CITIZENS PROPERTY INSURANCE CORPORATION

MINUTES OF THE
AUDIT COMMITTEE MEETING
Wednesday, March 12, 2025

The Audit Committee of Citizens Property Insurance Corporation ("Citizens") was convened at 8:30 a.m. on Wednesday, March 12, 2025.

The following members of the Audit Committee were present:
Chair Jamie Shelton   Governor Robert Spottswood   Board Chair Beruff

The following Board members were present:

Governor White	Governor Knight	Governor Becksmith
Governor Butts	Governor Spottswood	

The following Citizens Staff were present:

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

The following were present:
Doug Draper, B of A Securities
Dave Newell, FAIA
Mark Wienberg, JP Morgan
Kapil Bhatia, Raymond James
Duane Draper, Bryant Miller
JW Rollins, Patriot Select
Brian Smith, Forvis

Barbara Walker: Good morning, and welcome to Citizens' March 12, 2025, Audit Committee Meeting, which is publicly noticed in the Florida Administrative Register to convene at 8:30 a.m. and will be recorded, with transcribed minutes available on our website.

For those attending today's session through the public link, you are automatically in listen-only mode, with presentations appearing in the webinar.

Chair Shelton, we have no speaker requests for today. May I proceed with rollcall.

The roll was called, and the quorum met.

Chair Shelton: Thank you, Barbara, and good morning. Welcome everyone. The first order of business is the approval of the prior minutes from the December 3, 2024, Audit Committee. We'll entertain a motion to approve.

Unanimously approved.

Chair Shelton: Joe Martins, our Chief of Internal Audit, you are recognized to present.

Joe Martins: Thank you, Mr. Chairman, and good morning, Governors.
Can we move to slide 2, please? Thank you very much. On this slide, we present a graph that provides a visual representation of our progress against the audit plan over a rolling 12-month period, covering October of last year through September of this year. This approach allows us to maintain an ongoing view of completed and planned engagements. To date, we have completed 14 of the engagements in the graph, with an additional 8 currently in progress. In total, 21 audit engagements are included in this plan. Since our last meeting, we have completed eight audit engagements, including support provided for the OIR Market Conduct examination.

Among the completed audits, I would like to highlight the Technology Governance Audit, and the details of it are in the pack. Our review determined that Citizens has robust governance capabilities spanning strategic, tactical, and operational planning. A strong risk management culture is evident, supported by dedicated resources and tools that enforce technology governance principles. Within Citizens, four primary groups oversee technology governance: Information Technology (IT), IT Security, Enterprise Business Agility, and Privacy Office.
While these groups demonstrate a solid foundation, we identified several opportunities for enhancement, particularly in: Access management practices, application development and security monitoring, risk acceptance processes, project planning and execution, and strengthening the Privacy Office's role in data protection. These recommendations were shared with relevant business unit leaders, who have acknowledged and begun developing corrective measures.

The second audit I wanted to highlight is our Hurricane Claims Without Payment Review. Our assessment involved a statistical review of 630 claims that were closed without payment, as well as 79 related policyholder complaints. This review was conducted by two qualified internal audit claims adjusters, supported by licensed claims adjusters from KPMG. Key findings include:

- All reviewed claims were processed fairly and transparently, with sufficient documentation supporting closure decisions.
- The average claim closure timeframe was 21 days, well within the 60-day statutory requirement.
- Of the cases reviewed, 142 involved policyholders with multiple claims related to separate hurricanes during 2024. Where coverage or deductible thresholds were met, appropriate payments were issued later.
- A review of complaints confirmed thorough investigation, proper resolution, and clear communication with policyholders.

The final report from the OIR Market Conduct examination is included in your committee materials.
Next slide, please.

On this page we show a graph that indicates the 2025 audit plan and how the risk-based rolling approach ensures alignment with Citizens' evolving risk landscape. The graphs show audits

touching elements associated with the major risks in the organization. This methodology enables us to continuously adjust our focus to address the most significant risks and emerging priorities throughout the period.
Next slide, please.

