

CITIZENS PROPERTY INSURANCE CORPORATION

**Summary Minutes of the
Market Accountability Advisory Committee Meeting
Wednesday, September 17, 2025**

The Market Accountability Advisory Committee (MAAC) of Citizens Property Insurance Corporation (Citizens) convened via Zoom webinar on Wednesday, September 17, 2025, at 11:00 a.m. (ET).

The following members of the Market Accountability Advisory Committee were present telephonically:

Dave Newell, Chair
Greg Rokeh
Lee Gorodetsky
Lissette Perez
Lori Augustyniak
Marshall Martin

The following Citizens staff members were present telephonically:

Adam Marmelstein
Aditya Gavvala
Alden Mullins
Ariel Shami
Barbara Walker
Bonnie Gilliland
Brad Christensen
Cecile Latimore
Carl Rockman
Eric Addison
Forrest White
Jay Adams
Jennifer Montero
Jeremy Pope
Ken Tinkham
Joe Martins
Raina Harrison
Ray Norris
Sarai Roszelle
Stephen Mostella

Call Meeting to Order

Roll was called and a quorum was present. Chairman Newell called the meeting to order.

1. Approval of Prior Meeting's Minutes

CHAIRMAN NEWELL: Welcome everybody to today's Market Accountability Advisory Committee meeting on Wednesday, September 17th, 2025. First order of business is, do I hear a motion to approve the prior minutes of June 11th of 2025?

MR. GORODETSKY: Yeah. Hey, good morning, David, Lee Gorodetsky. I make a motion to approve the minutes.

CHAIRMAN NEWELL: Okay. Do I hear a second?

MR. ROKEH: Greg Rokeh I' second –

MS. PEREZ: Hello, Chair. This is Lisette Perez, I second the motion.

CHAIRMAN NEWELL: Okay, Lisette thank you so much. I had a motion and a second. Show those minutes approved. All right, next up on our agenda under tab two is the Underwriting Market Update. Stephen Mostella is going to fill in for Jay Adams this morning. So welcome, Stephen.

2. Underwriting Market Update

MR. MOSTELLA: Thank you, Chairman Newell. For the record, my name is Stephen Mostella, Vice President of Underwriting at Citizens. Jay Adams, as Dave Chairman Newell said, our Chief Insurance Officer normally provides the Underwriting Market Update, and I will be filling in for him today. Slide number two, please. Citizens' policies in-force count as of June 2025 was 7,790,000 total policies, which was a 17% decrease over year in 2024. Citizens has averaged 19,546 new business policies per month, year-to-date, through March. Slide number four, please. Personalized multiperil and wind only policy counts decrease 16.7% as of the end of the second quarter 2025 as compared to year-end 2024 with a decrease in insured value of 19.8% due to depopulation activity. Slide number five. Citizens' total new policy count declined in the second quarter by about 36% as compared to the same timeframe in 2024, ending in 15,896 monthly new policies with a total insured value of \$245 billion. Slide number six, please. Citizen's new business trend for personal residential policy types declined 51% from March 2025 through June 2025 as compared to the same timeframe last year, with the largest decrease occurring in the homeowner and condo policy types and the smallest decrease in tenant policies. Slide number seven, please. Continuing with the new business trends for personal residential policy types, the largest growth in the coverage A values occurred in the \$200,000 to \$299,000 range. The largest growth in age of home in years was in the 31 to 40-year range, and the largest growth for the age of roof was in the zero to two-year range. Slide number eight. The top three prior insurer carriers for multi-apparel new business were Slide, Universal PNC, and Safe Point for the period of March 2025 through June 2025. Slide number ten, please. Commercial multiperil and wind only saw a decrease of 15.2% for the quarter ending June 2025, with a total insured value of about \$49.2 billion. The majority of the decrease occurred from the multiperil with a 17.1% decrease in policy count and a totally assured value decrease of 31.4%. Next slide, please. Commercial residential

and non-residential saw the same 15.2% decrease for the quarter ending in June with a total insured value of \$49.2 billion. The majority of the decrease occurred from the commercial residential with a 19.5% decrease in policy count and a total insured value decrease of 39.8%. Slide number 12. Comparing the period of June 2024 to June 2025, there has been an in-force building count decrease of about 40%. The monthly new policy count over the same time period reduced from 274 to 44. This reduction has reduced the total insured value to the \$49.2 billion. Next slide. The commercial new business trend over the period of March 2025 to June 2025 was less as compared to the average same month period for the prior year, down about 65%. Next slide. When compared to the same timeframe over the prior year, Citizens' has decreased its overall new business total insured value by 94% with the largest decreases from the commercial residential wind line, followed by the commercial residential multiperil. Next slide, please. 33% of all the commercial new business written was for building coverages between \$1 million and \$9.9 million, followed by 27% between \$500,000 and \$1 million. The A rated business is down by 98% over the period, and the largest category of building age is between 51 and 60 years, followed by 31 to 40 years. Slide number 16, please. The majority of the commercial new business had prior carriers of Lloyd's of London, a surplus carrier, and Westchester, another surplus carrier. I will pause to see if there are any questions.

