

Approval of Prior Actuarial & Underwriting Committee Meeting Minutes

Summary	Review of June 25, 2025, Actuarial and Underwriting Committee Meeting Minutes to provide opportunity for corrections and historical accuracy.			
Approval Type	<input type="checkbox"/>	New Initiative	<input type="checkbox"/>	Amending Ongoing Contract
	<input type="checkbox"/>	Replacing Expiring Contract	<input checked="" type="checkbox"/>	Other (Explain in Summary)
Awarded Vendor(s)	N/A			
Contract Term Length	N/A			
Contract Estimated Spend	N/A			
Procurement Method	<input type="checkbox"/>	Competitive Solicitation	<input type="checkbox"/>	Single Source
	<input type="checkbox"/>	DMS Approved Contract	<input type="checkbox"/>	Emergency Procurement
	<input type="checkbox"/>	Statutory Exemption	<input checked="" type="checkbox"/>	Other (Explain in Summary)
Committee Consent	Staff recommends that the Committee approve the June 25, 2025 Actuarial and Underwriting Committee minutes.			
Board Consent	N/A			
Executive Sponsor(s)	Jennifer Montero, Chief Financial Officer Jay Adams, Chief Insurance Officer			

CITIZENS PROPERTY INSURANCE CORPORATION

**MINUTES OF THE
ACTUARIAL AND UNDERWRITING COMMITTEE MEETING
Wednesday, June 25, 2025**

The Actuarial and Underwriting Committee (A&U) of Citizens Property Insurance Corporation (Citizens) convened at The Westin Lake Mary, Lake Mary FL, on Wednesday, June 25, 2025.

The following members of the A&U were present:

Chair Carlos Beruff
Josh Becksmith
Robert Spottswood (telephonically)
Fred Strauss (telephonically)

The following Citizens staff members were present:

Tim Cerio
Jennifer Montero
Barbara Walker
Michael Peltier
Michael Wickersheim
Jeremy Pope
Mark Kagy
Jay Adams
Aditya Gavvala
Jeremy Pope
Brian Newman

Call Meeting to Order

Barbara Walker: Good afternoon, and welcome to Citizens' June 25, 2025, Actuarial and Underwriting Committee webinar that is publicly noticed in the Florida Administrative Register to convene immediately following the Finance and Investment Committee 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. Panelists, thank you for identifying yourself prior to addressing the committee. Presiding Chair Beruff, we have no speaker requests for today's meeting. I will proceed with roll call.

Roll was called and quorum established with Chair Beruff, Governor Becksmith, Governor Spottswood and Technical Advisor Fred Strauss.

Barbara Walker: Chairman, you have a quorum.

1. Approval of Prior Meeting's Minutes

Chair Beruff: Thank you. The chair will entertain a motion to approve March 12th minutes.

Governor Becksmith: So moved.

Chair Beruff: Second?

Fred Strauss: Second.

Chair Beruff: Minutes are approved. Thank you. And it is Ms. Montero again.

2. Chief Financial Officer Report

Action Item: 2026 Policy Level Rate Capping

Jennifer Montero: Good morning again. I'm going to turn it over to Brian Donovan.

Brian Donovan: Good morning, chairman, committee members. I'm Brian Donovan, chief actuary for Citizens, and I will discuss the proposal to increase the glide path rate cap to 15% for 2026. For background, from 2010 through 2021, as we know, Citizens' rates were under a cap, 10% cap. No individual policyholder could receive more than a 10% rate increase in a given year. In 2021, Senate Bill 76 directed Citizens to increase that cap 1 percentage point a year. So, in 2022, it was 11%, 2023, 12%, all the way up to 2026 where it's to be 15%. So, with this action, we are recommending changing the cap to 15% effective 1/1/26. Just some background –

Governor Lydecker: Wait, I'm sorry. We're recommending changing the cap to 15% -- I'm sorry, I missed this. We're going to recommend it to the legislature.

Brian Donovan: No, no, I'm sorry. This is -- Senate Bill 76 is the statute –

Chair Beruff: The legislature already passed the cap. The final increase of the cap is this year to take it to 15%.

Brian Donovan: Correct.

