

CITIZENS PROPERTY INSURANCE CORPORATION

**MINUTES OF THE
AUDIT COMMITTEE MEETING
Wednesday, December 10, 2025**

The Audit Committee of Citizens Property Insurance Corporation (“Citizens”) was convened at 8:30 a.m. on Wednesday, December 10, 2025.

The following members of the Audit Committee were present:

Chair Jamie Shelton Governor Robert Spottswood Board Chairman Carlos Beruff

The following Board members were present:

Governor White Governor Butts Governor Lydecker
Governor Cumber

The following Citizens Staff were present:

Tim Cerio	Jennifer Montero	Jeremy Pope
Joe Martins	Jay Adams	Carl Rockman
Michael Peltier	Andrew Woodward	Aditya Gavvala
Mark Kagy	Michael Wickersheim	Brian Newman
Sudheer Kondabrolu	Ravi Tadiparthi	Brian Donovan
Paul Kutter	Bonnie Gilliland	Ray Norris
Eric Addison	John Schmitt	

The following were present:

Dave Newell, FAIA
Sasha Stipanovich, Raymond James
Kapil Bhatia, Raymond James
Nathaniel Johnson, B of A
Sam Wishard, Forvis Mazars
Matt Church, Forvis Mazars
Andrew Devenbeck, RBC Capital Markets

Bonnie Gilliland: Good morning, and welcome to Citizens' December 10, 2025, Audit Committee Meeting, which is publicly noticed in the Florida Administrative Register to convene at 8:30 a.m. This meeting is recorded, with transcribed minutes available on our website.

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

Chair Shelton, we have no guest speakers for today. Panelists, thank you for identifying yourself prior to addressing the committee. May I proceed with roll call?

The roll was called, and the quorum met.

Chair Shelton: Thank you, Bonnie. The first order of business is the approval of the prior minutes from the September 24, 2025, Audit Committee. We'll entertain a motion to approve.

Unanimously approved.

Chair Shelton: approved. Mr. Martins is going to be presenting to us this morning a few items that are action items, his budget for the upcoming year, minor updates to his Audit Committee charter and the charter for the Office of Internal Auditor, and some updates to his internal audit policies.

He will go through the audits that were completed, those in progress, and those planned for the coming year. Mr. Martins, you are recognized to present.

Joe Martins: Thank you, Mr. Chairman, and good morning, Governors. Today, I'll cover what we have completed this quarter, the work already underway for next quarter, and the plan we have queued up for the first quarter of next year.

This quarter, we closed six engagements, as noted in the bottom left corner of the slide. In Agency Compliance, we identified two high-impact issues, primarily in access management, and the Software Asset Management audit provided software governance and oversight. Management has treated these agency compliance issues with urgency and is on track to resolve them by the end of this year. Next slide please.

Looking ahead to quarter one, we have several engagements in progress currently. To highlight is the Artificial Intelligence Governance advisory that we are providing to work with IT and the business units to develop that governance structure for the organization, provide the guidance that we can on that. And we are also completing our data analytics exercise for the year and finalizing our continuous assurance program.

For the next quarter, we have six engagements planned: CAT Preparedness, Ethics, Patching and Vulnerability Management, Premium Invoicing, Refunds, & Suspense Accounts, and Underwriting. These are all designed to provide assurance for storm readiness, expense management, and change management.

Slide three, please.

In terms of performance, we are focusing on three specific items. I think the one that we need to mention at the bottom is that we focus on audit productivity, where we have an 80% productivity target for ourselves, and we've reached that target. We're working towards it towards the end of the year. And that is helping us complete the work we need to do throughout the year if we maintain the productivity we require.

Slide four, please.

As mentioned, there are two High Impact issues for this period. The Open by Engagement chart is a slide intended to provide transparency into where issues reside and how they are progressing. The key point is that there is visible traction, and management is giving appropriate attention to the timely and effective closure of these issues. None of these issues is overdue. The two high-impact issues in red relate to Agency Management. All these issues are being tracked appropriately, and management is responding; none of them are overdue, so we're really pleased about that.

Slide five focuses on Enterprise Risk Management and Control.

