exceed \$755,980,650 through remaining renewals expiring August 2027; and to authorize staff to take any appropriate or necessary actions consistent with this Independent Adjusting Services – Litigated Action Item. All were in favor. Motion carries

Action Item: Enterprise Litigation Management System

Jay Adams: Thank you. The next one is Enterprise Litigation Management System. We contracted for a new matter management system, and we're in the process of completing the development. We brought an extension of the contract to the Board last year to push the completion date out to May. It was originally supposed to be completed in October. We and the vendor mutually agreed that we should extend the timeline to ensure all development was appropriate. The vendor has provided us with six months of license-free usage once the system goes live in May. What we're asking for today is to extend the current contract with Mitratesh, our current provider, for six months, for an additional spend of up to \$350,000. This is just to ensure the software gets installed properly in May and works as intended. It would serve as a fallback if needed. If we don't need it, we'll roll into the new system and carry that forward.

A motion was made and seconded to authorize additional spending authority under the Enterprise Litigation Management System Agreement with Trialnet, Inc. D/B/A Acuity Management Solutions, a Subsidiary of Mitratesh Holdings, Inc. of \$350,000 as set forth in this Consent Item which, if approved, would increase the total spend authorized to \$3,300,000; and to authorize staff to take any appropriate or necessary action consistent with this Action Item. All were in favor. Motion carries

Action Item: Court Reporting Services

Jay Adams: Thank you. The last item I have is Court Reporting Services. We use this, obviously, for depositions, trials, and so forth. What we are asking for here is an additional \$10 million to carry us through the contract period. We've spent \$19 million specifically associated with catastrophe expenses. Again, absent the catastrophe activity — which is not budgeted — we would be below budget and the expense would have come in as anticipated.

A motion was made and seconded to authorize additional spending authority of \$10,000,000 under the Court Reporting Services contracts, for a total of \$46,000,000 in authorized spend; and to authorize staff to take any appropriate or necessary action consistent with this Action Item. All were favor. Motion carries.

Chair Beruff: Thank you. So just briefly — obviously, all of these expenses are due to the CAT events we don't budget for?

Jay Adams: That's correct.

5. Chief Administrative Officer's Report

Jeremy Pope: Thank you, Chair. For the record, Jeremy Pope, Chief Administrative Officer. We'll start this update with Dave Newell for the update on the MACC

Market Accountability Advisory Committee (MAAC) Update

Dave Newell: Thank you. For the record, Dave Newell, Chair of the Market Accountability Advisory Committee (MAAC). We held our meeting on February 26, 2025. Just two points I wanted to bring to the Board's attention. As we get the information each meeting from Carl [Rockman] and certainly Jeremy [Pope], one thing to point out is that we are continuing to see a decrease in the number of agencies appointed with Citizens. That's another positive sign that the reforms are working and people are finding coverage elsewhere, outside of Citizens. The other point I wanted to raise — and the committee certainly likes to see this — is that in Citizens' surveys with consumers, where they ask about their agent, the process, and the service they provide, the scores are still within the benchmarks that Citizens has laid out for agents. That's another positive sign that consumers are getting what they need when they contact their agent and use Citizens as the insurer of last resort. With that, Mr. Chairman, that concludes my report.

Chair Beruff: Thank you, Mr. Newell. Go ahead, Mr. Pope.

Jeremy Pope: Thank you, Chair.

Action Item: Vice Chair Appointment

Chair Beruff: And let me interrupt for a minute — we've got some cleanup items. First, I welcomed Mr. White to the Board last night, but I didn't do it in public — although we did have a fine dinner. We'd like to formally welcome him to the governing board. That leaves us with an opening in the Vice Chair position, so I will entertain a motion for Vice Chairman. Would someone like to make a motion for one of you to be my wingman — or wing-lady?

A motion was made and seconded to appoint Jamie Shelton as Vice Chair of the Citizens Property Insurance Board of Governors. All were in favor. Motion carries.