Chair Beruff: So, what else is there to be said about this issue?

Governor Lydecker: Yeah. Like what are we recommending?

Chair Beruff: Well, that's later. He won't have that for later in the year when we go forward for a rate increase in '26.

Brian Donovan: That's correct. Yeah, this is simply taking the rates that went into effect 6/1/2024 that were under caps from minus 10 to 14%, and those rates will be in effect till 5/31/2025. We're just saying beginning 1/1/2025 through 5/31/2025, instead of a 14% cap, it'll be a 15 percent cap. And then as Chairman Beruff mentioned, later in the year we'll be coming back with the full annual –

Chair Beruff: What our ask is to OIR.

Brian Donovan: Right, for the -- exactly.

Chair Beruff: We don't have that now. Anything else to report?

Brian Donovan: Nope.

Governor Lydecker: Let me make sure I understand though. So, we're going to take advantage of the legislation that just has been passed and -- which now permits us to raise rates up to 15% consistent with the glide path rules, and it is our objective to get the full 15%.

Chair Beruff: It's always our objective (inaudible) I speak, Mr. Governor. Unfortunately, when we get to OIR, they decide for us what they think is prudent. And this year they gave us eight something.

Brian Donovan: 8.5.

Chair Beruff: 8.5. So even though the glide path and the legislation is there to get us on par with the rest of the insurance industry, in reality, we can't get there.

Governor Lydecker: And this goes to the earlier discussion a little bit, but there's not a -- I don't think there's a correlation, though, between what we ask and what OIR approves. In other words, if we asked for plus 8% and that was consistent with how they were doing, they might say 8%. I don't think by virtue of asking for 15 -- the full 15% amount, we lifted them from 4% to 8% or something. So -- but I understand the Chair's point, and, again, just to make the point that, you know, we have been in an unstable marketplace up until the last two years, and stability is coming in. I'm interested in just not mindlessly reacting to plus 15%, because if we are mindlessly going plus 15% on the theories that we used prior to the last two years, I think -- I would imagine, and I don't know this, I would imagine that it doesn't carry much weight. And so I would just like to see when we do -- when it is recommended and when we do

have it, that there ought to be a broader conversation about it, like, you know, what's our thought process?

Chair Beruff: Well, I would venture to make a statement that Mr. Donovan goes in with the actuarially sound request that are backed up by significant data, and that is accurate and we have not been able to push that envelope for correct reasons, which is we did not want to raise the rates to the citizens of Florida and the Citizens' policyholders if we could avoid it in an unstable insurance market. As you have mentioned a few times today, the market has started to stabilize, and we have been reducing our policy counts significantly. So, you might find that Mr. Donovan's next request may be less than 15% because he can't support it with the data.

Brian Donovan: Yeah, that's correct. I would just point out, like the last time, our indications were 24%, and then that's why we asked for 14 considering the competitive analysis. We will redo all those numbers, come back in November, December, and at that point, based on what we find, I mean, there's good reason to expect that indication to have come down because of everything you mentioned.

Governor Lydecker: That's my mistake then, because I thought I heard you start off by saying we're preparing for the full 15% and you didn't have the header to support that. So, I was like, well, what are we doing?

Brian Donovan: Yeah, I'm sorry, I wasn't clear. So just to be clear, all we're doing is changing the cap from minus 10 to 14 to minus 10 to 15, which has the impact of changing the rate and overall statewide impact from 8.7 to -- I mean 8.5 to 8.7. So, it's just keeping up with the legislation to keep our cap where it needs to be -- upper bound --

Governor Lydecker: Thank you.

Jennifer Montero: It's just the glide path that's being increased.

Chair Beruff: You know, Mr. Donovan, when you start coming back with rate projections for OIR this next year, it would be good to have a history of what we've requested for the last four years, and then, below it, what we got. So then when you go in for '26, it'll show what we're asking for and give us some idea how much better things have gotten for us over the last three years.

Brian Donovan: Yep, that makes sense.

Governor Spottswood: Chairman, can I ask a question, please?

Chair Beruff: Go ahead, Governor Spottswood.

