CITIZENS PROPERTY INSURANCE CORPORATION

DRAFT MINUTES OF THE
BOARD OF GOVERNORS MEETING
Wednesday, September 24, 2025

The Board of Governors (Board) of Citizens Property Insurance Corporation (Citizens) convened at The Westin Lake Mary in Lake Mary, FL on Wednesday, September 24, 2025 immediately following the Board of Governors Committee Meetings.

The following members of the Board were present:

Carlos Beruff, Chair
Jamie Shelton, Vice Chair
Josh Becksmith
Jason Butts
LeAnna Cumber
Erin Knight
Charlie Lydecker
Jamie Shelton
Robert Spottswood
Frank White

The following Citizens' staff members were present:

Tim Cerio
Jennifer Montero
Aditya Gavvala
Jay Adams
Jeremy Pope
Joe Martins
Brian Newman
Barbara Walker
Bonnie Gilliland

The following people were present:

Kapil Bhatia
Frank Altieri
Jon Zachum
Raymond James
Florida Association of Public Insurance Adjusters

Call Meeting to Order

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Barbara Walker: Good morning and welcome to Citizens' September 24, 2025, Board of Governors meeting that is publicly noticed in the Florida Administrative Register to convene following our Board of Committee meetings. This meeting is 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. Chair Beruff, today we do have two speaker requests for our meeting. May I proceed with official roll call?

Roll call: Chair Carlos Beruff, Vice Chair Jamie Shelton, Josh Becksmith, Jason Butts, LeAnna Cumber, Erin Knight, Charlie Lydecker, Robert Spottswood, and Frank White were present. A quorum is established.

1. **Chairman's Report**

Action Item: Consent Agenda Items

Chair Beruff: Thank you. Welcome everybody, and first thing on the agenda is, well, no, we're going to go to the Consent Agenda. Would you like to read the consent agenda, Miss Barbara?

Barbara Walker: Yes, sir. I'll read those into the record:

A. **Prior Board Meeting Minutes: June 25, 2025**
B. **Mobile Home Demolition Services**
C. **Claims Legal Services**
D. **Comprehensive Roof and Wall Valuation Services for Insured Losses**
E. **Vision Insurance Coverage**
F. **Dental Insurance Coverage**
G. **Recommendation for Board Approval of Increases Required by Section 627.351(6jj)FL**
H. **Jacksonville Office Technology and Assets**
I. **Technology Infrastructure, Software, and Professional and Staff Augmentation Services – Part 1**
J. **Directors & Officers (D&O) Insurance**
K. **Cyber Liability Insurance**
L. **Department of Administrative Hearings (DOAH)**

A motion was made and seconded to approve the above said Consent Agenda items. All were in favor. Motion carries.

Chair Beruff: Thank you very much. Mr. Cerio, I believe you're at the top of the ticket.

2. **President's Report**

Tim Cerio: Thank you very much. Mr. Chairman, members of the Board. It's really good to be with you all this morning. There's been a lot of news coverage recently about our ability to refer cases to the Division of Administrative Hearings (DOAH), and I want to talk about it this morning, because for the reasons that you're going to hear, it is a very good program. There's a lot of misinformation going around about it,

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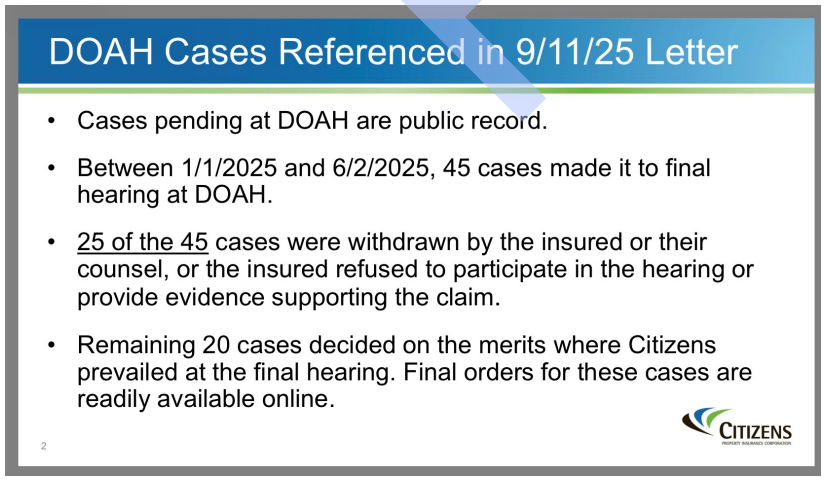
and there has not been a really deep dive into what's going on. And I have to say, over the last year to year-and-a-half, what we have seen, and I don't think it's over melodramatic to say this, we have really seen an assault by misinformation being waged by certain plaintiff attorneys and plaintiff groups on Florida's insurance reforms, including the ability of Citizens to send cases to the DOAH and our ability to rely on DOAH to arbitrate claims. It's been under attack. And what we've seen is, you know, some lawyers and their proxies have made sweeping claims of unfairness and even bias in the process, and that's a pretty, serious charge. The recent attacks on the fairness of DOAH are simply one part of a larger strategy to undermine the legitimacy of the insurance reforms that, without question, brought Florida's property insurance market back from the brink of collapse. You've heard the data earlier. I want to say this at the outset, and you've heard me say this before, my comments and criticisms are directed toward the attorneys who have really engaged in frivolous and fraudulent litigation. They are not meant as an indictment against all lawyers who represent plaintiff policyholders against insurers. The majority of this group represents their clients with diligence and professionalism, but the fact is that the conduct of the lawyers who do engage in the fraudulent litigation and the frivolous litigation drove up policyholder premiums and helped create Florida's insurance crisis. These voices cannot now be allowed to cry foul and undo all the good work that's been done simply because they're not earning the fees that they did prior to the reforms. If they do, we will return to the days of double-digit insurance increases. Private insurers will reduce business or leave the state, and again, as a company, Citizens will grow again to well over a million policies if we lose these reforms. Recently, Congressman Maxwell Frost wrote a letter to [Florida] Governor Rob DeSantis, Speaker Daniel Perez, Senate President Ben Albritton, Insurance Commissioner Michael Yaworsky, and Chief Judge of DOAH Darren Snyder, the chief judge of the division of administrative hearings, and we weren't copied on it. The Congressman's correspondence basically obtained some factual misstatements about DOAH, and it also strongly suggested unfairness or bias in the process. That's what I want to address here today, and I think it's important to dispel a lot of misinformation. The Congressman identified a subset of DOAH cases within a certain timeframe, but he did not talk with any specificity about a single case. He failed to explain why the outcome of any particular case was unfair or wrongly decided under the facts and the law. Can we go to Slide Two please, Bonnie?



The DOAH docket is a matter of public record. It's all available. In fact, so far, we've seen no critic of the DOAH program, including some in the media who are usually pretty, pretty thorough in covering insurance issues. We haven't seen anybody take the time to pull the records of a specific case to identify any bias, prejudice, or unfairness. The Congressman's letter references "a review of DOAH hearing outcomes from January 1, 2025 to June 2, 2025" And, in that review, he says, "of 29 total cases, DOAH ruled against petitioners, in 20 cases, nine cases were withdrawn by the petitioners." We did our own review, and we think the Congressman's numbers are off. According to our review, there were 45 cases that went to final hearing in this timeframe. Can you go to slide three please, Bonnie?

