

Claims Committee Meeting Minutes

ACTION ITEM

New Contract

Contract Amendment

Other _____

CONSENT ITEM

New Contract

Contract Amendment

Existing Contract Extension

Existing Contract Additional Spend

Previous Board Approval _____

Other Committee Minutes

Action Items: Items requiring detailed explanation to the Board. When a requested action item is a day-to-day operational item or unanimously passed through committee it may be moved forward to the board on the Consent Index.

Move forward as Consent: This Action item is a day-to-day operational item, unanimously passed through committee or qualifies to be moved forward on the Consent Index.

Consent Items: Items not requiring detailed explanation to the Board of Governors. Consent items are contract extensions, amendments or additional spending authorities for items previously approved by the Board.

Item Description	Claims Committee Meeting Minutes June 12, 2025
Purpose/Scope	Review of the June 12, 2025 Claims Committee Meeting Minutes to provide opportunity for corrections and historical accuracy.
Contract ID	N/A
Budgeted Item	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No – N/A
Procurement Method	N/A
Contract Amount	N/A
Contract Terms	N/A
Committee Recommendation	Staff recommends the review and approval of the June 12, 2025 Claims Committee Meeting minutes.
Contacts	Jay Adams, Chief Insurance Officer

CITIZENS PROPERTY INSURANCE CORPORATION

MINUTES OF THE CLAIMS COMMITTEE MEETING Thursday, June 12, 2025

The Claims Committee of Citizens Property Insurance Corporation (Citizens) convened on Thursday, June 12, 2025, at 1:00 p.m. Eastern.

The following members of the Claims Committee were present:

Josh Becksmith, Chair
Jason Butts
Frank White
Jon Palmquist

1. Approval of Prior Meeting's Minutes (March 6, 2025)

A motion was made by Mr. Palmquist and seconded by Governor Butts to approve the March 6, 2025, minutes. All were in favor. Motion carried.

2. Non-Litigation Claims Update & 3. Litigated Claims Update

Chairman Becksmith: All of the committee members have been presented with some information in the back of their packet with regards to the non-litigated and the litigated claims report that were given by both Craig and Elaina. If there are no questions on that, or any clarification, we will move on. All right. Seeing no questions

5. Vendor Update

Greg Rowe: Good afternoon, Mr. Chairman, other members. I hope everyone's doing well. Today I have three consent items on the agenda, and as you stated, I know you have your binders with that information on those. So, I'll provide a high level and certainly will be happy to address any questions you may have. And, also, just as a reminder, the Board has requested that we separate any non-CAT versus CAT spend on contracts moving forward. So, I'll identify those amounts on any applicable contracts as we move forward in today's meeting.

The first consent item is for our Comprehensive Material Analysis and Valuation Services for Insured Losses. Our current contract on this ends December 2025, and we've procured a new contract with the same vendor for the same services. So, in short, this contract with Itel Laboratories provides identification, pricing, and availability of any damaged flooring, such as carpet or wood flooring. And so basically how this works is that if we have a loss where there is damaged flooring, if we need to, the adjuster can provide a sample to Itel, and like I said, whether that's carpet or wood flooring, and they can identify specifically the manufacturer, the availability of that particular flooring, and localized pricing. And so it's really critical in the claims process because what that really does is it eliminates any pricing dispute for that particular flooring as it's no longer an estimate, it's a specific amount. So, for this contract, we're looking at a three-year deal estimated at \$450,000 for non-catastrophe and \$180,000 for catastrophe claims, for a total contract spend not to exceed \$630,000. And, finally, for this contract, just to let you know, it is transactional pricing, meaning we only pay as we go for any report needed, not a lump sum. So, Mr. Chairman, I'll pause here for any questions on this item.

Chairman Becksmith: Appreciate it, Greg. Do any of the committee members have any questions about the ITEL contract with regards to the spend and/or services? Seeing none.