Enterprise risk management current monitoring indicates 87% of the documented risk assessments have been reviewed and are within tolerance. The remaining items are under heightened observation for potential strategic and emerging risk characteristics. At this time, there are no material concerns to bring to the committee's attention from a risk management perspective. Internal control. 27% of the control assessments are in progress. While 73% have been completed to date. No control failures have been identified. There are 9% of controls that require minor documentation, enhancement, or redesign to keep them in track with changes within the organization.

Slide six, please.

We have several action items for the committee to consider today. The first is the approval of the 2026 Office of Internal Audit Strategy and Plan, along with the associated budget. The plan was developed using a risk-based approach to understand Citizens' operations and associated risks. Our plan is to deploy available resources in a way that provides timely and comprehensive governance and coverage of audit, risk and control activities. Risk-based audit engagements, full mapping to the Global Internal Audit Standards and readiness for the External Quality Assessment. Enterprise Risk follows the Dynamic ER program, and formal risk appetite and Key Risk Indicator libraries are being developed and will be introduced early next year. An enhanced scenario analysis is currently being conducted. Internal Control framework maturity is growing, expanding control self-assessments and testing standards, with a stronger compliance focus for next year and this year.

All across internal audit, enterprise risk, and internal control, we expanded analytics and automation to support continuous assurance. We will utilize automation and our data analytics capabilities to reduce the time spent within the organization while expanding the assurance we provide.

Slide seven, please.

At a glance, Internal Audit will complete approximately 26 audit engagements next year with about a 10% contingency reserve for unforeseen events. Our primary focus areas for next year will be effectiveness and resiliency, expensive capital management, reporting and data accuracy, compliance and litigation, and data management and protection. These areas were selected to align with Citizens' strategic priorities and evolving risk profile.

Slide eight, please.

The Office of Internal Audit's 2026 budget is \$4.07 million compared to \$3.89 million budget for 2025, with the total staff remaining unchanged. The increase reflects the rising cost of living, as well as investment in tools, analytics, and capabilities.

If there are no further questions, I will proceed with reading the recommendation for approval of the 2026 Plan and Budget.

Chair Shelton: Any questions from the committee?

Motion to approve the OIA Strategy Plan and Budget for 2026? Thank you.

Chairman Beruff: I have a question, Chair.

Chair Shelton: You are recognized.

Chairman Beruff: As the business is shrinking due to the success of the takeouts, can you explain to me why we are spending more money on people?

Joe Martins: It is the 4% living increase for staff; we are not changing staff, but we have a living increase.

Chairman Beruff: So, it is strictly an increase to offset inflation?

Joe Martins: That's correct, sir.

Chairman Beruff: Thank you. I second the motion.

Motion approved.

Chair Shelton: Next action item?

Joe Martins: Next slide, please.

Both the Audit Committee Charter and the Internal Audit Charter were reviewed against the requirements of the Institute of Internal Auditors GIAS standards. Based on that review, we suggest minor updates to both charters. If there are no further questions, I will proceed with reading the recommendations for approval.

Chair Shelton: Motion to approve the changes to the charters?

Motion approved.

Joe Martins: Next slide, please.

Internal Audit also manages two corporate policies. The first one relates to the Internal Audit function, and the second one is the Observation Management practices. Our review indicated that minor changes were necessary this year.

Chair Shelton: Any questions? Motion to approve the Internal Audit policies?

Motion approved.

Chair Shelton: Joe, to be clear, the prior action items approve of the changes to both the Audit Committee Charter and the Charter of the Office of Internal Audit?

Joe Martins: Within this committee, the Audit Committee Charter will go to the Board after this committee.

Chair Shelton: Thank you. One thing, real quickly, Joe touched on the audits that were completed and the one high-impact item related to Policyholder Information that may have been available unintentionally to some of the Agencies that write our policies. It has been corrected, or will be corrected within the year, but it is important to note that there was no breach; just that the data was available and could be accessed, correct?

Joe Martins: The data was available if someone went into it, but it is now being protected.

Chair Shelton: Thank you. It is a sensitive topic, people's data, we want to ensure that's protected, and management is working well with Joe, according to our prior meeting.

Mr. Martins, any other items to present?

Joe Martins: Thank you, Mr. Chairman. That concludes my presentation.

Chair Shelton: With that, are there any other questions or comments from the Governors here? And with that we are adjourned.

Whereupon the meeting was adjourned.

DRAFT