On this slide we indicate performance metrics and benchmarking. As we enhance our analytical capabilities and data quality, we have developed key performance metrics to monitor our effectiveness. We are also considering additional benchmarking efforts to compare the performance of internal audits with that of peer organizations as relevant metrics become available. These will be shared with the Audit Committee as we continue.
Next slide, please.

Currently, six medium-rated observations remain open. We have no high-impact issues for consideration. The key issues under remediation include:

- OFAC Compliance shows that a break in automated data transfers led to processing failures. No major issues were identified associated with that.
- Technology Governance that was mentioned. Gaps in IT, Security, and Privacy governance necessitate stronger oversight and process improvements.

Please show the next slide.

On this slide we indicate the six high-impact strategic risks that were identified during the ELT risk assessment earlier this year. These strategic risks include Acquisition of Reinsurance, CAT Response, Claims Abuse, Cyber Threats, Rate Differential, and Strategic Workforce Planning. Details of these risks are available and can be shared with the committee if they wish.
Next slide, please.

The Internal Control Framework and Self-Assessment Results include a thorough review of the 2024 Internal Controls within the organization. This assessment was completed by the Internal Control team in collaboration with the business units. We are monitoring 96 controls. Our review focuses on the control design and documentation, and control effectiveness. Results from the evaluation showed that 88 controls were operating as intended. Five required a minor documentation review. Seven controls required a complete redesign due to process changes. One control was deemed ineffective, necessitating management intervention to address deficiencies in access privilege separation.
While no material deficiencies were identified, correction actions are underway to enhance control effectiveness and reduce residual risk for the organization.

Thank you, Mr. Chairman. That concludes my presentation. I am happy to answer any questions from the committee.

Chair Shelton: Thank you, Joe. One thing I want to point out, and I think it was certainly in our packages, and I know we've all seen the Executive Summary. That's where Joe and I start each time before he walks me through all the details of all the great things they are doing. One of the completed engagements was the Claims Closed Without Payment, as we are all aware, and I think Tim mentioned in the last meeting, there was a narrative out there after the storms that there were a lot of claims denied, not paid, closed. There was a thorough audit, and Joe can speak to any questions. On page one of the Executive Summary: A review of 630 claims and 79 complaints related to Hurricanes Debby, Helene, and Milton found no exceptions. I think that it is important to put that narrative back out there because there was adverse commentary on that earlier. Thank you, Joe.

Any questions? Governor Spottswood?

Governor Spottswood: Just a comment. First of all, congratulations on the audit to everyone on the Citizens team. I thought it was very clean and very nice to see that after some of the stories that I saw in the papers, so congratulations Tim and team in doing the job that you did in following up on claims following those storms. I guess the concern it would lead me to is how were the private market companies performing in the manner that was being criticized in some of the stories that we saw? I'd really like to learn more about that because it reflects on the entire insurance market in the state of Florida. If we did the audit and it wasn't us, was somebody else out there not following up properly on claims that were made following those storms? I'd like to hear some feedback on how the private market did.

Chair Shelton: Joe, Tim, anybody?

Joe Martins: Governor, I don't have that detail. We didn't include it in our assessment. We can do that going forward. I'm sure Jay may have an idea, or Mr. Cerio may have an idea.

Tim Cerio: Governor Spottswood, that is a good question. I have not heard any data on the private industry, and Jay may have something to add, but I would say, based on my understanding, the media reports sort of morphed. I think you did see some very high closure rates immediately after the storm because there was so much flooding. Insureds were actually asking their insurers, as I understand it, and I know it happened with Citizens, they were looking for denials as soon as possible when they knew it was flood only, so they could get relief from the National Flood Insurance Program. So, you saw higher rates, and then when time passed, those closed without payment numbers came down significantly. It's not really addressing your question as to how the industry did compared to us. I thank you for your kind words. I'm really proud of Jay and his team, our whole Citizens team, and I think Joe did a great job on the audit. But I think as far as the high closure rates in the very, very beginning, I would not be surprised if, just like us, that was what was experienced in the private sector, and then those numbers came down.