CHAIRMAN NEWELL: Thank you, Stephen. Any questions of Stephen about the report thus far? Stephen, this is Dave Newell. I'm just curious. Down 98% for -- I'm losing my thought here, but that's a healthy percentage of policies over \$10 million, right?

MR. MOSTELLA: Yes. The A rated business are the policies that are the building are \$10 million and over. And we have seen a very substantial decrease in certainly the new business coming in that are A rated. And our existing book of buildings over A rated or over \$10 million and they have also dramatically decreased.

CHAIRMAN NEWELL: Okay. Thanks. Anything else for Stephen at this point? All right.

MR. MOSTELLA: Thank you, Chairman Newell.

CHAIRMAN NEWELL: Thank you, Stephen. Great job filling in for Mr. Adams.

MR. MOSTELLA: Thank you very much.

CHAIRMAN NEWELL: We're not surprised. All right, committee, let's go under tab three, Depopulation, Clearinghouse and FMAP. Bring in Jeremy Pope and Carl Rockman. Welcome.

3. Depopulation, Clearinghouse and FMAP Update

MR POPE: Thank you, Chair. And good morning to you and the fellow committee members. For the record, my name is Jeremy Pope, Chief Administrative Officer. And as the chair alluded, joining me today is Carl Rockman, our Vice President of Agency and Market Services. This morning, we have a brief report out to the committee on our depopulation program and also updates with our Clearinghouse tool, as well as an agency management update Carl we'll wrap up with ahead of any new business topics. We'll begin today's update on slide two of our report out, highlighting the continued downward trend of policies and exposure shifting from Citizens to the private market. Now I will make a note that materials included in your committee packet are

updated through July 31st. However, what we have on the screen right here is all the way through August 31st. So this includes the latest data points. And quite frankly, there's a significant update with our latest forecast, if you will, when it comes to policy count by the end of the year. This is all great news. With our best forecasted estimate is having us land in now at 516,487 policies by year end. That number would represent 7% of the overall market share. And just as a note, as of this past Friday, we, Citizens as a whole right now, we're at 771,000 policies, a little over 771,000 policies, I should add. And we're still servicing over 987,000 policies through various renewal dates. Our total insured value stands at a little over \$289 billion. Next slide. For 2025, year-to-date depop activity highlights a total of 214,208 policies that have, again, been shifted away from Citizens into the private market. And that totals over \$89 billion in exposure removed. The majority of those results are from our personal lines book of business. You can see the personal and the commercial breakout as listed there. And then I'll just highlight briefly the upcoming activity. We do expect it to be high interest throughout September, October, November, in particular with October and November. For the month of September, we currently have a depop in-flight right now. We have two carriers that have been approved to participate with the depop. That equates to 51,500 policies that have been approved through the office. A little over 3,000 letters were mailed to consumers. In October, we have nine carriers that have been approved through the office. Initially there was ten and one carrier pulled out. So we're down to nine carriers that have been approved, and that equates to over 36, actually close to 369,000 policies that have been approved by the office. November is a unique month because we have both the personal lines and a commercial lines depop planned. For the personal lines book, we have eight carriers that have expressed interest with approvals at 443,547 policies. And for the commercial line, we have five carriers that are approved that represent a huge majority, I should say, just the totals, the 7,215 in comparison to our book of commercials is big. So we're seeing an extremely large interest in the commercial book for the month of November, which we're pleased with. The 2026 depop program calendar has been finalized and is included in the appendix of the committee materials as well. Chair, if there's no questions on depop, I will turn it over to Carl to transition into the Clearinghouse update.

CHAIRMAN NEWELL: Okay. Any questions for Jeremy before we transition about depop and some of the just famous, ridiculous numbers, I guess is the word, right, Jeremy? I mean, these numbers are mind-boggling compared to what we've seen in the past for sure.

MR POPE: So we would say ridiculously great is what we would say.

CHAIRMAN NEWELL: Yep, just shows the market's healthy.

MR POPE: Absolutely.

CHAIRMAN NEWELL: All right. Anything else for Jeremy? All right, Mr. Rockman, you're on.

MR. POPE: All right. David probably it is probably that new office. I know you shared. We did just recently open up our Tampa.

CHAIRMAN NEWELL: Yeah, yeah. Talk to us about that.

MR. POPE: Our Tampa office. So we do have a footprint in the Tampa office right off of, well, about two miles away from the airport, but we have approximately 53 employees that reside in

that area. It's a relatively small office, if you will, but we have the whole gang together, which is great. I know Carl's excited because he's got the synergy with underwriting right there on the portion of underwriting, and he's got his agency folks and everybody right there, even some folks from legal as well. So they're doing the huddles nonstop, which is nice. Sometimes, and we can accomplish that electronically as well, but it sure is nice to have everybody together. So they're very excited.