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Division of Administrative Hearings Statistics

- Since the inception of DOAH, 1% of Citizens' claims have been referred to the Division of Administrative Hearings (DOAH).
- 37% settled by Citizens prior to a hearing in favor of policyholder.
- 52% of cases dismissed or abandoned by policyholder or their attorney resulting in no payment or nominal amount.
- 11% of cases go to final hearing.
- **89%** of Citizens' cases are resolved voluntarily prior to final hearing.

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We have tracked data since the inception of DOAH, and you know, the Board . . . I want you all to know that about 1% of the claims filed are sent to DOAH for resolution. About 1%. The latest data indicates that among the cases referred to DOAH.

Chair Beruff: Let me interrupt you for one second. I want everybody to digest what you said. How many cases were filed and what percentage went to DOAH?

Tim Cerio: I think 124,000 so far. Is that right, Brian [Newman]? About 124,000 claims, and of those claims, only about 1% went to DOAH.

Chair Beruff: Just to clarify what the public has been told.

Tim Cerio: Now, of the cases that go to DOAH, 37% are settled by Citizens prior to a hearing. We settle in favor of the policyholder. That's a pretty significant number, and as you'll hear later in my report, we evaluate, we reevaluate, and we continue to evaluate claims to make sure we're making the right decision. I'll come back to that. 52% of the cases referred to DOAH are simply dismissed or abandoned by the plaintiff lawyers. They just dropped the case with little to no payment. Sometimes there's a nominal amount, like a $250 payment or a $500 payment, but they just dropped their cases. The remaining 11% go to a final hearing. This is important. This means that 89% of the cases referred to DOAH, in 89% of the cases, there's a voluntary resolution by the parties prior to a final hearing. I would argue it is absolutely unfair and disingenuous to suggest that any system is biased where the parties resolve their cases almost 90% of the time. Now, the benefit of DOAH for Citizens policyholders is that their claims disputes are resolved in less than 90 days through this DOAH arbitration program, whereas the same dispute takes two to three years to resolve in the state court. This is welcome news for policyholders who do not want to, you know, deal with a lengthy court process. On top of that, resolution of disputes within 90 days means that Citizens and our policyholders are spending less on attorney fees. As you all know, because we're a governmental not for profit entity, these savings on attorney fees don't go to any shareholder bonuses or dividends. They remain in surplus to pay valid policyholder claims, and they remain in surplus to lower the risk of financial assessments on the people of Florida, most of whom are not even Citizens customers. So, because DOAH requires a prompt resolution, there is the sort of the intensity of the case on the front end because it requires resolution within 90 days. Evidence has to be presented by attorneys for both sides. Both sides have… to work their cases. Neither side gets to engage in unnecessary delay tactics, which frequently happens in civil litigation pending in state court. It requires Citizens to dig in and reevaluate claims decisions, and again, in about 37% of the cases, we reverse our initial claims decision, and we cut a check to the policyholder. That is a win for the policyholder under any reasonable definition of the word. As I said previously, in almost 52% of the cases, the plaintiffs' lawyers dropped their claims before reaching the final hearing stage, settling for nothing or a nominal sum. Now, let me talk for a

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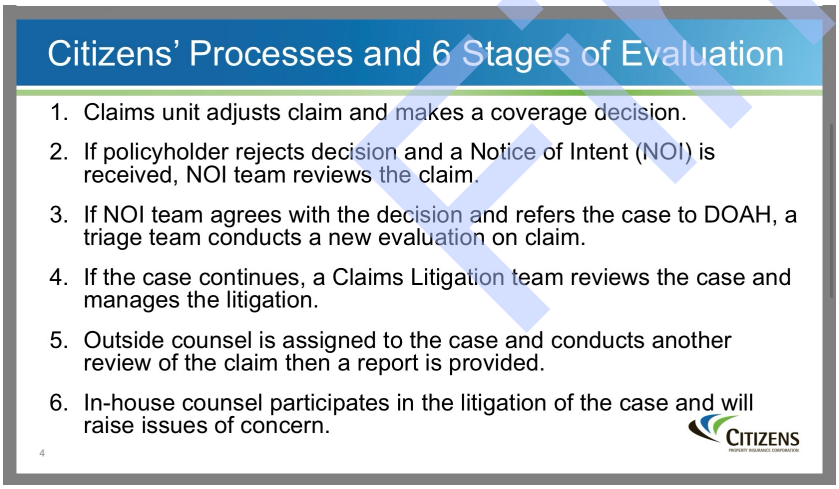
minute about what actually happens when they get to a final hearing. We've even seen plaintiffs' counsel drop their cases once they reach the final hearing, with respect to the six-month time frame specified in the Congressman's letter. In 25 of the 45 cases we identified, the claim was withdrawn by the insured or counsel, or counsel appeared at the final hearing and unbelievably, just decided not to participate, or didn't offer any evidence… refused to participate. Neither DOAH judges nor Citizens can be blamed for this conduct, which at best is a late realization that the claim lacks merit, or at worst, frankly, it's conduct amounting to malpractice. I've been a member of the Florida Bar for almost 30 years. I do not throw around the term malpractice lightly, but that is what people who are writing about DOAH. They're not seeing this kind of conduct. And I would invite them to, again, dig into these cases . . . their public record. And again, I would remind you that pursuit of meritless cases is the very behavior that nearly collapsed Florida's market prior to the reforms like this program. In the remaining DOAH cases decided on the merits, the remaining 20 cases identified in this timeframe, Citizens did, in fact, prevail. But again, if you review the underlying record, there is no indication in these cases of bias or wrongdoing. The case records, including final orders, are readily available online, and the Congressman, nor anybody else, has dug into these 20 cases to figure out which ones were wrongly decided or why were they supposedly wrongly decided. Slide four, please . . . Yes, sir?

Robert Spottswood: …37% settled prior to hearing about the process that our team spends on that… [inaudible]

Tim Cerio: Governor Spottswood, your intuition is frightening. That is all in slide four, and that's exactly what I'm covering next. I hope you'll agree that we prevailed in these 20 cases because of the work that goes into evaluating these claims and reevaluating the claims throughout the entire process. There are six levels of review, Governor Spottswood, that we go through. From the time a claim is filed to if it goes to final hearing, it essentially gets six levels of review. First, the claims unit adjusts the claim and makes a coverage decision. If that decision is rejected by the policyholder, and a notice of intent to initiate litigation is received by Citizens, a designated Notice of Intent (NOI) team, reviews the NOI and the claim. That's the second level of review. If the NOI team stands by the denial or whatever the decision was and refers the case to DOAH, a triage team then takes over and conducts a new evaluation of the claim. That's third level. Next for fourth level of review: if the case continues to move forward, a claims litigation team reviews the case and manages the litigation going forward. Fifth, outside counsel is assigned to the case who reviews the claim and provides a report. And then six, finally, in-house, Citizens Counsel participates in the litigation and will raise issues of concern if they see anything. This multi-layered approach to evaluating claims before and during the DOAH process helps ensure we are making the best decision possible. We do take denial of a policyholder's claim very seriously, and as, as I said before, if at any time we believe we made a mistake throughout these levels of review, or we,