A motion was made by Mr. Palmquist and seconded by Governor White to recommend the Board of Governors: a) Authorize the Comprehensive Material Analysis and Valuation Services for Insured Losses contract with ITEL Laboratories, Inc. for a term of three (3) years, for an amount not to exceed \$450,000 for Non-Catastrophe claims; and b) Authorize the Comprehensive Material Analysis and Valuation Services for Insured Losses contract with ITEL Laboratories, Inc. for a term of three (3) years, for an amount not to exceed \$180,000 for Catastrophe claims; and c) Authorize staff to take any appropriate or necessary action consistent with this Consent Item. All were in favor. Motion carried.

Greg Rowe: The next consent item is for our Claims Legal Services contract, and these contracts provide outside law firm representation for our Litigated Claims Department. And as you recall, in December 2021, we requested \$500 million in total spend, and at that time the Board approved \$50 million in initial authorized spend and requested that we provide ongoing litigation updates as justification for spend authority in \$50 million increments as needed. So, we've been doing that since like I said December 2021. As of March 1, we've incurred approximately \$445 million in spend under this contract, and we're forecasting that the spend authority of \$250 million, which we're requesting for this consent item, would cover the cost of the contract through the end of the initial five-year base term, which ends in February 2027. I did want you to just take note of the first table for this item in your binders, as you'll see to date the catastrophe claims accounted for around 50 percent of the overall contractual spend, and being that CAT spend wasn't originally budgeted for, absent those CAT claims, we would have been well within the original requested contract spend of \$500 million. And, secondly, there is a second table that shows the average monthly spend on this contract dating back to 2022, and as you can see from 2022 to 2024, the average monthly spend had been increasing year over year. Good news is for 2025, that actually has decreased on a monthly basis. And the table also shows the number of pending lawsuits has decreased below 15,000 matters, which is great being that we were over 19,000 matters in 2022. So, I think both the decrease in spend and the reduction in our monthly litigation are indicators that our litigation strategies have certainly proven to be highly effective. So, for this item, we're estimating that the requested \$250 million in spend authority, \$125 million will be for CAT-related litigation and \$125 million would be for non-catastrophe litigation. So, again, I'll pause there for any questions.

Chairman Becksmith: So, Greg, I think it's important to clarify a couple things. One, and I think you already hit on one of them is, first, we don't budget for a lot of the catastrophe claims expenses. And so, when the original \$500 million ask went to the Board, the Board was aware that, obviously, this didn't include catastrophe claims, but to

include it, and as we were getting the increments. Second, and I know this Claims Committee has discussed this on multiple occasions, this is the recurring ask for the \$50 million for the et cetera coming. I want to clarify, though that you're asking for approval up to the \$250 million and then it will go to the Board on whether or not we're still asking for the \$50 million increments is that correct?

Greg Rowe: So, what we're really asking for, of the \$500 million we originally asked for, we're at approximately \$450 million. So, at this time, we're really asking for another \$50 million increment, which would put us at the original \$500 million we asked for, and an additional \$200 million in spend authority. Of that, again, approximately \$125 would go to CAT and the other \$125 million for non-CAT. Does that make sense?

Chairman Becksmith: Yeah, it makes sense. So, I guess my question is, since the Board already authorized the \$500 million and, again, this may be just a legal question, should this be split up into two different asks, one for the \$50 million up to the \$500 million and then an additional spend of \$200, or can we capture that all in one ask?

Greg Rowe: It is captured, the way that we've written the recommendation is for the full \$250 million. We did not separate that out. It is indicated in the packet in terms of that breakdown, but we didn't split that out, if that was the question.

Chairman Becksmith: Yeah, that's perfect. Let's just make sure that that is notated. That answers my question. I'll pause and see if any of the committee members have any further clarification or questions.

Jon Palmquist: And I guess a little further clarification, Greg, if you would. I get the \$200 million versus \$50 million, but is it the intent, well, I guess what Governor Becksmith was asking, is it the intention of Citizens to continue to come to this committee with \$50 million tranches as we've done it for the past \$450 million?