CHAIRMAN NEWELL: Yeah, yeah, we had the good fortune of being there recently for a meeting. And if you're a Bucks fan, it's right there by the Bucks Stadium and the practice facility. So I know we have our friends in Jacksonville, and I'm a Jags fan, but the Bucks Stadium is right there.

MR POPE: Very good. All right, Carl, we see it. Are you there with us?

MR. ROCKMAN: I'm here now. Can you hear me okay?

MR POPE: Perfect.

MR. ROCKMAN: For the record, I'm not Forrest White, but I'm happy (inaudible). I'd like to go ahead and provide a brief update on Clearinghouse. As everyone knows, we implemented the new Clearinghouse platform in April of this year, and we cannot be more pleased with the results so far. For contrast and comparison, the box on the top reflect the percent of business that was deemed ineligible at new business on our prior platform. But you can see the 2025 results are really, really good. 29% of the business is getting some type of qualifying offer that is deeming it ineligible for Citizens, which we think is very, very good. The box at the bottom reflects the actual volume by month. Okay, next slide. A big piece of a big piece of the new Clearinghouse platform, though, is a program that we call overrides. In some cases, EZLynx will not be asking all of the questions necessary to determine eligibility based on property condition. We built a program where agents can submit overrides to us for approval. And you can see that not only the volume is very, very manageable, but we're also driving down the number of overrides denied. We want to make sure that the agents have the right information and are equipped to handle what we need to approve an override, make sure we have good integrity at point of sale. And this shows, I think, some really, really encouraging trends. Agents are getting the message, and we're increasing our education efforts in this space. Next slide. And of course, it all comes down to coverage A averted. And so far, the Clearinghouse, since we've stood up the new business portion, has averted about \$34 billion in coverage A coming to Citizens. So very, very pleased with these results on the new platform. I'm going to cover our plans for renewal Clearinghouse in just a minute. But Chairman Newell or the committee, any questions on new business Clearinghouse before I move on?

CHAIRMAN NEWELL: No, those are great numbers. Anything for Carl related to new business on the Clearinghouse? Okay.

MR. ROCKMAN: Okay. Next slide, please. So while we've implemented new business, in order to really round out the platform, we need to introduce a renewal Clearinghouse capability. And I'd like to update the committee on our progress on this portion of the Clearinghouse program. A reminder that our Clearinghouse program is qualified in the statute and Citizens has a lot of authority on how to apply the program. One of the things that we're about to do is implement renewals into the Clearinghouse. A reminder to the agents out there that inside of your agent agreement, we've built a requirement that Citizens policies be remarketed at renewal. We're about

to really help the agents live into that requirement by facilitating a renewal Clearinghouse that I'll get into in detail in just a minute. But again, this is all about rounding out the program. We did have a renewal program on our prior platform, but we believe this platform with a number of carriers and the way it's executed on new business should give us some very, very good results. Next slide. Now, I won't go into all the details here, but the big pieces for the committee to be aware of is this. When we stand up a renewal Clearinghouse, we're going to take an agent's H03, DP, and condo business, and when it renews 60 days prior to renewal, we're going to put it into the Clearinghouse. It's going to be sent out to the participating carriers, and they're going to be able to offer prices back in terms of, we want this risk at this price. If that price is within 20% of Citizens, the Citizens policy is non-renewed. So this is a non-renewal platform if an offer comes back within 20%. Now, on the left-hand side, from an agency operations standpoint, here's what we're preparing the agents to manage. Three things are going to happen. When that risk is sent out at day 60, it's going to be returned back to the agent in EZLynx, and it's either going to be eligible for Citizens because no carrier came back with an offer within 20%, or it's going to be ineligible because carriers have returned an offer within 20%. Now, the same phenomenon will occur on renewal that is occurring on new business. About 6% of the time, the agent will need to work out with the carrier, hey, the risk may not actually be eligible and I need an override. That's about 6% of the business on new. We're anticipating it being about the same on renewal as well. But the other piece that I want to bring to the committee's attention is a piece called recoverable errors. Now, when a policy goes through the renewal system and there's a recoverable error, it's a very easy thing for the agent to remedy. It's typically a credentialing issue or something that's very easy to fix on the agent side. But if the agent fails to fix that recoverable error, and there's no other offers deeming it ineligible for Citizens, we're not able to really get a true return to see if the market wants that policy. What we're moving towards is if an agent fails to work that recoverable error, we will have to renew the Citizen's policy if there's no other offer. But we're potentially going to be withholding the agent's commission on that. This will be after a settling period, after broad communication. But we do believe if the agent hasn't worked that recoverable error and it's within their control, we didn't have a fair chance of sending it to the private market. Therefore, if it renews in Citizens, you know we think there should be a consequence for that. So we're looking right now at withholding a commission on that. We believe this is going to be a very small fraction of our business, but we want to make sure the committee had good awareness of our potential to do that. The other piece on renewal Clearinghouse is this. When the policy is non-renewed, it's non-renewed on a 53-day cycle. This is not 120-day non-renewal, which means that the agents need to be engaged. These customers have been non-renewed from Citizens, and they're going to need coverage in the private market. The agent's going to need to bridge the customer into the private market or find an alternative carrier that may not be on our Clearinghouse platform. So this is a significant thing for the agents, but it's also a big part of our Clearinghouse program to round out its implementation and its effectiveness. Next slide. Okay, so how are we rolling it out. Something this big needs a pilot. And we are very excited that we've had a number of agencies commit to help us pilot the program. And why do we want to pilot. We want to make sure there's no technical glitches. But also, we want to really understand the agency operations component. We want to understand the things that this is going to do in an agency in terms of agency capacity, ability to touch the policy, et cetera. So we're rolling this out in a pilot fashion. We have four pilot agencies that'll be pretty much launching next week. We're training them today and Thursday. And as a consequence of that pilot, we're not anticipating any showstoppers, but that pilot is really going to give us an edge as we get ready to scale it to the entire State of Florida starting on the 4th of November. In the middle, though, is something very important. We have the ability to impose mandatory education on all of our appointed agents and