Governor Spottswood: Just one follow-up question. Did the audit also cover policies that were initiated with us and then depopulated to the private market, and how those private market companies that took our policies performed in responding to claims?

Joe Martins: The audit focused on claims that were initiated while those properties were within Citizens. We did not focus on any of the subsequent claims that moved to other insurers.

Governor Spottswood: Then the follow-up question to that is, should we be following up to see how private market companies are performing with regard to policies that we cede to them?

Tim Cerio: Governor, I would say we always want to be mindful that we are not the regulator. There is sort of attention because we care about where our policyholders go. I know the Chairman has talked a lot about it, and we have actually met with the Office of Insurance Regulation and I think they are doing a good job of vetting some of these take-out companies much, much better than in many years past because the financial wherewithal is better and we're not seeing companies come back in at such a high rate, so we think these companies are doing a great job. We care about it from our policyholders' perspective as to where they go, but we are not the regulator once they are gone.

Chair Shelton: I think it's**,** as the Governor said, its good data to know where we stand, but based on, not only our audit that Joe and his team have done, but even the one from the OIR on that was done on claims not related to Helene, Debby and Milton but prior to that shows also from there it's not us, it's still inside the state of Florida, but it's not Joe and his team, and the report is very good. The exceptions that we see in this are clerical-type exceptions, documentation, but the response from the OIR, based on what we are doing, was very favorable in their audit report as well.

Tim Cerio: Governor, that is a fabulous point, and I would say this, part of the reason Joe was able to dig into the data and look at how we reported it is because we are reporting based on the requirements imposed by OIR. I'm thrilled that OIR, before these storms, there really wasn't a focus on breaking out denied, no coverage because the damage was flood only, and I think OIR had the foresight to figure out that we better track that. I think we did as well, but because they required that of all insurers, not just Citizens, I think the data is there, and they are keeping an eye on it.

Governor Spottswood: Just have one more follow-up question. Is this the type of outside audit we asked for following each major storm season, where we have a lot of claims, or was this unusual and done just because of some of the reports that were out there?

Tim Cerio: Honestly, Governor, I asked Joe to do it because of what we saw, the high closure rates initially, and we knew this was a very unique storm season because of so much flooding. I felt confident in our team, but I just wanted to make sure we were getting it right.

Chair Shelton: Thank you, Joe. Have a good morning.

Joe Martins: Thank you, Governors.

Chair Shelton: Next up is Ms. Montero, good morning.

Jennifer Montero: Good Morning. Behind tab 3, you'll find the 2024 results of operations and financial position, which provides an overview of Citizens' unaudited financial position, including cash flows, investment assets, and surplus, as well as the operation results for the fiscal year ending December 31, 2024. The second document is the commentary, which provides the management discussion analysis, which is what I will be going over.

December 31, 2024, consolidated cash invested assets totaled $10 billion, or approximately $176.6 million more than the December 31, 2023, driven by the net cash inflows of operations of approximately $200 million. Surplus of December 31 was $4.18 billion, reflecting a decrease of approximately $840 million in comparison to December 2023, driven by the 2024 net loss of approximately the same amount. Direct written premiums written in 2024 were $4.6 billion, or $473.1 million less premium than what was written in the 2023 calendar year. The number of new policies written decreased to 367,000 in comparison to the 552,000 written the prior year. In addition, the overall renewal rate in 2024 was approximately 83%, which reflects a decrease of 2% relative to the renewal rate that was observed in 2023. Premiums ceded through depopulation in 2024 were $1.02 billion, marking a significant increase in comparison to 2023, where $588 million of premiums were ceded through depopulation.

Premium ceded for reinsurance, including the CAT fund coverage, for the 2024 storm season was $860.3 million, reflecting a decrease of $317.4 million (27%) in comparison to 2023. The primary driver was the decrease in the reinsured exposure.