Greg Rowe: Correct. That's my understanding. We're not looking to change that on our side. It's just looking at this new amount, I'd say as a total. So, it's above and beyond, like we said, in 2021 we had asked for \$500 million. And so knowing that we've gone above and beyond that, even though we had only been approved \$50 million in those tranches, as you stated, we wanted to be as transparent as possible and let you know that we're projecting to get us to the end of the contract, at least the base term in 2027, that it's going to be a total of about \$250 million.

Jon Palmquist: So, again, just let me restate then. So, you're asking for an additional extension or an extension of the cap by \$200 million, authorization of the \$50 million tranche this time, and as that expires or is used, you'll come back to this committee for additional requests per each \$50 million tranche. Is that correct?

Greg Rowe: Absolutely. If we get to the end of the contract at that point, we can certainly renew, and if we do renew, we'll see where we're at contractually with our spend and, you know, so I could see the amount going up and/or if we have a large catastrophe down the road that would change things, we could come back. But the intent certainly is to continue to come back in these \$50 million tranches for approval as needed.

Jon Palmquist: Thank you, Greg. What happens then? You've mentioned the breakout between CAT and non-CAT. We've really never done that in the past, as you know. Are you asking for those to be separated, and then if, for example, you spend more or need more than \$125 million in non-CAT, you're going to come back and ask for that, or will you just roll over as necessary until you reach the total \$200 million?

Greg Rowe: Yeah, great question, and my understanding is the reason that we wanted, or at least the Board wanted those separated is so we can specifically account for, as best we can, to project for non-CAT. We feel pretty good about that. And like I said, even in this original ask, had we not had any catastrophe claims, we would have been well within the \$500 million. For catastrophe, knowing that it's much more of a, you know, a swag because we don't know what the weather may bring, that bucket would be looked at independently. So, the spend is combined, but we can track those separately so that the Board is certainly aware from a transparency standpoint on how we're doing relative to CAT versus non-CAT, knowing that CAT is much more and it's up in the air as to what that would look like.

Chairman Becksmith: So, Jon, to clarify, the Board has asked exactly what Greg has just said of just being able to track CAT versus non-CAT a little bit more, recognizing we don't budget. My understanding in this discussion is that this is for authorization of the \$200 million. At this point in time, they're guessing it's going to be 50/50 CAT versus non-CAT based on current spend. Obviously, if the good Lord blesses us, we don't have a bunch of storms this year, hopefully that number is more 70/30 right down the road. But the authorization, I believe, and correct me if I'm wrong, is just that we're going to spend up to an additional \$200 million to include both CAT and non-CAT.

Jon Palmquist: Thank you, Governor. So, the issue before this committee and this committee will be voting on really is just the \$200 million plus the \$50 million, we're not voting on \$125 million for non-CAT?

Chairman Becksmith: Correct.

Jon Palmquist: Okay. Thank you.

Chairman Becksmith: Yeah, thank you. Governor White, Governor Butts, any questions or comments? All right.

Governor Butts: Got all sorts of questions. I mean, the amount of spend on this, obviously, just continues to, you know, kind of blow my mind what we spend on attorneys to fight stuff, which leads into deeper conversation in my mind as to, you know, is it spent, are we fighting the ones we should be fighting, is it worth it, all of those types of things, some of the stuff we went through, I think, at the last meeting that will continue to kind of play out. I guess one of these, one of the notes here in the packet talks about the lower reduction spend, but yet an increase in the rates of the attorneys. Is that accurate? And by what percentage did that go up? You would think that right now, with less litigation based on the changes that have been made legislatively, that we have a lot of attorneys out there that may be working for a few dollars less since there's not so many lawsuits. Is that not the case?

Greg Rowe: So, it's a great point, and, contractually, when we enter into those contracts with the law firms, there was an increase in spend that came with you know, with those contracts. So, as you can see, I think it's approximately 95 percent of the claim matters that we have on the books today are on those new rates. So, it is higher, but the average monthly pending litigation has gone down. I think we're contractually sound in terms of our attorney rates as they are. I know our team does a great job at looking at those, and those attorneys can, they bid on their rates and we look at those across the board, but when the contract stipulates that the rates do go up, we have to do that.