our staff. We are going to impose that or we are going to execute on that with this implementation. We believe it's so important and so critically important that agents understand how critical the renewal Clearinghouse is, its components, the customer experience that will be implementing the mandatory education role and implementing that out on October 20th. All agents will be required to take the module. We'll give them 90 days to take it. But if you don't take the module, there'll be a consequence. The most important thing is that agents take the module, understand what the renewal Clearinghouse is all about, and so everyone can make sure the customer is well taken care of and that we have good integrity at the renewal point of sale. Along with the mandatory education module, we'll be standing up a series of webinars. Agents can attend the webinars for credit or they can take the online module. Either one will fit, but we want to make sure everyone's aware that we'll be implementing mandatory agent education on the 20th. And then obviously we're going to be scaling it out starting on the 4th of November. Our plan would be to have it fully implemented before the end of the year, and then obviously monitor it and sense and respond to any issues that come up. Next slide.

CHAIRMAN NEWELL: Carl this is Dave Newell. Can I just ask you a question on that slide?

MR. ROCKMAN: Yes.

CHAIRMAN NEWELL: So maybe I missed it. So is it everybody that's appointed within the agency that has to complete the training, correct?

MR. ROCKMAN: Yes, every appointed agent that's on an agency agreement will need to take it. We are also going to be looking at the support staff that are credentialed into EZLynx. And we'll really be emphasizing those folks taking it as well. But if you're on an appointment agreement with Citizens, the requirement applies to you, and we're going to need you to really fulfill that requirement by taking the online education so you're equipped to handle the renewal Clearinghouse process.

CHAIRMAN NEWELL: Okay.

MR. GORODETSKY: Hey, Carl, it's Lee Gorodetsky also, or should I call you Forrest? I don't know which, but what happens if the carrier that will take the client isn't the agent isn't appointed with that carrier. Not every agent has every carrier.

MR. ROCKMAN: Yeah, great point, Lee. The renewals are only going to be sent to the carriers the agent is appointed with.

MR. GORODETSKY: Okay.

MR. ROCKMAN: So we're not at a point where we're sending it to agents that you don't have a relationship with.

MR. GORODETSKY: Perfect.

MR. ROCKMAN: Right now it's really directed to the agents, the carriers that you're already appointed with.

MR. GORODETSKY: Perfect, thank you.

MR. ROCKMAN: You're welcome. Any other questions on renewal Clearinghouse or Clearinghouse in general before I move to depop? Okay, we appreciate the committee's support for that very important implementation on renewal Clearinghouse. Turning our attention to depop, Jeremy's already covered the very high-level results of depop. I wanted to get a little more granular with you. I'll move through this in a pretty quick clip, and then I want to close with changes to the Performance Violation Program that we're intending to implement. Here, high level, a little more detail than Jeremy gave you. The big number here is 214,000 policies already assumed in 2025. And that October depop, that October depop, 222,000 individual policies impacted, with over 90% being within 20%. So we're anticipating a fairly big number in October in terms of depopulation. And again, thank you. As I've said often, the agents are the ones that really help drive depop. It's 200,000 conversations with 200,000 customers. Doesn't happen by accident, but it's an important part of getting Citizens to the right size. And we really appreciate the support of the agents. November, depops will continue with eight active carriers, and we also have interest in commercial lines depop as well. Next slide. This will just recognize the great carrier partners that we have. Again, a great shout out and thank you to all the carriers that are participating in depop. We can't do it without you. Always want to provide some visibility on the carriers that are participating in the months they have. And then on the next slide, we'll give you some visibility on the commercial. We were very pleased to see commercial depop pick up. Again, it indicates health in the marketplace and these great carriers being able to put a commercial platform together to help us move some of our commercial business into the private market. So I want to recognize and give the committee some visibility on this. Next slide. And then this, again, is just the volume by carrier. It comes up quite a bit. You'll see the carriers are participating at different levels pending OIR approval of their capacity to depop. But again, we're very pleased to present these numbers to you as well. Next slide. Always a big topic. We depop it, but then it ends up coming back as a new business, but that is not true. We continue to monitor since the beginning of the depop wave in June of 2023. We continue to monitor any business coming back that was prior to depop as a new business. And you can see overall about a 2.2% return rate. We're pleased with that. We're going to continue to monitor it. But this is not a situation where folks are being depopulated and then ending up coming back as new businesses and Citizens immediately after the depop. So again, we'll continue to report on these numbers, but we believe these are very manageable and probably a reflection of homeownership changes and other things that might be more practical. Next slide.