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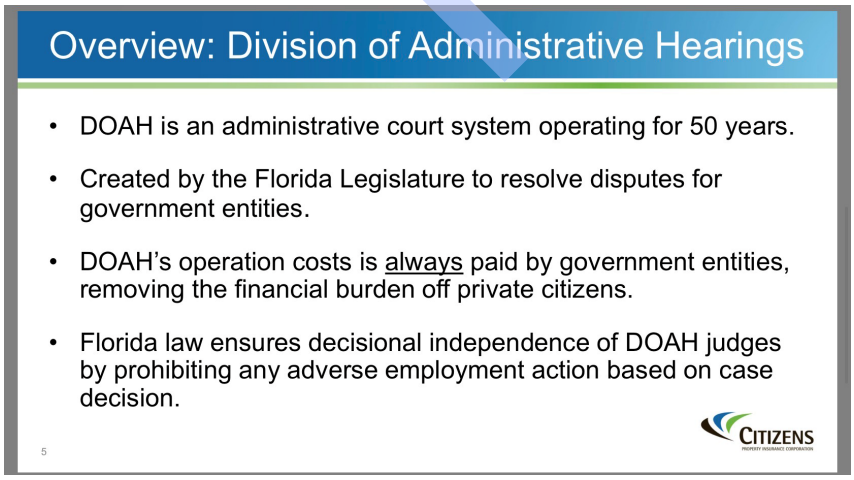
you know, and we receive additional information to support a claim, we will reverse our decision and resolve the claim with the policyholder.

Charlie Lydecker: Yes, right there, in favor of the policyholder, but there is no financial incentive or for-profit incentive for you to do anything other than to make sure policyholders are treated fairly, unlike in the private sector, where oftentimes, there can be misaligned incentives. Citizens and your team do not have that misalignment of incentive, which I think is just a really powerful point to drive home because the savings or squeezing out some of the abuse in the system is really going back to your earlier point – Policyholder surplus, right?

Tim Cerio: Governor Lydecker, that is where I was going. And you're absolutely positively right. We are the state created not for profit, insurer of last resort. We have no financial incentive to not pay claims. Zero. We have no shareholders. And again, to the contrary, because we're a governmental entity operating in the Sunshine, we have a Board of Governors that oversees that is appointed by the Florida, the Florida Chief Financial Officer, the President of the Senate, the Speaker of the House, and frankly, you all are accountable to those to your appointing authorities. And because I and my leadership team serve at the pleasure of this Board, we have every incentive to pay valid claims as promptly as possible. But I have to say we also have the obligation to deny invalid or inflated claims because if we fail to do that, we're going to deplete Citizens reserves and leave less money to pay valid policyholder claims. And it also unduly passes on the cost of invalid claims to Floridians and certainly increases the risk of incurring financial assessments. But that is a point, and we've raised this point before, Governor Lydecker, that we don't in… We will lose our job. I will lose my job if we are systematically just denying valid claims, and that's why we conducted a review when there was some misinformation that came out after the hurricanes of 2024 about claims denial rates. We want to make sure we're doing the right thing and this whole discussion about our incentives; I want to reinforce with our policyholders. I want to reinforce with our own employees who've been reading these stories about DOAH, as well as the general public, that we really do have incentives to do things the right way. If we make mistakes, we want to fix them, and if we don't fix them, we understand we will be held accountable, and frankly, we should be. Bonnie, next slide please. Slide five, yes. Although not referenced in Congressman Frost's letter, some lawyers have claimed that do is unfair because Citizens bears the cost to utilize the DOAH forum and so judges must be biased in our favor. That is, frankly a disingenuous and unprofessional narrative that completely ignores the history and practice of DOAH, which is an administrative court system that has operated in Florida for 50 years. DOAH was created by the legislature to resolve disputes for governmental entities all throughout Florida state, you know, local government entities and state entities. It now resolves a myriad of disputes for state and local government like professional license and disciplinary matters, environmental permitting disputes, blasting cases, bid



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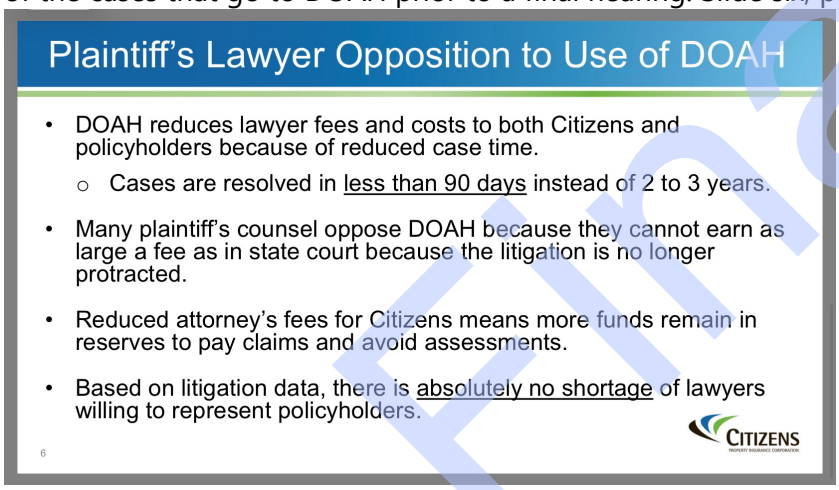
protest, child support, etc. The judges assigned to hear Citizens claims are experts in property insurance issues, and the cost to operate DOAH, throughout its history, has always been paid for by the governmental entities who utilize its services that takes the financial burden off private Citizens who either petition, or they may be petitioning DOAH for relief, or maybe they're required to appear before DOAH. But the whole idea is it's not fair to saddle the taxpayer individually with that cost. Also, Florida law goes a long way to ensure the decisional independence of DOAH by prohibiting any adverse employment actions based upon the decisions they make in any given case. So again, the requirement that Citizens, just like any other governmental entity, pays to utilize DOAH services, is neither a new financial arrangement nor an indicator of bias, and to claim otherwise is just either an innocent or willful ignorance of how this administrative court system has functioned in Florida for decades. And I also think it's important to point out that the Florida Bar Rules of Professional Conduct prohibit lawyers from accusing any judge or arbitrator of bias without any evidence to support the assertion. And unfortunately, this rule of professional conduct does not stop specific lawyers from engaging in that type of behavior in specific cases. Nevertheless, for the most part, what we've seen are the lawyers who have participated in DOAH for the most part, they are professional. They have been hardworking attorneys who would rather have a case, you know, decided on the merits, and we would argue that's why we have been able to resolve 89% of the cases that go to DOAH prior to a final hearing. Slide six, please. Another issue frequently raised is the claim that policyholders are hurt because lawyers won't take their cases if they have to appear at DOAH. The argument is that because the plaintiff's counsel cannot earn as large of a fee as they would in state court, they'll just simply refuse to take the case. The same argument you may recall was made to oppose almost all of the litigation related insurance reform, including the elimination of the One-Way attorney's fee statute. And it is certainly true that DOAH reduces lawyer fees and costs for both Citizens and policyholders alike because litigation can no longer be strung out over two or three years, and that's a good thing. Frankly, the defense lawyers that represent Citizens and other insurers, they usually accept very low hourly rates, counting on higher volume, and it's impacted the lawyers that represent us. But nevertheless, if lawyers choose not to represent their clients before DOAH because it doesn't fit their business model . . . they're obviously free to make that economic business decision, but I will tell you, based on the litigation we've seen, there does not seem to be any shortage of lawyers representing policyholders against Citizens or other property insurers. So, we don't think that is a valid argument. You know, as I've said earlier, I think that the attacks on DOAH are part of a larger strategy to undermine the insurance reforms. You know, we were on the brink of collapse primarily because of excessive fraud and frivolous litigation. 13 companies failed, several others left the state. Insurance rates skyrocketed, and Citizens grew to over 1.4 million policies. Go to Slide Seven please, Bonnie.