Chair Beruff: So, we've cleaned up a little bit of business. Go on, Mr. Pope.

Exposure Reduction Committee Update

Jeremy Pope – Thank you, Chair. We have no consent or urgent action items from the Exposure Reduction Committee, but we do — if it's okay — have an update from our conversation this morning. We were asked to look for opportunities to expose the consumer to alternative markets that may not be available through the agent they're currently working with. There are two pieces we've discussed over the past two hours. I also called back to home base to make sure we understood all the capabilities where we could take action today. One of the things we'd like to recommend — with the Board's approval — is to develop a disclosure form that would print out at, or with, the actual application at the point of sale for the consumer to sign. It would be part of the file and show all of the carriers that that particular agency is appointed with, in addition to all remaining carriers that are on the EZLynx platform. This gives the consumer transparency about additional markets. It would require a signature, and the customer would receive a copy for their records. That's something we believe we can implement now. There is some immediate action in our policy system, although we're currently in a conversion period and under a freeze until mid-May. However, we'll get on this as quickly as possible and have everything leveled up. We also want to check with OIR. We believe we may need to file it, which is standard anytime we make changes to our application — but that's something we can address ASAP as well. Again, that's an immediate enhancement. The other piece we'd like to explore — and report back on in June — is expanding the available carrier reach in Clearinghouse. We'd like to revisit the Clearinghouse statute to see if we can require quotes to be sent to carriers, wholesalers, or MGAs that agents do not have appointments with. That would require agents to work with wholesalers. We think this will help us do a true environmental scan so that when a consumer is looking for insurance, it is scanning the entire market. That's what we believe will help keep as much exposure out of Citizens as possible and close that gap — or opportunity, I should say. We'd like to continue working through that, and we feel this approach will provide a better customer experience by giving them more options, while also mitigating anything that would otherwise end up in Citizens unnecessarily. With the Board's support and approval, we'd like to return in June to provide a progress report as we work through these details.

Charlie Lydecker: That's great. I have a comment, please. I would just encourage us to list the agency appointments, not that particular agent's appointments.

Jeremy Pope: Fair. Noted.

6. Chief of Internal Audit's Report

Audit Committee Update

Chair Beruff: Mr. Martins, are there any fires that have developed from this morning to this afternoon?

Joe Martins: No fires. Nothing further to report.

Jamie Shelton: Governor Shelton, Chair of the Audit Committee. No, nothing really from this morning. We got a full overview. The audits in process have been completed. The CEO stole a little bit of our thunder by highlighting the audit on our compliance and our good reporting on the issue of claims being closed without being paid. That was very promising. We also received a report from an independent auditor, with four of us present, who indicated the audit is in progress. We stay in constant communication, and there have been no issues raised. Unless there are any questions, that would conclude Mr. Martin's and my report.

New Business:

Chair Beruff: Good. Thank you, sir. That concludes everything. Any new business?

Action Item: Product Updates

Barbara Walker: There's a question about whether the Product Updates action item was approved. It did move through the Actuarial and Underwriting Committee unanimously, but I don't think it made it to the consent agenda. Do you want me to read it?

Chair Beruff: Please. Yes, and then we'll vote on it to make sure we do it right.

A motion was made and seconded to approve changes to Citizens' product guidelines, forms, and supporting documents to address emerging issues, as described in the Product Updates – March 2025 action item; and to authorize staff to take any appropriate or necessary action consistent with the Product Updates – March 2025 action item, including filing with the Office of Insurance Regulation (OIR), system change implementations, updates to supporting documents, applications or forms, and other relevant activities. Final changes and the implementation timeline may vary based on project complexity, operational considerations, and feedback from OIR. All were in favor. Motion carries.

Chair Beruff: Thank you for helping us correct that, Ms. Walker.

A motion was made and seconded to adjourn the meeting. All were in favor. Meeting adjourned.

Chair Beruff: Thank you very much. We'll see everybody in June.