CHAIRMAN NEWELL: Hey, Carl, before we go to that next thing, just this Dave Newell observation. And I know many other carriers probably have some of these same statistics and results of once they depop a policy and then they renew it on their paper what those percentages are. And I know in the past there's been some challenges there, but I just noticed something from Mangrove that just participated in a depop and their news release said they were able to capture 90% of those depop policies and transition them onto their paper. So, I think with the health of the market, there are carriers and I'm sure there's many others on that depop list that are having the same results. It's just I don't think we've seen it where somebody has put out what that percentage looks like. To your point, there's not many coming back to Citizens. They're actually renewing on that carrier's paper. So interesting, interesting note from Mangrove.

MR. ROCKMAN: Great. Thank you for that input. And we'll continue to work with our carrier partners to raise visibility on their level of success with this program. But carriers are very pleased

with the response so far. Consumers seem pleased because they're not coming back into Citizens. And overall, we think it's a healthy thing for the marketplace. So very pleased to report these results. Okay, to round that depop, just two quick items on the next couple of slides, just some visibility on the timelines. We're still in the depopulation business. This slide will reflect our 2025 depop timelines and dates. You can see that we have an active assumption on commercial lines for 9/23 and 11/25. And then our personal lines, we're rounding out the September assumption. We're currently in the middle of the October assumption, and then two more coming for November and December. We tell agents all the time depop is not slowing down. We need your support and your help and Citizens needs to make sure agents are getting, and consumers are getting the support that they need, and we believe that's happening. But this, again, is a reflection of the demand in the marketplace because the marketplace is healthy and moving these policies from Citizens into the private market is good for Citizens and obviously good for the private market as well. So I wanted to remind the committee of these dates. And then 2026 is right around the corner. Here's 2026. We've posted these. So if any carriers are out there expressing interest and wanting to participate, we welcome your active participation. These are the dates that will be running in 2026 and the deadlines and timelines associated with that. So we are so open for business with carriers that want to engage and certainly our current partners. We want to continue our relationship, but wanted to let everyone know that we still do see some depopulation activity next year. That rounds up depop in Clearinghouse, Chairman. Any questions before I move to performance violations?

CHAIRMAN NEWELL: Thanks. Thanks, Carl. Any questions to Carl about depop? Certainly active. And it looks like 2026 is not slowing down. So just fewer policies to pick from, right, Carl?

MR. ROCKMAN: Well, as Jeremy showed and our projections show, yes, we are a victim of our success in some ways. We are moving business appropriately to the private market. But as we get down to a level of policies, there's going to be some policies that traditionally probably should be at Citizens. Last resort type insurers, which is what we're about. So we'll watch to see how that plays out over time. But carriers are also looking at what they have the capacity to take and what their rules are going to be as well.

MR. GORODETSKY: Hey, Carlos, Lee again. I may have just lost my train of thought, I apologize. With these depops coming oh, I'm sorry, I lost my train of thought. I'll come back to you.

MR. ROCKMAN: All right, we'll get back to you, Lee.

CHAIRMAN NEWELL: It happens to all of us, Lee.

MR. GORODETSKY: Awesome.

MR. ROCKMAN: Okay. All right. Chairman Newell, with your pleasure, I'll go ahead and move on to the last topic, and that is the Performance Violation Program. It's actually our traditional Agency Management Services Update.

CHAIRMAN NEWELL: Okay.