Governor Spottswood: Brian, did I hear you say just now that we're changing the possible reduction as well from negative 10 to negative 4?

Brian Donovan: No, I'm sorry, I'm not sure I fully got the question, but just to clarify, what I was saying is currently the rate cap is such, you know, minus 10 to 14%, that's, you know...

Governor Spottswood: Right.

Brian Donovan: And now with this filing, we're just changing it from minus 10 to 15% to keep up with Senate Bill 76.

Governor Spottswood: But the minus 10 would stay in place?

Brian Donovan: Correct.

Governor Spottswood: Okay. And this 15% cap, I mean, that varies from submarket to submarket, correct?

Brian Donovan: Well, the cap doesn't –

Governor Spottswood: It could be -- no, but, I mean, the actual increase that's approved can be up to 15, but it might be plus 5 in some markets and plus 14 in some markets.

Brian Donovan: Right. And it can be as low as minus 10 for some segment as well.

Governor Spottswood: Correct. And so, you know, just to -- I guess some markets are getting crushed, if not across the state, at least certainly in some markets. So, I certainly understand the concept and I understand the glide path, but I'm going to vote against the increase, Mr. Chairman, just because I'd like to -- I'd like to have a voice that we can no longer afford to increase insurance rates. There are property owners that are passing on insurance because it's too expensive. There're commercial properties that just can't afford it. There're affordable housing communities that are, you know, just not sustainable because of insurance costs. And so somehow, we've got to start to move insurance rates in the other direction. So, I just wanted to explain my lack of support for continuing to increase the cap.

Chair Beruff: Okay. Comments are digested.

Brian Donovan: Now, I have no comments –

Chair Beruff: Is there a – Governor Spottswood, would you like to make a motion for that on -- to the committee?

Governor Spottswood: To not approve or recommend the increase in the cap? Yeah, I'd make that motion.

Chair Beruff: Okay. Is there a second?

Governor Butts: I'll second it.

Chair Beruff: All those in favor signal by saying "aye."

Governor Spottswood: Aye.

Chair Beruff: All those against, signal by saying "nay."

(Chorus of nays.)

Chair Beruff: Motion fails. Thank you.

Jennifer Montero: Do we need to make a motion in the other direction?

Chair Beruff: Oh, I think you can make a motion to -- to approve staff's recommendation to move to the glide path maximum of 15%, but somebody has to make that.

Brian Donovan: I'm sorry, I probably need to read the official action item first.

Chair Beruff: Why don't you go ahead and do that.

Brian Donovan: Okay.

Barbara Walker: Chairman, before we do that, I'm sorry, but this committee has you, Governor Becksmith, Governor Spottswood, and Fred Strauss. May I take -- on the motion that was on the table --

Chair Beruff: Yeah, there's too many people who voted. Okay. Now I understand where you -- Barbara, it's nice to keep the trains rolling.

Barbara Walker: Do you mind if I take a verbal vote on that, sir?

Chair Beruff: By all means.

Governor Becksmith: If I can ask a quick question just to clarify what we're voting on.

Chair Beruff: Mr. Butts couldn't second the motion, so the motion failed for lack of a second.

Governor Becksmith: Mr. Chair, can I just ask a quick question just to clarify what we're voting on? You're not voting on an actual rate increase, you're just saying statutorily, we want to take what we're entitled to from 14 to 15, you're going to come back to the committee with actuarially sound rates, if there is an increase, if there isn't an increase, then you're going to take that to the OIR. So, all we're doing is saying let's follow the rule on the glide path to where we have the ability, not saying we're going to, up to 15, correct?

Brian Donovan: That is correct. The rates that were approved are approved --

Governor Becksmith: That's all I need.

Brian Donovan: -- (inaudible) a cap.

Governor Lydecker: But we have to approve something that the legislature already passed.

Jennifer Montero: We don't understand that either. And it's (inaudible) as well. It's not just you guys. It then has to get approved by OIR.

Governor Lydecker: My grievance is I don't know -- and I don't think it's an issue relative to the vote you're considering to Josh's point, but what -- because of some of the earlier comments, I don't know the implications of that yet. I get that down the road we could -- you know, we don't have to go to that amount, but we don't want to go to that amount. But I just think it sends a weird signal into the marketplace.