At December 31, 2024, there are eight named storms that have significant loss and LAE reserves still outstanding. From prior accident years, there remained outstanding liabilities for Irma (2017), Eta (2020), Ian (2022), Nicole (2022), and Idalia (2023), and Debby, Helene and Milton for 2024.

Hurricane Milton, which made landfall on October 10, 2024, has projected ultimate direct losses and LAE of $2.073 billion as of December 31, 2024. This is a significant reduction of the model numbers that we were using, which were $3.89 billion. No reinsurance recoveries have been recorded due to loss levels not meeting the retention of Citizens' reinsurance contracts.

Hurricane Helene, which made landfall on September 26, 2024, projected ultimate direct losses and LAE of $313.5 million as of December 31, 2024. This reflects a reduction from the initial ultimate projection that was done in September. No reinsurance recoveries have been recorded due to loss levels not meeting the retention of Citizens' reinsurance contracts.

Hurricane Debby, which made landfall on August 5, 2024, has projected ultimate direct losses and LAE of $76.5 million as of December 31, 2024. No reinsurance recoveries have been recorded due to loss levels not meeting the retention of Citizens' reinsurance contracts.

Hurricane Idalia, which made landfall on August 30, 2023, has projected ultimate direct losses and LAE of $97.1 million as of December 31, 2024. This reflects an increase of $13.6 million from the ultimate projection as of December 31, 2023. No reinsurance recoveries have been recorded for that storm either.

Hurricane Ian, which made landfall on September 28, 2022, has projected ultimate direct losses and LAE of $3.42 billion as of December 31, 2024. This reflects a decrease of $175.0 million from the ultimate projection of December 31, 2023. Of the $3.42 billion of direct losses and LAE, $925.6 million is recoverable under Citizens' reinsurance contracts, resulting in net losses and LAE of $2.5 billion.

Hurricane Nicole, which made landfall on November 10, 2022, has projected ultimate direct losses and LAE of $106.5 million as of December 31, 2024. This reflects an increase of $6.1 million from the ultimate projection of $100.5 million as of December 31, 2023. And $4.6 million is recoverable under Citizens' reinsurance contracts, resulting in net losses and LAE of $101.9 million.

Tropical Storm Eta, which made landfall on November 12, 2020, has projected ultimate direct losses and LAE of $347.5 million as of December 31, 2024. This reflects a decrease of $3.8 million from the prior year. No reinsurance recoveries are sought with Tropical Storm Eta.

Hurricane Irma, which made landfall on September 10, 2017, has projected ultimate direct losses and LAE of $2.56 billion as of December 31, 2024. This reflects an increase of $11.0 million from the ultimate projection of $2.55 billion as of December 31, 2023. Of the $2.56 billion of direct losses and LAE, $1.12 billion is recoverable under Citizens' reinsurance contracts, resulting in net losses and LAE of $1.44 billion.

Continuing the trend from the past few years, the non-catastrophe loss and LAE ratio continue to show improvement. The reported 2024 calendar year loss and LAE ratio improved to 30.1%, a decrease of 9.6 percentage points as compared to the 2023 calendar year loss and LAE ratio. A primary contributor to the improvement in these results is due to a lower litigation rate.

Administrative expenses incurred through December 31, 2024, of $176.4 million were $12.6 million (8%) more than administrative expenses incurred during the same period in 2023 and $29.0 million (14%) less than budgeted.

Citizens' expense ratio for the year ending December 31, 2024, was 14.5%, reflecting a 0.7% increase from the same period a year prior and a 0.6% increase compared to budget.

Total investment income for the year ended December 31, 2024, was $365.1 million, or $71.6 million (24%) more than in 2023, and average invested assets increased $643.4 million (6%). The increase in overall interest rates specifically with short duration instruments has had the largest impact on investment income. Additionally, an increase in holdings in Treasury bills to meet hurricane claims payment obligations also contributed to the period-over-period increase in investment income.

I'm happy to answer any questions.