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Florida Insurance Reforms Misinformation

- Opposition to the insurance reforms began almost immediately after they were enacted.
- Following the 2024 hurricanes, Citizens was falsely accused of denying 77% of claims.
- 13.2%, not 77%, of claims closed because there was no loss under the policy, including flood only damage.
- False information regarding DOAH is the latest attempt to cast doubt about the insurance reforms.

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The attacks on the reforms began almost immediately. And I want to come back to a point that I mentioned earlier because you're seeing this sort of same pattern after the 2024 storms. Plaintiff lawyers and their proxies circulated just completely inaccurate stories that Citizens denied 77% of the claims arising out of [Hurricane] Debbie, Helene, and Milton. This was absolutely false. It recklessly raised the stress level of our policyholders, and we had to work very, very hard to set the record straight. And I think we did. We reported to the Board, the House, and the Senate that if you examined the cases that were actually closed (because there was a determination on the merits that there was no coverage under a policy, including no coverage because the damage was flood only) the actual figure was about 13.2% and you also may recall our independent auditor, Joe Martins and his office bringing in KPMG, verified those findings because we didn't want to take them for granted. We wanted to make sure we were doing things the right way. But 13.2% is a far cry from the allegation that we denied 77% of the claims. But I will say, in light of that attack, this latest misinformation campaign about DOAH is disappointing, but it comes as no surprise. Slide eight, please. We have seen constitutional challenges to do a model filed in over 100 cases, and that is obviously counsel's right to do it on behalf of their client. So far, only one judge in Tampa has allowed a challenge to proceed, and we will continue to litigate that case. But we do believe that the statute expressly authorizing the resolution of claims through DOAH is constitutional, and we believe it does provide a well-established, impartial and efficient process for resolving the disputes of policyholders who no longer must wait two to three years for a decision on their claim. Slide nine, please. We've talked about this earlier, but you have to consider the outcome of these reforms, the full scope of the reforms championed by the Florida Governor and passed by the legislature, curbed excessive fraud and fraudulent litigation and revitalized the market, bringing it back from the brink. We have had 17 new insurers that are now doing business in Florida. Existing insurers have begun to write more business reinsurance costs. You all have heard that after having the highest rate increases in the country for several years in a row, last year, Florida had the lowest rate increase in the country. About 1% Citizens is forecasting to end

Facts

- Administrative law judges have a critical role in Florida's judicial and regulatory landscape.
- A judge in Tampa has temporarily enjoined Citizens' use of the DOAH process. Although this injunctive relief has been requested by Plaintiff's counsel in hundreds of cases, this is the only case where it's been granted.
- Florida law expressly authorizes the resolution of Citizens claims through arbitration at DOAH. It is constitutional and provides a well-established, impartial process for the resolution of claims.
- Plaintiffs and defendants alike pay less in attorney's fees, resulting savings for both the policyholders and Citizens.
- As the state-created and not-for-profit, insurer of last resort, Citizens has no financial incentive to deny claims.
- Savings from reduced attorney's fees remain in surplus to pay future claims and reduce the chance of an assessment on Floridians who are not even Citizens' customers.

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Success of Florida's Insurance Reforms

- Florida's property insurance market was on the brink of collapse due in large part to excessive fraud and frivolous litigation.
- Championed by Governor DeSantis, Florida Legislature curbed excessive and fraudulent litigation through insurance reforms resulting in:
  - 17 new property insurers doing business in Florida
  - Existing insurers expanding writings
  - Reduced reinsurance costs
  - Florida had the lowest rate increases in the country last year
  - Citizens has a smaller policy count; policies have returned to the private market, which means less exposure for all Floridians.

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2025 with approximately 517,000 policies, which is 37% of the number of policies it had two years ago. All of this clearly indicates that the private market is healthy, can absorb new business, and the reforms are working. But this recovery, although very robust, is fragile, and if we roll back the reforms, we're going to just return to the days of seeing more policies and Citizens and less choice for Floridians and higher premiums throughout the state. I do want to assure this Board and all our Citizens stakeholders that we understand transparency is critical to maintaining the confidence of our policyholders and the public. We are not taking these accusations against DOAH lightly. We're defending ourselves, but we do stand ready to continue to dig into the data, to provide each of you, as well as our appointing authorities, the Governor, the CFO, the House Speaker, and the Senate President with any and all information we have available as you continue to review and monitor the DOAH program and just the insurance reforms in general. I will very quickly talk about some highlights of the market recovery, but that's the portion of my report dedicated to DOAH.

Charlie Lydecker: One of the areas of emphasis here on DOAH (and I agree with the presentation. I really appreciated the presentation) but one of the areas is emphasis on speed of dealing with claim issues. Correct me if I'm not thinking about this right way, largely these are property claims, right?

Tim Cerio: Right.

Charlie Lydecker: And so, first party claims, property claims . . . these aren't liability claims where there's a question of causality. This is a fairly straightforward "there is coverage/there isn't coverage." There may be a question whether, you know, there's a peril involved, wind driven rain versus, you know, another peril that is or is not covered. I get that part of it, but these cases should not be allowed to linger. First off, the claimant has the right to get their repairs done, and, you know, move on with their life. The second thing I just want to comment on is I think it is important to make the distinction that you made in your presentation, and I commend you for it, separating the plaintiffs bar, plaintiff attorneys as a whole, versus sort of the plaintiff attorneys that used to play kind of a little boutique firms that used to play on monetizing the holes that existed in the present, in the system that it used to be prior to reform. That's really the focus. It's not the plaintiff's part, because they play a very important role.

Tim Cerio: Sure.

Charle Lydecker: And to your point, there's plenty of plaintiff attorneys who are advocating on behalf of claimants with, you know, they have claims. But ultimately, if I understood you correctly, out of 124,000 claims, 1% go to DOAH, so 11% of that is the final hearing.

Tim Cerio: That's right So that's data that we've seen so far.

Charlie Lydecker: I thank you for your comments. I was just amplifying simply the speed on property claims. Property claims should be going faster.