Chair Beruff: The signal is, you know, we're still in many markets 30% below the market, and 40%. We don't happen to be in the Dade market. We happen to be at the right place, apparently, according to the fact that some people got reductions in their policies in the Dade/Broward County markets, correct?

Brian Donovan: That's correct.

Chair Beruff: All right. So, we're in a good place in parts of the state of Florida. We're in a bad place in other places in the state of Florida by 30 or 40%. So, we're still under market. We're supposed to be the insurer of last resort, so we're supposed to be more expensive than anybody else, which is not the case except in Broward and Dade, apparently, where they're getting competitive. So, all we're authorizing here is when the staff starts crunching numbers to move forward with their projected rate increase or not next year is authorizing them to follow the rules that the statutes allow and go to 15% this year. That's all we're doing.

Brian Donovan: Yeah.

Chair Beruff: There is no increase to the ratepayers, to be clear.

Jennifer Montero: Can I make a comment?

Chair Beruff: Yeah, as long as it's short.

Jennifer Montero: It's short. So, the legislature doesn't want to touch the glide path, obviously, but they have tried to help over the years. One of them was allowing us to put reinsurance -- the cost of reinsurance in our rates, even if we don't buy it up to the 1-in-100 year. They also gave us the non-primary. We could do the glide path at 50% for those non-primary residents. And then the increasing the glide path from 10 to 15, but only 1 percent per year for those five years was another way to help us get

actuarially sound. So, I just wanted to point that out, that this is all part of that kind of getting there with the trade-off of they don't want to remove the glide path.

Chair Beruff: All of the legislation leads us to become a better market between the tort reform and us being competitive. So...

Governor Lydecker: Well, and, again, I have concerns of what being competitive means versus actuarially sound.

Chair Beruff: We're not going to know that until Mr. Donovan puts that –

Governor Lydecker: And I would make one other comment, too, that, you know, my interests are more looking out for price reductions for primary residents in the state of Florida.

Chair Beruff: Absolutely. We agree with that for sure. So, are we complete, folks?

Brian Donovan: I think I do need to –

Chair Beruff: Do the action item, please.

Brian Donovan: Staff proposes that the A&U committee review and approve, recommend to the Board of Governors increase the 2026 Policy Level Capping for primary personal lines policies and class commercial lines policies from 14% to 15% effective 1/1/2026 and authorize staff to take any appropriate or necessary action consistent with the filing of the proposed rates, which includes filing with the Office of Insurance Regulation, system change implementations, and other relevant activities.

Governor Lydecker: Can I suggest that the motion include verbiage in the beginning that says, "consistent with the legislatively approved" -- that's what this is.

Brian Donovan: Yes.

Chair Beruff: That's fine. We'll vote on the -- the Chair will entertain a motion to approve the motion as amended by Governor Lydecker.

Fred Struess: I'll make that motion.

Chair Beruff: You have a motion. Do we have a second? We have a second. All in favor, say "aye."

(Chorus of ayes.)

Chair Beruff: Thank you very much, everybody.

Governor Spottswood: Chairman, if you could note that I voted no.

Chair Beruff: Barbara, you got that?

Barbara Walker: Yes, sir, I got that.

Chair Beruff: A nay from Governor Spottswood. Thank you. All right. So, we're on to Mr. Adams.

3. Chief Insurance Officer Report

Action Item: Product Updates – June 2025

Jay Adams: Good morning –

Chair Beruff: I hope yours is quick and short.

Jay Adams: I'm going to try. Good morning, Chairman and governors. I have two action items and a new business that I would like to bring up. Today the first item I have is the product update, and this is for commercial lines. And what we're trying to do here is increase the loss run requirement from three-year to five-year. And due to the longevity of the claims handling process for commercial claims, we just want more loss runs so that we can make sure that there's no prior losses that could potentially have impacted the current claim.

Chair Beruff: So, to be clear, you're just asking that you can -- your look-back period is for five years instead of three?

Jay Adams: Correct.

Chair Beruff: Okay.

Jay Adams: Correct.