Chair Shelton: Thank you Ms. Montero. I have 2 follow-up questions, and great presentation. If you did address this, I'd just like you to one more time for me. On page 89 in the book. It's the percentages at the very top of the page. The loss ratios. Real quickly on the non-CAT only, when you look at the direct LAE ratios and the direct LAE ratios (underlying) you see this improvement from 2022 to 2023 to 2024. In 2022, 15.1% down to 5.3%, 14.9% down to 9.4%. I have a comment that when we talked about it, I wrote, "This is very good." What is the primary reason/thoughts why we're improving so much in those ratios? What's causing that?

Jennifer Montero: The reduction in litigation.

Chair Shelton: Thank you very much. Just wanted that said. Second follow-up, I'd like you to, we talked about this in our briefing, but just so everyone knows in case they have questions. On the income statement for the year at our $845 million loss there's a line item under Underwriting called, "Insurance Premium Deduction – Legislative," $15.6 million this year and was zero last year. Can you tell me again what is that?

Jennifer Montero: That is the premium tax credit that was passed by the legislation for this year to not charge policyholders. Policyholders wouldn't be charged that premium tax. So it flows through.

Chair Shelton: I'm sorry, premium what?

Jennifer Montero: It's the premium tax that we pay to the Department of Revenue. There was a bill that was passed last year I believe, and it was for a one-year tax relief for premium tax.

Chair Shelton: So, something in the past that we were able to pass along this year we are not able to and it comes back to us.

Jennifer Montero: Well, we are not collecting it either. It's a pass-through in the sense that it's not going to cost us anything, and we're not collecting it from the policyholder. If Andrew can come up here and explain why it is where it is on the income statement. We had to put it in that line item for statutory rules. We couldn't net it where you would…

Chair Shelton: So, it's a non-cash expense on the statement cash flow.

Jennifer Montero: It's an accounting issue about the tax credit.

Andrew Woodward: For the record, Andrew Woodward, Vice President and Controller, so what that discount is, as Jennifer said, the legislature passed a premium tax credit program for all policies that were written or renewed on October 1st. The guidance is very clear that this is a pass-through, we don't charge the policyholder for it, and in turn, we do not remit that premium tax to the Department of Revenue. But, because there are very clear requirements that we can't record that discount through premium it has to show up in the way it's presented in financial statements, there as kind of reduction to revenue.

Chair Shelton: So, the offset revenue is grossed up and this is the expense on the other side?

Andrew Woodward: That's correct.

Chair Shelton: It's a net-net, the revenue is overstated, not overstated, I don't want to say that. It's legislatively incorrect the revenue and this is the expense that's the offset to that.

Andrew Woodward: That's correct.

Chair Shelton: It's an accounting issue.

Andrew Woodward: Yes, we've had a lot of fun with the auditors trying to figure out the right way to record this.

Chair Shelton: I just wanted to put that out there because it stuck out when we were going through it so thank you for explaining that. Any questions from the members? Governor? Absolutely, you are recognized.

Governor Spottswood: I was curious, in comparing the loss ratios the Chairman referred to, looking at our budget vs actual, I'm curious in the way we go about budgeting these for the upcoming year. Is that based upon the modeling that is provided to us that we base our premiums on? And project our potential losses and these flow from the models? How do you actually budget for these types of loss ratios.

Jennifer Montero: Brian? Brian gives us our loss ratio numbers for the budget.

Brian Donovan: Hi, good morning, Brian Donovon, Chief Actuary. Yes, so to answer your question, you'll notice that when you look at the loss ratio you see there's the direct and the underlying. The direct is everything for the calendar year that includes the current accident year activity on the prior accident years. And you'll see there's a difference of first off, I think this is getting to your point. Is that we had 4 points of improvement that calendar loss ratio that was due to benefits improvements from prior accident years because of litigation rates lower, things like that. Obviously, we have to take that into account. We can't just look at that result and expect that to happen in the future. So, the starting point is, let's just focus on the most recent accident year that doesn't and loss ratio that doesn't have any influence from the prior accident year. So that's our starting point. In this case, the loss and LAE was 34 and then kind of working with Paul Kutter's team (he's not here) forecasting put some upper-lower bounds around that with the modeling. So that's the starting point basically. The most current accident year loss ratio is our starting point and the basis for what we're projecting going forward. There could be some consideration to the rate increase that we expect, that sort of thing. But that's the short answer to your question, we start with the most recent accident year loss ratio and that's going to have built into it the most current litigation rates, severity, things like that, and then we use that to project what we expect for 2025.