Tim Cerio: It's good for the policyholder but, but again, it requires a lot of work on the front end in the DOAH process. And, when you go to (whether it's these other types of cases I mentioned to the other types of cases that DOAH hears) you don't get to sort of kick the can for years, or, you know, an extended

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period of months. You have to do the work at the front end. I think there are a lot of good lawyers that have done that when they go to DOAH, but there are others that show up and they don't offer that. They've not shown up with experts. They've shown up to not offer any evidence. Sometimes they show up and just refuse to put on the case, whether it was intentional or not . . . that is misconduct, and that's what we're seeing. We'd be happy to, you know, if anybody digs into this data, you will see in these final orders when that's happened

Vice Chair Shelton: Tim, the case that the judge in Tampa is considering now or has made a ruling and we're appealing, that case brought on just the merits of what we do – going to DOAH, being constitutional – or was it simply taking it to the next court? My question once we go to DOAH and there's a thing done, we consider it complete and done, but the policyholders are not happy with that decision: "I want to take it to the next court. I want to go to court." So, is that what happened? They obviously weren't happy with the decision, but then amongst that buried in that is that this judge is saying, "Wait, you can't even make my client, this person go to DOAH."

Tim Cerio: I'm going to ask Brian [Newman] to come up because I don't want to mess this up on the procedural posture, and I also want to be careful not to get into the merits, since we're litigating it. But my understanding is that we referred it to DOAH and the lawyer for the policyholder filed a separate case in circuit court and obtained this injunctive relief.

Brian Newman: That's right. The injunctive relief in that case, Governor Shelton, occurred before the actual DOAH hearing,

Tim Cerio: Okay. After the referral, but before the hearing.

Brian Newman: Correct.

Vice Chair Shelton: Okay, I understand that follow-up, if I may, Mr. Chairman. From my perspective—and I'm no attorney—it's not unlike an agreement between a policyholder and Citizens, or any other contract. I consider that elective in nature. If we decide to say, "Okay, if you want to do business with us, or with my business, this is the arrangement we'll have," then you're not under duress to enter into that contract. You can go sign one with someone else. Being no lawyer, it seems very straightforward to me that we should be allowed to include this as part of our policy form: here's how we're going to arbitrate claims or settle disputes. So, I think the judge is probably wrong. For the record, go ahead and say, "Governor Shelton said that", whether Tim said it or not. Hopefully we'll get some relief on appeal. On your points about DOAH, I want to support you there. Our business has had to go before DOAH twice in recent years. The first time, I felt we had to go there just to get to the next step. Based on the facts, I didn't think we'd be successful—and we weren't. The administrative judge ruled against us. The next time, we brought a rule challenge where we were 100% confident, we were right, and the Division of Pari-Mutuel Wagering was absolutely wrong. They lost, and the judge ruled in our favor. From personal experience, I've seen DOAH work. To question the integrity of its judges doesn't seem fair. A lot of people don't let the facts get in the way of a good story, and I think that's what we're seeing here. I appreciate you raising this, but to be critical of judges who've done the right thing for years—if there's malpractice or ethical issues, then yes, they should be punished—but I think DOAH does a good job. I hope we can get back there because

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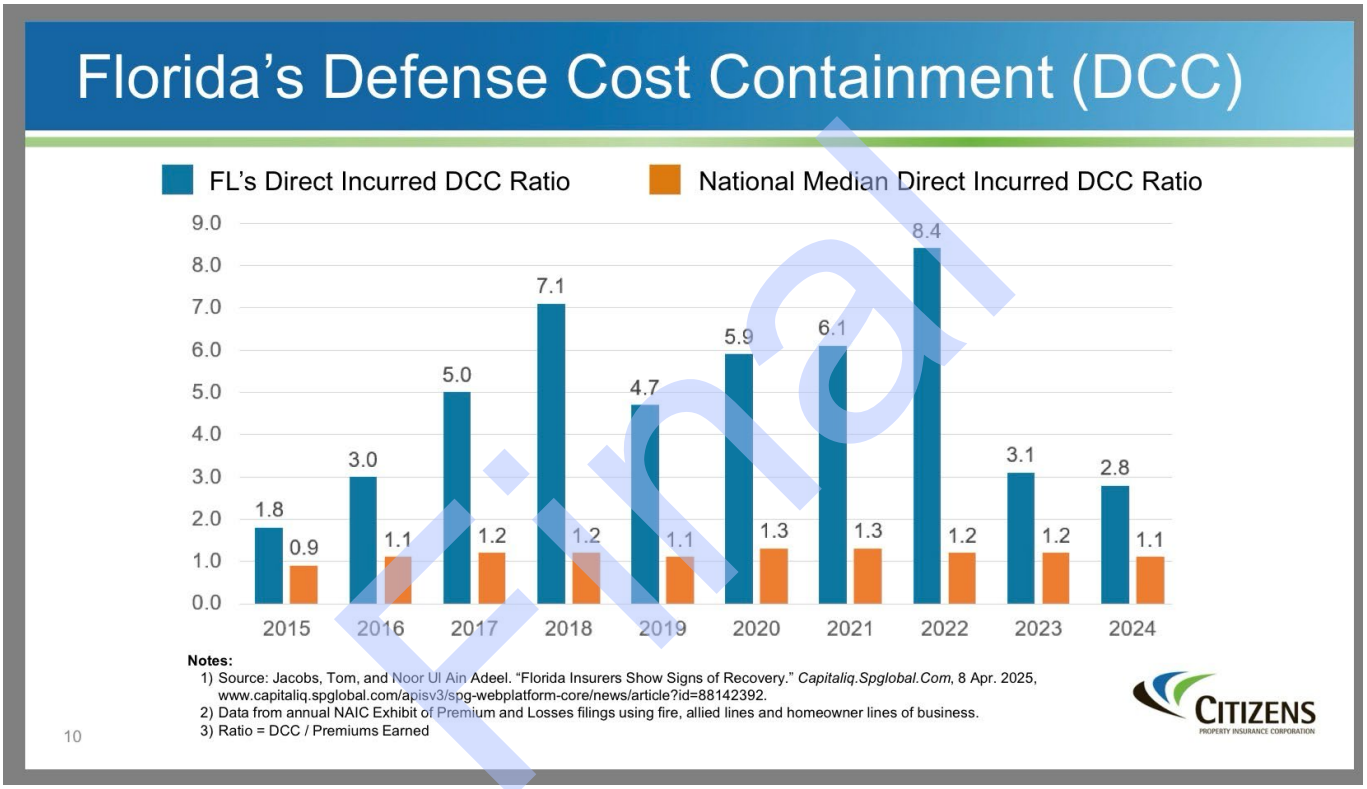
we don't want to go back to where we were before. That's the wrong direction. So, I appreciate you bringing this forward today. That concludes my comments and questions. Thank you, Mr. Chairman.