4. Agency Management Services Update

MR. ROCKMAN: I'll give the traditional update, but I'm also going to be working with you today on bringing visibility to changes we're going to be bringing to the Agent Performance Programs. So let me go ahead and start the update with our regular traditional agent footprint slide. A couple things to note here. While you're seeing a decrease in the number of appointed agencies with Citizens, we believe that's attributed to consolidation and other activity, you are seeing an increase in agents and LCR's. We don't believe that's market demand as much as it is our multi-factor authentication and security standards are starting to kick in. So if folks are working with Citizens at any level, we really want them to have that individual credential. So all evidence of that increase in agents is not necessarily market demand for Citizens. It's a lot more in the security space, and we're very, very pleased with that. Tri-County's also reported there a very similar phenomenon. And then overall, a little bit due to consolidation, but a lot to do with decreased demand, you're seeing our agency segmentation. The size of books of Citizens and agencies is starting to decrease. We're starting to see that trend that we hope for. Less reliance on Citizens and agencies is a good thing. And we're very pleased to report those numbers at the bottom of the chart. Next slide. Okay, I'd like to then just get right into it. Here are the changes that we are going to be implementing for the Late Submission Program and the Performance Violation Program. Let me go ahead and cover these with you. First of all, what and why, all right. The reason we have a Performance Violation Program, it's really intended to make sure that we're working as efficiently and as efficiently as possible based on the number of producers we have and what they submit. And I'll start this whole conversation off, particularly on the Performance Violation standpoint, talking about binding authority. We do give the agents binding authority at Citizens, right. But with binding authority comes a great deal of responsibility to make sure that the agents aren't binding us to risks that aren't appropriate, okay. And that's what this program is all about. But what we've encountered in the program, while it's designed to make sure that agents are complying with the rules, and if they're not, we have a way of working with them with consequences, the program, in some ways, needs to be modified, and I'll show you why in just a minute. On the Y side, the program's plateaued. I think as I've covered this with you for many years, you've seen the late submission violations and the performance violation programs, the numbers and the actual incidences of it have kind of flatlined. So we needed to take a fresh look at how we're applying it and what we're doing with it, and that's what I'm going to get into with you today. Performance violations are one piece. Late submissions are the other piece that I'll cover with you in terms of changes. But more importantly, the bottom. The other big why is this. The old program did impose a little bit of a burden on Citizens to implement the program in terms of administration and due diligence. Now, we want to be fair to agents. We're going to set up a program that is fair and transparent, but we also want to set up a program that gets to the point and reduces the administrative burden on Citizens. Should we be in a position in the rare circumstances where we need to take action on an agency for lack of compliance. So another part of this puzzle was to see what we could do to get more efficient internally but still have a great program that supported our underwriters and the agent standards that the agents should be looking into. Next slide. Quick recap. Now, late submissions. I want to just talk about late submissions for a minute. This is the historical context or the historical results on late submissions. And a reminder, when is a late submission violation triggered? When an agent hasn't uploaded and submitted documents, just documents, within 15 days of the requested effective date. That's a violation. And those violations are notated on the far right-hand corner. You'll see the volume of late submissions in 2024 was 21,000, about 5% of our new business. But the alerts on the left-hand side, we trigger an alert to the agent if the documents aren't there within five days. 25% of our business still did not have documents submitted within five days of the effective date. Our underwriters can't underwrite it. In fact, won't underwrite it unless all the documents are submitted.

Hence the need for good velocity here and living into the requirement of five days. So what are we going to do. Let's go ahead and flip the page. This is the current program for late submissions. The late submission program is based on thresholds. When we originally roll this out, we had two segments of agents, those that produced 30 policies or more in a 12-month mover, and those that produced 31 or more. So 30 or less, 31 or more. There were two segments of agents. What we've come to discover is the agents with 30 or fewer follow the program, but agents with 31 or more submissions, given the percentage and the tolerance, can produce a lot of late submissions, but never fall into the discipline program. That's what this is intended to remedy, and I'll show you that in just a minute. But right now, the current program has two tranches of agents. We're going to shrink that into one tranche, and I'll show that to you in just a minute. Next slide. Here's what we're going to do. We're going to take today, you have an effective date of a policy, a late submission alert fires within five days of the effective date or at day five, and then a violation is charged at day 15. What we're moving to is we're going to send an alert on the effective date if documents aren't submitted. But at the fifth day, if documents aren't remitted to Policy Center, by the fifth day, that's when a violation will be charged. Again, why are we doing that. Because our underwriters need to be able to evaluate this risk more quickly. And we believe it's not an impossible standard for agents to submit those documents that they needed to bind the policy within five days of the requested effective date. So this will be how it's counted. And I'll talk about how we're going to accumulate it in just a minute. But before I move on, any questions, particularly from the agents on the late submission change here? Any questions or comments?

CHAIRMAN NEWELL: All right. Any questions for Carl on this current proposal?

MR. GORODETSKY: Carl, I'm actually shocked. I was shocked to hear that it was 15 days. I just always thought it was five. And I don't know how it takes more than five. It's kind of a shocker. I guess I'm happier doing this because that seems really weird. We've always just operated on five, period. It was just on day four, we tell them we're going to cancel the binder. It's just what you do.

MR. ROCKMAN: Right.

MR. GORODETSKY: But I got my question from before. A lot of these policies being depopped, if these carriers would just take them up front because I've got people being depopped who have electrical panels and they're being depopped. I can't write it with the carrier, but they're depopping it. That's one thing. And that may be part of what you get back. I don't know if that's even happening. But the other thing that I've been really thinking about lately is RCE's. Again, a lot of clients wanting to shop out rates and 70% of them, they're way underinsured. Way underinsured. I don't know if that's ever been considered in this conversation.

MR. ROCKMAN: Right. We've talked over the months and years about the carrier's ability to do direct business versus assuming it through depop. I think carriers are still using depop because it's predictable and because of some of the operational things that can happen. I don't know what the future holds. I think the market's going to be more competitive. It certainly feels more competitive, which is going to drive more agents, right. And as Citizens gets down to lower depop numbers or ability, I think that's going to, for those carriers that want to grow and have the capacity to grow, perhaps that direct angle is going to become more apparent as we'll see. But right now it's a carrier choice on what to do, but certainly it's come up in commentary at various things as Citizens about can the carriers do more direct. And I think a lot of them are responding to that.