Governor Butts: And, Greg, I'm sorry, how long are we locked into the rates today on?

Greg Rowe: I will have to get back to you to see when that, Elaina, if you have it off the top of your head when our windows end. I believe this one ends February 2, 2027 is when the base term ends. Elaina, I don't know if there's another increase contractually between now and then. I don't know if you're aware of that or not.

Elaina Paskalakis: I would like to check with Jon first before we say. I don't want to give any misinformation.

Governor Butts: Great. Thank you. No further comments or questions for me, Chair. Thank you.

Chairman Becksmith: Thank you, Governor Butts.

Greg Rowe: Governor Butts, I did get that information. So, in 2022, those rates went up about 15 percent across the board, and then in February, they went up another 4 percent contractually. And so, we have one more increase before Year 7. So they could go up again, or they will go up again. And that's an optional year, so we could look at that strategically and go back out and solicit those services to see if we could get a better rate, just depending upon how things are looking.

Chairman Becksmith: And I think to Governor Butts' point, and obviously this is not what we're voting on, but to the spend on the attorneys' fees and litigation, obviously it's a necessary evil, but I do think that to Governor Butts' point, that as litigation matters come down in this case, we, meaning Citizens, should obviously be doing our due diligence, which I know you guys will, in these contracts to make sure that we're getting the best representation for the best rate. And so, I have confidence in that, but I think that, you know, maybe we'll come back to the Claims Committee on that as that contract comes up and discuss it a little further. All right. Anything else?

A motion was made by Mr. Palmquist and seconded by Governor White to recommend the Board of Governors: a) Authorize up to \$250 million in spend under the Claims Legal Services contracts; and b) Authorize staff to take any appropriate or necessary action consistent with this Claims Legal Services Consent Item. All were in favor. Motion carried.

Greg Rowe: For this last item, this is for our Enterprise Litigation Management System. And we're seeking approval for a contract with Mitrtech Holdings, Inc. to continue providing our litigation management system. This will be a one-year contract term estimated at \$600,000, and that would include all costs associated with maintenance and licensing of our ELMS, which we call Acuity. We're currently transitioning to a new vendor, but until that's completed, we do require a license to continue to use their platform. So, I will pause there for questions.

Chairman Becksmith: Now, I think this has been batted around a lot in the previous meetings, and I know been discussed at the Board level, too, so feel good about the new system. I know you guys feel confident that this will get us to where we need to be. And so, with that, again, I'll pause and see if any of the committee members have any questions.

A motion was made by Governor Butts and seconded by Mr. Palmquist to recommend the Board of Governors: a) Authorize Citizens to contract with Mitrtech Holdings, Inc. for a term of one (1) year for \$600,000 to provide ELMS application; and b) Authorize staff to take any appropriate or necessary action consistent with this ELMS Single Source Extension Contract Consent Item. All were in favor. Motion carried.

6. Addendums

Chairman Becksmith: The last order of business, there were some addendums in there with regards to some cases in SIU in our packet. If there are any questions, I'm sure that we can get part of the team from Citizens to answer. Any questions from the committee members on that? Seeing none.

I want to apologize. It dawned on me as I'm sitting down here looking, Governor White, we'd like to welcome you to the Claims Committee. We're glad to have you, glad to have

you on the Board, and it's been fun having your interaction with the different committees in the Board. But thank you for your service and thank you for joining. We are glad to have you.

Governor White: Thanks. Honored to be a part of it.

Chairman Becksmith: Last but not least, I just want to say I did review a lot of the information that was sent over in the packets, and I want to commend the Citizens team for being ready for a catastrophe season. So, Jay and your team, congratulations. I know you guys are ready. Hopefully, hopefully, it's just an exercise and that we don't have to deal with anything, but time will tell. But thank you for being prepared for the citizens in the state of Florida.

7. New business

Chairman Becksmith: And with that, is there any new business? Seeing none, thank you to all the committee members and thank you to all the claims team.
(Whereupon the meeting was adjourned.)