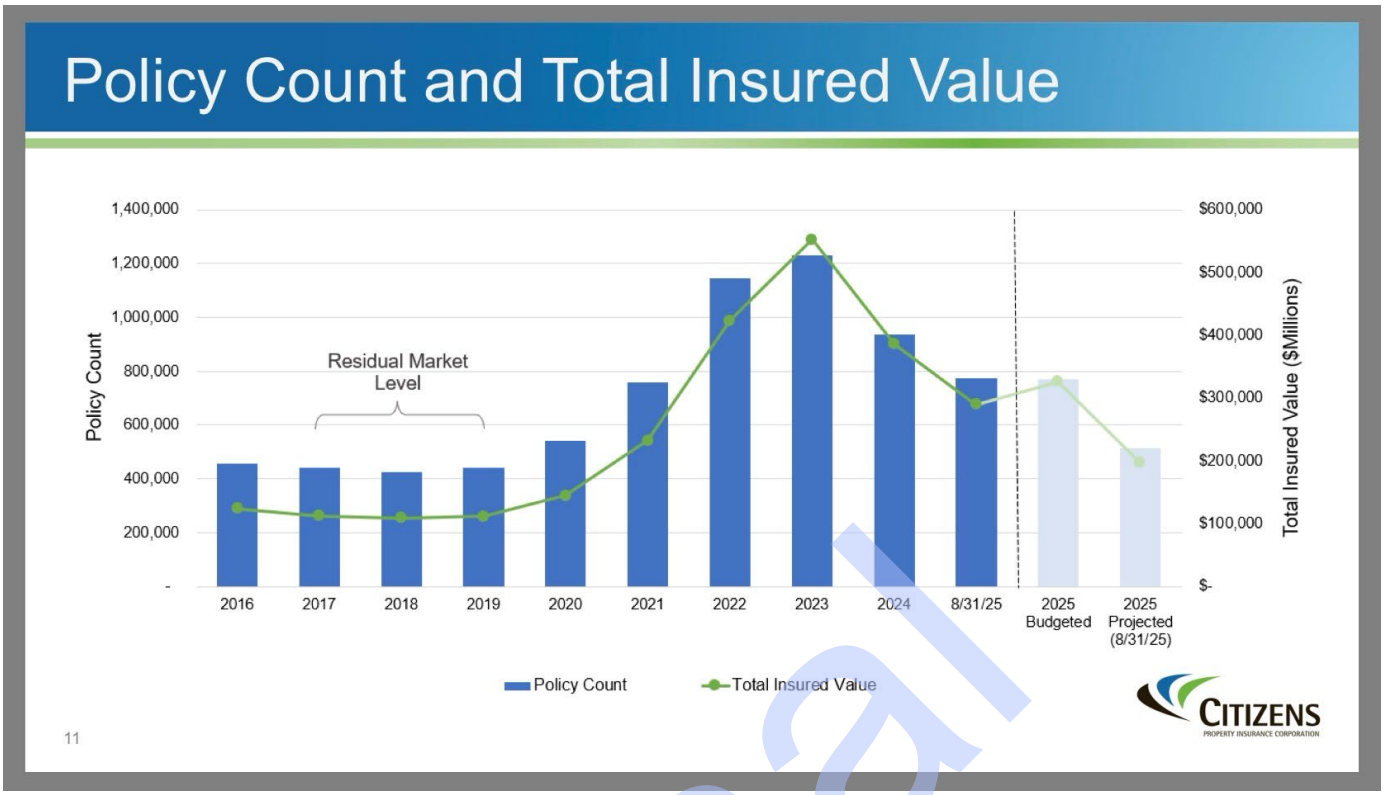
Tim Cerio: Thank you, Governor Shelton. I would just say again, I don't use the word "malpractice" lightly. Maybe I'm wrong, but people should be careful what they ask for. If folks start digging into these cases, they're going to be shocked at some of the behavior—not of the judges, but of the litigants and counsel.

Chair Beruff: Are we done?

Tim Cerio: Real quickly, I'm going to breeze through some good data, Mr. Chairman.



Slide 10 — This is a graph of Defense and Cost Containment (DCC) expenses for Florida compared to the nation. Florida's ratio was at its highest in 2022, well above the rest of the country. The national median was 1.2%. We've seen a swift decline in these ratios in 2023, and even lower in 2024, due to the successful results of the legislative changes curbing excessive litigation. Things continue to move in a positive direction.



Slide 11 — Historical policy count. At the end of August, we had over 772,000 policies and almost $290 billion in insured value. We're forecasting to end 2025 with about 516,000–517,000 policies and $196 billion in total exposure. The difference between what we originally budgeted for 2025, and the updated forecast is about 33%—or 254,000 fewer policies—thanks to a recovering market.

Citizens' Progress

	Data as of August 31, 2024	Data as of August 31, 2025	Percent Change
Policies Inforce	1,250,791	771,916	(38%)
Total Exposure	$529,851,938,409	$289,782,512,936	(45%)
Total Premium	$4,409,205,875	$2,466,053,200	(44%)

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Slide 12 — This gives a snapshot of the progress that's been accomplished: reducing our exposure and moving policies back into the private market. Comparing our current August data to last year's, you can see policy count, total exposure, and total premium have all decreased significantly. From August to August, we've seen a 38% decline in policy count; a 45% decrease in total exposure, and a 44% decrease in total premiums. Very, very strong results. Slide 12 — Historical depopulation. Last year, we said it was the most successful depopulation we'd ever had, with 478,000 policies taken out of Citizens. This year, we think we're going to hit 460,000. Combined, that's about 938,000 policies taken out of Citizens in 2024 and 2025. Those policyholders found a home in the private market, and that's less exposure for the rest of Florida.