MR. GORODETSKY: Thank you.

MR. ROCKMAN: All right. You're welcome. Okay, any other questions on late submissions? All right. We can move then to performance violations. Let's cover this very quickly. So performance violations. Again, a recap. The committee is very familiar with this slide. Performance violations are charged when an underwriter sees something out of pattern in the four categories to the left, ineligible, uninsurable, the agent collected premium on an unbound risk, or they misapplied credits or surcharges or missed a signature on an important document. Those are the categories. You'll see that the volume and the percentage has really not moved significantly. In fact, it's kind of taken an uptick in the last years or so. And this, again, is where we want to make some changes to, a, simplify the program, make it more effective, but also allow us to get to agents that need a little bit more support and help. Next slide, please. This is the current program. Again, similar to late submissions, we had two tranches of agents. If you wrote 30 or fewer, you were treated differently than someone that wrote 31 or more. If you wrote 31 or more, you had a percentage of performance violations you could incur. That percentage was 10%. But if your agency structure is such that you're writing a lot of Citizens' business, that produced a lot of performance violations where we couldn't put you in the action pool. That's going to change with the next slide. The next slide is going to indicate where we're headed. After an appropriate settlement period and great communication, we're going to move to a standard where the PV1 and 2, okay, the two most important performance violations, the agent bound us to a risk that is damaged, it's uninsurable, it's not a close call, or they bound us to an ineligible risk, okay, outside the Clearinghouse, where they couldn't prove that they had shopped it. Those are the two most important things. We're going to give every agent, regardless of their production, three. If you incur three of those in 12 months, you're going to get a warning notice. After that, we're going to put a suspension on you for 30 days. And then after that, after one more, we'll go in a different direction with our relationship. We're going to apply this across the board. I know there's a note down there that says we reserve the right to work with agencies with more production. That's more of a, we might get there if for some reason we don't feel like we can implement this across the board. I feel like we can. It's going to take great communication, which we obviously can execute on and great support. But we're moving to a place where if an agent with binding authority is putting us on risks that are not eligible, we want to take action on that agent through close support, close accountability, but also have a consequence if that agent can't conform, particularly with the binding authority that we provide to them, okay. Any questions on PV1 and 2? Okay, next slide. For the remainder, again, this is the performance violation piece. You can see that thresholds were there for 30 and 31. This is the current PV program, and I just replaced it with the current one. Next slide, please. Okay, so for the remainder, what we're going to do with the remainder, the PV3 & 4 and the late submissions, we're going to bundle those. We're going to put them all in one bucket, and we're going to aggregate them. The agents that rise to the top, we're going to be working with those agents. We're going to identify them. We're going to formally engage them. And we're going to say, look, look at your performance here in terms of volume. We're going to give you 90 days to improve your performance in late submissions, PV 3's and PV 4's. If you can't improve within 90 days, we're going to be moving in a different direction. Now, this is going to be closely supported with our agency management team. We're going to make sure that the agents that are in this are going to get every opportunity to improve. We're going to be all over them. Our goal is not to move agents out of the system. Our goal is to make sure that agents with binding authority are living into the rules and also the velocity of the business through late submissions. So we think this is going to be a manageable number of agents that we can get to. It'll be the agents that are really driving the volume in this area. We'll work with them closely, and our goal

is to rehabilitate them and get them on the program. And then rinse and repeat this. We'll be forming up little cohorts of this every quarter into the capacity we have working with the agents that are identified as top of the list in terms of volume in this area. So we'll be implementing this, again, along with the performance management changes, PV changes. And again, this little separate program, but we think this will be more efficient and more to the point on helping agents that are driving a lot of the issues. All right. And I think, next slide. Also, Voice of Customer(VOC) also very much in the mix. We do reserve the right if agents are showing up lower on our voice of customer survey. We have had a couple of agencies that we've had to engage on that to improve. VOC is in the mix here, and we just wanted to illustrate that we're still very actively engaged and voice of customer and may plug that into the program as we go. But right now, PV 3,4 and late submissions are really the driving factor. Next slide. And then this just sums it up, okay. So PV 1's and 2's move to a three-step discipline process. Three, fours and late submissions move to what we call a portfolio management approach where we'll work with a targeted group of agents who are really way above the average, work with them to improve. And then I've got Voice of Customer down there more as a placeholder to say we're not giving up on that and we may be plugging it in. But late submissions, threes and fours, ones and twos are where the changes are. Next slide. Timeline. Here's where we've been. We formed a workgroup internally. We've covered this information with our key stakeholders. The agent associations, our agent roundtable, we've been through robust conversations with them on this approach. We've made our executive team aware. We're presenting it to you today. And then our next plan is starting in October to start to socialize these changes. We're going to communicate these changes are effective. We're going to work with agents that are showing up in either category. We want to have a settle in period here, but then January 1st, we go full implementation. So we think the right thing to do is to raise the awareness with the agents that this is going on. But once that awareness is raised, then the accountability will start to kick in. So this will all be part of a COM plan that you'll start to see unfold in a couple of weeks. But we think it's necessary. The program had actually plateaued, and we really weren't able to get at some agents that we really needed to work with in order to improve. And also, again, with that binding authority piece, we just needed to make sure that we had a very good program to show some accountability to agents that may be stepping outside the lines and binding us to things that wouldn't be appropriate. All right. And next slide. Terminal. Any questions on that or anything else like that?