Chair Beruff: So that's an action item?

Jay Adams: That's an action item.

(Recommendation: Staff proposes that the Actuarial & Underwriting Committee review, and if approved, recommends the Board of Governors: Approve changes to Citizens' Product guidelines, forms and supporting documents to address emerging issues as described in the Product Updates – June 2025 Action Item; and Authorize staff to take any appropriate or necessary action consistent with the Product Updates – June 2025 Action Item to include filing with the Office of Insurance Regulation (OIR), system change implementations, updates to supporting documents, applications or forms

and other relevant activities. Final changes and implementation timeline may vary, based on project complexity, operational considerations, and feedback from the OIR.)

Chair Beruff: Okay. Board will entertain a motion to approve.

Governor Spottswood: I'll move to approve, Chairman.

Chair Beruff: Thank you. We have a motion. Do we have a second?

Fred Struess: *Second.*

Chair Beruff: *All in favor, signal by saying "aye." That's approved.*

(Chorus of ayes.)

Action Item: GIS and Location Data Service

Jay Adams: Okay. Thank you. And the next action item I have is for GIS and location data services. And this is software that we use as critical part of risk-based underwriting, and we use this to identify geographic location-related risk characteristics for commercial and residential properties. What we're asking for is an initial three-year term with three optional one-year renewals. The current base term spend would be \$547,490, and the complete all terms would be \$4 million. This is a reduction of 8% per transaction based on the prior contract, and, obviously, being transactional, if we don't use it, we don't spend it.

Chair Beruff: All right. So, to be clear, we're reducing the spend by 8% per transaction and we only pay for what we use.

Jay Adams: Correct.

(Recommendation: Staff propose that the Actuarial and Underwriting Committee review, and if approved, recommend the Board of Governors: Authorize the GIS and Location Data Services contract with ISO for an initial term of three (3) years with three (3) optional one (1) year renewal terms. Authorize staff to take any appropriate or necessary action consistent with this Action Item.)

Chair Beruff: Okay. So the board will entertain a motion to approve.

Governor Becksmith: *I'd like to make that motion.*

Chair Beruff: Is there a second?

Governor Spottswood: *Second.*

Fred Struss: Second.

Chair Beruff: We have a second from Governor Spottswood. All those in favor, signal by saying "aye."

(Chorus of ayes.)

Chair Beruff: Motion carries. Thank you.

New Business Item

Jay Adams: And if I could address the new business item?

Chair Beruff: Sure.

Jay Adams: Okay, thank you. Well, I would like to addend this to the product update that I just provided. This came at the last minute. And what we're doing here is – this is still for commercial lines. What we'd like to do is apply the DOAH endorsement to our commercial line forms so that we can provide those same levels of customer service, how quickly we can get those through the process, help reduce all of the burden that we're seeing in the circuit courts, all those things to just include this DOAH program into our commercial line. And, again, we just need approval. This would have to be submitted to the office and so forth.

Governor Becksmith: Mr. Chair, can I just ask a clarifying question?

Chair Beruff: Yeah. Let me just state what he's asking for. We currently -- we adopted a policy to do DOAH for our litigation, right, in the residential primary markets. Now we're expanding that policy to the commercial market.

Governor Becksmith: Which has worked great.

Chair Beruff: Okay. So, we have -- all we're doing is making it available for it to force the process through DOAH if that's the way, you know, we can –

Governor Becksmith: Real simple question.

Chair Beruff: You got it.

Governor Becksmith: Does this include condo associations, commercial, residential as well?

Jay Adams: All commercial lines.

Governor Becksmith: So that would be lumped in there, perfect. That's all I needed to ask. Perfect.

Chair Beruff: So, do we have a motion to approve?

Governor Becksmith: I'll make that motion.

Chair Beruff: Do we have a second?

Governor Spottswood: Second.

Chair Beruff: We have a second. All in favor, signal by saying "aye."

(Chorus of ayes.)

Chair Beruff: And motion carries. Thank you very much.

Jay Adams: Thank you very much. That concludes my presentation.

Chair Beruff: Any new business? We're done. Adjourn this committee. Next committee.

(End of proceedings.)

DRAFT