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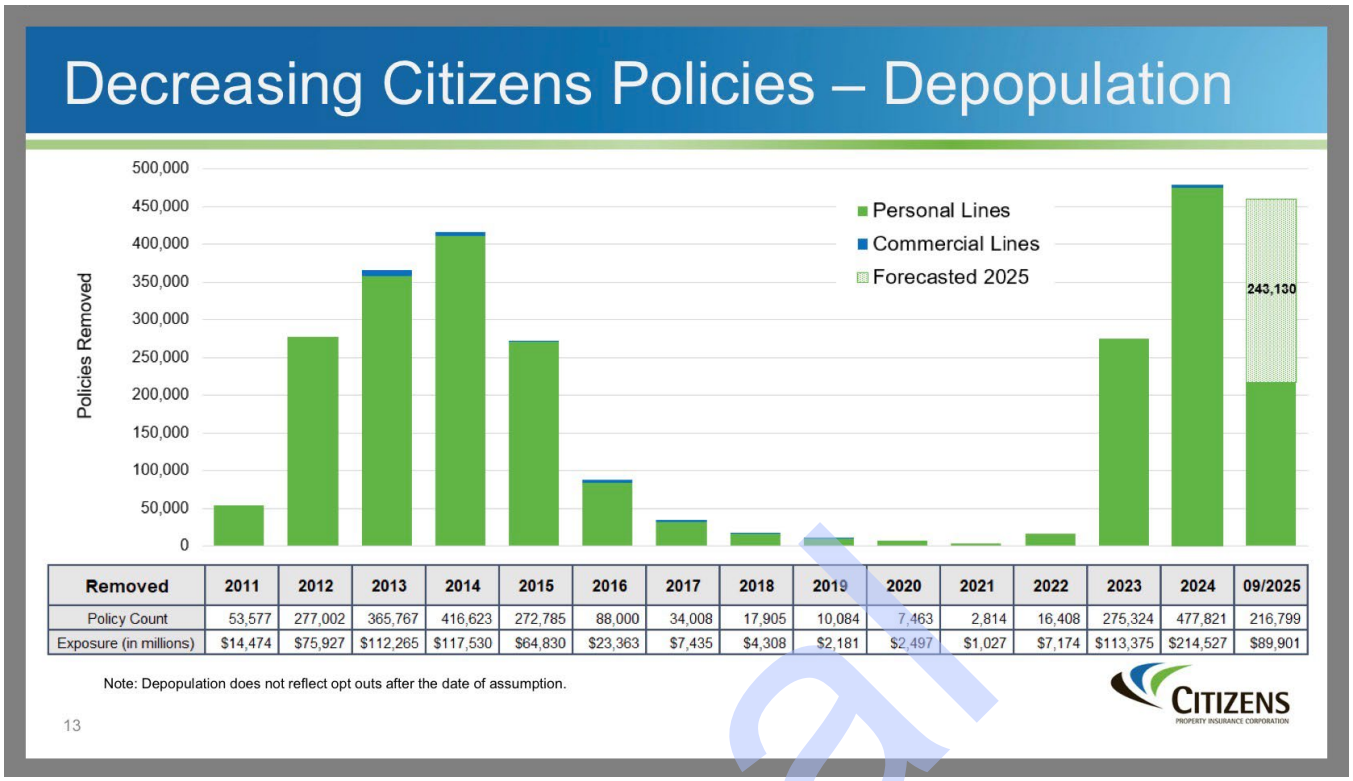
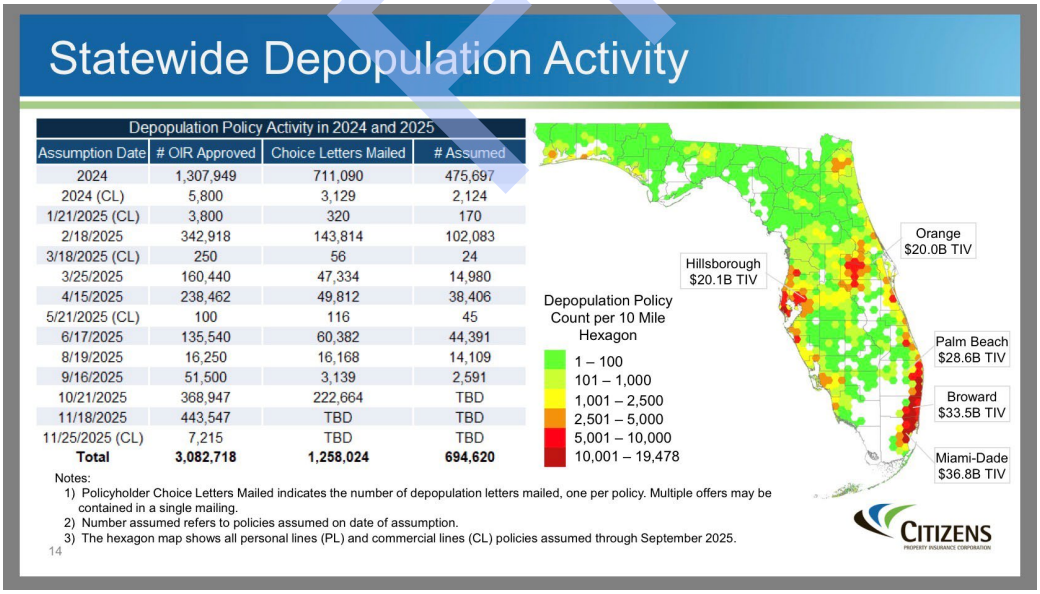


Removed	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	09/2025
Policy Count	53,577	277,002	365,767	416,623	272,785	88,000	34,008	17,905	10,084	7,463	2,814	16,408	275,324	477,821	216,799
Exposure (in millions)	$14,474	$75,927	$112,265	$117,530	$64,830	$23,363	$7,435	$4,308	$2,181	$2,497	$1,027	$7,174	$113,375	$214,527	$89,901

Slide 13 — You've seen this slide before. The map shows that policies are being removed from across the state. The takeouts are very widespread, but the top five counties are Miami-Dade, Broward, Palm Beach, Orange, and Hillsborough. As I've said before, the depopulation market used to avoid these areas because they were hotbeds of litigation. But because of the reforms, companies are going into these areas. Litigation concerns are just not what they used to be.



Depopulation Policy Activity in 2024 and 2025			
Assumption Date	# OIR Approved	Choice Letters Mailed	# Assumed
2024	1,307,949	711,090	475,697
2024 (CL)	5,800	3,129	2,124
1/21/2025 (CL)	3,800	320	170
2/18/2025	342,918	143,814	102,083
3/18/2025 (CL)	250	56	24
3/25/2025	160,440	47,334	14,980
4/15/2025	238,462	49,812	38,406
5/21/2025 (CL)	100	116	45
6/17/2025	135,540	60,382	44,391
8/19/2025	16,250	16,168	14,109
9/16/2025	51,500	3,139	2,591
10/21/2025	368,947	222,664	TBD
11/18/2025	443,547	TBD	TBD
11/25/2025 (CL)	7,215	TBD	TBD
Total	**3,082,718**	**1,258,024**	**694,620**

Slide 14 — New business. As you've heard from prior reports, the rate of new business is down. It's declined significantly since 2024. We're forecasting just over 178,000 new policies coming into Citizens in 2025. Again, policies are finding a home in the private market.