CHAIRMAN NEWELL: Well, thanks, Carl. Any questions, Carl, about the last few slides, especially the timeline?

MS. PEREZ: Hi, Carl. It's Lissette.

MR. ROCKMAN: Hey.

MS. PEREZ: Hi. I wanted to go back also to what Lee had said regarding the 15 days. I too was surprised that it was the 15 days. And I do see, and I remember that the performance violations have plateaued. And we actually commented about it on several of our meetings that, you know, wow, especially the ineligible risks. So, you know, I am, I don't want to say happy that you're fixing it, but I do feel that it did need a change, especially if agents are submitting ineligible risks. Any type of information that you could provide to you know the associations that we can put out there, it would be greatly appreciated, especially so people are on the lookout for it. And I know that you perhaps put them in the bulletins that you send, but anything extra that you want to share, we're happy to share it with the members.

MR. ROCKMAN: We appreciate the support of your association, Lissette, and the others. You guys have been instrumental in helping us form this up, but then we're just getting started on the communication. It's going to be critical that we all make the agents aware that the program has changed and that they're living into it as soon as possible. And then obviously in January, we really go into full implementation.

MS. PEREZ: Yeah, especially if those policy counts are coming down, right, and you're depopping, and it's going to be more important that they realize that it's changing.

MR. ROCKMAN: Exactly. And we think now is a perfect time too with Citizens slowing a bit. Now is a perfect time to come in with these enhanced tightened standards so we can all get to a mutually good place in terms of new business quality and rules. So we're very happy to move this forward.

MS. PEREZ: And I have another question for you, and it goes back to your other slides before. The critical error, I think, is what you called it, or –

MR. ROCKMAN: Let's see. Was it on late submissions, Lissette or was it PV's?

MS. PEREZ: No, it was before it was before the thing about when they're depopping and there's an error, if the agent doesn't fix it.

MR. ROCKMAN: Oh, in the Clearinghouse, the recoverable error piece.

MS. PEREZ: Yes, I'm sorry. I'm like Lee missing my questions here. But how are we going to know that there's a recoverable error that we should be fixing?

MR. ROCKMAN: Getting into the details, when we turn on the renewal Clearinghouse, the agent of record is going to get a daily email. That daily email is going to say, "You have these policies in the renewal Clearinghouse," and it's going to have an indicator that says, by the way, these policies have a recoverable error. We're going to make sure the agents are very aware that there's a recoverable error out there because if there's a commission consequence, we don't want them to miss that. So you'll see that in the training and communications, Lissette, that we're going to make the agents very aware that there's a recoverable out there. And that's a big part of our pilot is to look at the volume of those and also look at how effective are we in raising the awareness with what we're doing.

MS. PEREZ: What is an example again of the recoverable error?

MR. ROCKMAN: The best example Lissette is a credential hiccup. Okay, there was something in the credential. And you've seen this in experiences. Typically, it's a credential hook that's very easily remedied. It's typically just a little connection. It's not something that the agent typically has to go digging for or can't resolve with just some attention and a couple of clicks is what we're anticipating happening with recoverables.

MS. PEREZ: Got it. Okay, Carl, thank you very much.

MR. ROCKMAN: You're welcome. Thank you.

CHAIRMAN NEWELL: All right. Anything else, Carl, on this topic? All right, Carl, thank you so much. Committee members, anything under new business today that Stephen or Jeremy or Carl have not covered? All right. I think nothing's coming forward, Carl. Thanks again.

MR. ROCKMAN: Thank you.

CHAIRMAN NEWELL: Appreciate it. Appreciate Forrest allowing you to go to his office.

MR. ROCKMAN: Me too. Thank you.

CHAIRMAN NEWELL: So with that in mind, committee, let's go and have a motion to adjourn the meeting.

MR. GORODETSKY: I'll make a motion to adjourn, it's Lee.

CHAIRMAN NEWELL: Do I hear a second?

MR. MARTIN: I'll second.

CHAIRMAN NEWELL: Okay. All right. With that in mind, let's go ahead and adjourn the meeting. Thanks everybody for joining us and have a great rest of your day.

UNIDENTIFIED SPEAKER: And you too. Thanks, Dave.

CHAIRMAN NEWELL: Thanks, Marshall. I know I got a note that you were here, so good seeing you.

MR. MARTIN: Thank you.

CHAIRMAN NEWELL: Take care.

(End of proceeding.)