Governor Spottswood: If I'm understanding that correctly, it's a combination of experience from past years as well as modeling what we anticipate for the upcoming current year.

Brian Donovan: Correct.

Chair Shelton: Any questions?

Governor Becksmith: Chair, do you mind if I ask a couple of questions?

Chair Shelton: Absolutely, Sir.

Governor Becksmith: Great report. Do we publish a combined ratio for Citizens like a lot of the other insurance carriers who are rolling up losses, expenses, commissions, all of the above. Do we roll that up on an annual basis or are we just publishing just your loss ratios and then you've got your admin. Because if I'm adding it up correctly, you're running at about 115-120-ish combined ratio if my math is correct. I'm just curious if that tracts with what you guys are thinking.

Andrew Woodward: Yes, we look at, well let me back up. There's 2 ways to express a combined ratio. There's a direct basis and there's a net basis. So, I think on a net basis, which is where you would see that ratio breach 100%, that reflects the cost of reinsurance and any recoveries from reinsurance. We do have a combined ratio, it's not articulated here, but it would be the sum of the loss LAE ratio and the expense ratio. So, just doing some quick math in my head it's right around 100% and that's on a direct basis. I don't know if that answers your question or not, but yes. It's not presented in total here.

Jennifer Montero: It is on page 1 of 3, on the *Summary of Financial Position and Operations*, at the very bottom, it says operating metrics on the far left. You have Direct loss ratio, Direct LAE ratio, Underwriting expense ratio, and Administrative expense ratio. Those 4 added together would be your combined ratio.

Governor Becksmith: Right, so going back to that question then, is it safe to say we are running about 116% then, based on my quick math?

Jennifer Montero: Not with the 14.5%, take that out.

Andrew Woodward: Yeah, I think on a net basis, yes, I wouldn't want to go on record saying that.

Governor Becksmith: No, that was kind of a side ball question there; more of for a comparison of the industry in general more for my information. My second question is this. As we've ramped up obviously from 2023 to 2024, litigation is hopefully starting to come down some, are we with the depopulation that we are anticipating from 2024 – 2025, do we have a good sense on admin expenses and other things that we've seen some increase over the past couple of years. I'd venture to say that as policy count is decreasing, we should start seeing the opposite effect and we should start seeing some decreases. Do we have a pretty good feeling on that, on what that's going to look like for the next 12-18 months?

Jennifer Montero: We do and we are working on that. One thing to remember, Governor, even though we only have 860,000 policies in force, we are still servicing 1.2 million policies. That has to be brought into as we reduce admin expenses with staffing being the highest cost. As that dwindles down, we expect a lot of natural attrition that happens with a company like ours, and our key strategies not back-filling positions when we have natural attrition. That's the first step.

Governor Becksmith: If we didn't have any more depopulation tomorrow, that 400,000 number that you just kind of gave on the policy count, when could we expect those to where we are no longer servicing them, for the policyholder, for the agent, for the new company.

Jennifer Montero: It's a 3-9 month period depending on where the policy was in its renewal process. There is a blackout period, that it has 3 months before it expires. So, 3-9 months.

Governor Becksmith: Thank you.

Chair Shelton: Question?

Board Chair Beruff: Thank you. Sort of got an answer that I wanted to hear. Can you project the bleed-off rate on a monthly basis on the policy getting down below 850,000 that we are actually servicing? We're servicing 1.2 million, and you said it takes 3-9 months. Is there a predictable monthly rate or is it in lumps?

Jennifer Montero: It depends on which policies the companies choose. Some of them are looking at actuarially sound rates, some of them are looking at the 20% rule, some of them are looking at how much unearned premium am I going to get with this policy, when does it renew next? So, it's a mixed bag. We can look at it and figure out what the average is, but I'm not seeing or know of a specific trend with that.

Board Chair Beruff: Thank you, Mr. Chairman.

Governor Spottswood: Can I follow up on the Chairman's question?

Chair Shelton: Absolutely.

Governor Spottswood: I'm not sure I'm understanding. Wouldn't that continue to extend out forever, as long as we continue to write new policies?

Jennifer Montero: As long as we are depoping we would always have some of them non-renew with us and renew with the takeout company, the new company as it happens. But if we stopped depop altogether that would eventually go away within no more than 9 months.

Governor Spottswood: Well if we continue to write new policies and depop then we are going to service forever.

Jennifer Montero: Correct.

Chair Shelton: We're hoping not to write a bunch of new policies, but right.

Governor Spottswood: Good luck.

Chair Shelton: Any other questions Governors? Ms. Montero, thank you.

Jennifer Montero: Thank you. I do have one other action item, and that is a continuation of a contract for our independent CPA auditing firm. Citizens is required to undergo annual financial statement audit provided by an independent CPA firm for basically our audit of Citizens statutory financial statements, Citizens' financial statements prepared under accounting principles generally accepted by the United States, which is basically GAAP, also accounting standards promulgated by the GASB and also an audit of the Florida Market Assistance Plan's financial statements (FMAP).

There is an action item which seeks Board approval for a contract with Forvis Mazars, LLC the independent CPA auditing firm. The firm will provide all annual auditing services required under section 624.424 that I just went over.

On August 21, 2024, Citizens issued a request for proposal RFP 24-0015 for independent auditing services. Six (6) vendors submitted replies. The proposals were reviewed and scored by an Evaluation Committee who recommended an award to Forvis Mazars, LLC on January 21, 2025.

The contract amount will not exceed $1,868,750 for the initial term of five (5) years. This amount consists of 1) a base contract total of $1,625,000 plus 2) 15% of the base contract total amounting to $243,750 for Additional Professional Services as may be required by Citizens for Agreed Upon Procedures for financing purposes, or other professional services that may be required, for a total contract amount not to exceed $1,868,750 for the initial term of the contract (5 years).

We are not requesting the optional renewal at this time. There is also a renewal at 5 years. We will come back to the Board for that approval, or re-solicit after the 5 initial years.

Chair Shelton: Ok, that was a lot. We are approving our external auditors for a 5 year contract and when that is up for renewal they will come back to us. Any questions, Governor Spottswood?

Governor Spottswood: Is this the same team we've used in prior years?

Jennifer Montero: This is the incumbent.

Governor Spottswood: It's the same team? And we've been satisfied with them, obviously?

Jennifer Montero: We have been.

(Inaudible): Motion to approve.

Chair Shelton: Thank you. Second?

Governor Spottswood: Second.

Chair Shelton: Motion passes. Thank you.

Jennifer Montero: Thank you. That completes my report.

Chair Shelton: Mr. Smith, we were just talking about you. Forvis Mazars you're recognized to present. Brian is the partner on our external audit and we have spoken, and he's going to give an update on where we are and his thoughts.

Brian Smith: Good Morning, for the record Brian Smith from Forvis Mazars partner for the external audit of Citizens. My update will be brief. We are currently in the process of the 2024 audit. We've completed our planning and interim procedures at this time we have no findings to communicate to the Audit Committee. We are on track to begin our year-end field procedures in April with the goal to issue our report by May 15th. With that, I'll take any questions at this point no findings to report.

Chair Shelton: Any questions for Brian? Thank you, Mr. Smith. Thank you for being here this morning.

Chair Shelton: Next on the agenda, the Office of Inspector General report has been included in our board packets.

Chair Shelton: Any new business?

Whereupon the meeting was adjourned.