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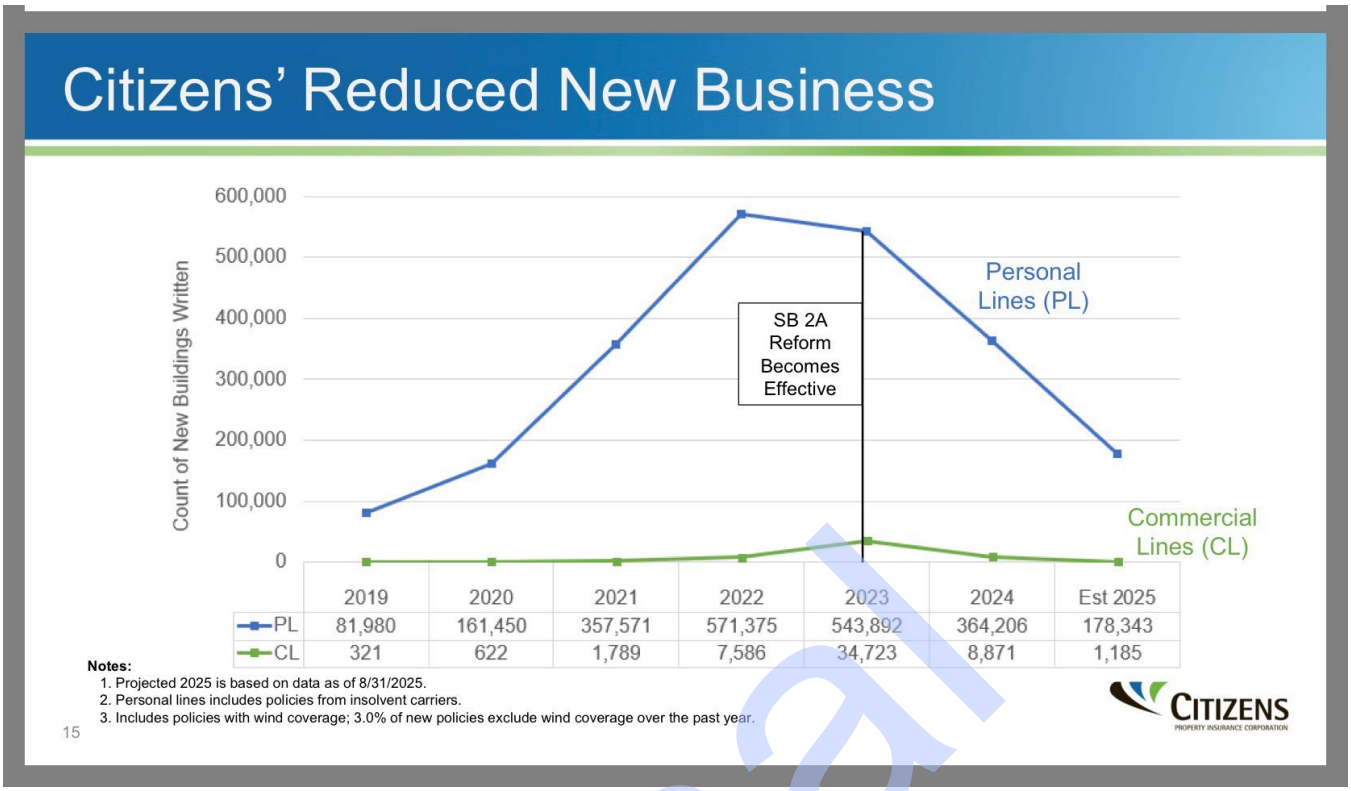

Slide 15 — Best news for last. At our high point, Citizens had about 17% of the market. In the third quarter of 2023, we were at 17%. Now we're down to 7%. Citizens now holds only 7% of the entire property insurance market in Florida. That's really good news: less risk of assessments for both Citizens and non-Citizens policyholders, and a reflection of the overall health of the insurance market.

Chair Beruff: Great!

Tim Cerio: That is my report.

Charlie Lydecker: I think those are amazing comments. I would only add—and amplify—the fact that we talked about, you talked about, the lack of incentives for Citizens to do anything other than what's right and fair on behalf of Florida taxpayers and consumers in Citizens. The difference now is with a piece of the plaintiff's bar that played games in this marketplace. Their incentive has been taken away. Their financial incentive to delay, to play, to do all these things—it's gone. And suddenly, you see they're not abusing the system any longer either. So, I appreciate that. The final comment—and this isn't for us here, but I'll share it in the spirit of your ability to communicate with our chief regulator for the insurance industry, and regulators in general in the state of Florida—is this: as we depopulate, and I think we're doing the right thing, that means there are insurance companies and startup companies now in the risk-bearing business. They're interfacing with Florida taxpayers and consumers. So, I actually think the more we depopulate, the more pressure falls on the regulators of the insurance industry in this state. And I hope they're reacting with the same level of commitment that you and your team are showing—and that they're prepared to make sure private sector insurance carriers' feet are held to the same standards that yours and your team's feet have been held to.

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Tim Cerio: Thank you, Governor Lydecker. I'd say it's pretty apparent to me that the Office of Insurance Regulation (OIR) Commissioner Yaworsky and his team have done a very good job vetting these companies. Obviously, we're very concerned if a new company comes in, takes a bunch of policies out, and then goes under. That's not good for Citizens, but more importantly, it's not good or fair for the policyholder. But OIR has done a very good job, in our view, of vetting new companies. And you've seen some fines handed out. I think that's part of the exchange, right? That's part of the exchange for tort reform: the regulator has more teeth and needs to hold insurers accountable. In return for relief from tort reform, the regulator now has more teeth to enforce the market—rather than having a cottage industry of plaintiff's lawyers, who've abused the process in the past, acting as the tool of enforcement. Because that's usually an unfair one. I think we're seeing good things on the regulatory side as well from OIR.

Chair Beruff: Any comments or questions? Thank you, Mr. Cerio.

Tim Cerio: Thank you, Mr. Chairman.

3. Chief Financial Officer Report

Chair Beruff: Ms. Montero, any surprises since your [Finance and Investment] Committee report?

Jennifer Montero: No, I have no updates since the committee.

Chair Beruff: Unless there's a question, we can move on.

4. Chief Insurance Officer Report

Chair Beruff: Mr. Adams?

Jay Adams: No comments.

5. Chief Administration Officer Report

Chair Beruff: We have Mr. Pope, and we have Mr. Newell. How are you, Mr. Newell? Come on up.

Market Accountability Advisory Committee (MAAC) Update

Dave Newell: Good morning. For the record, Dave Newell, Chair of the Market Accountability Advisory Committee. We held our meeting on Wednesday, September 17. Stephen Mostella spoke for Jay Adams to give us a market update report, and he shared much of the same news you've received today—both at the committee level and at the Board level—about depopulation success, private market activity, and rates in the private market. Jeremy Pope provided the committee with a report on policy projections, and today's news looks even better than what we had a couple of weeks ago. At that time, depopulation activity had removed 214,000 policies, reducing Citizens' exposure by $89 billion. Based on today's update, that number is even higher because of additional recent activity. Carl Rockman updated the committee on the Clearinghouse and Renewal Clearinghouse. To your point, Governor Lydecker, a lot of

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information is being sent out to agents around this process. Educational efforts include webinars and other meetings to help agents understand how the process works. Kudos to Carl and his team for continuing that as changes roll out. Regarding Renewal Clearinghouse: nine agencies are currently in a pilot program. Citizens hopes to expand that to all agents by year-end, moving beyond the pilot. Carl and his team also briefed the committee on binding violations and late submissions. These remain heavily managed by Citizens' team and their agency performance review staff, and they're making some changes there. The committee asked many questions about what those changes look like and the consequences. Everyone felt comfortable with moving them forward, and they're now in the adoption process with a timeline. Hopefully, by year's end—or early January—all of those changes regarding late submissions and binding violations will be in place. With that, Mr. Chairman, that concludes my report.

Chair Beruff: Thank you. Mr. Newell, thank you very much. Mr. Gavvala?

6. Chief Information Officer Report

Aditya Gavvala: Good morning, Mr. Chairman and Governors. My update today will be very brief. On September 9, at the Information Systems Advisory Committee (ISAC), we presented the strategic plan for key IT strategies. We shared some of the accomplishments, including operational efficiency gains, productivity improvements, and cost savings, and received appreciation for that work. We also presented two consent items, both of which have been included in the consent agenda this morning. That concludes my report. I'm happy to take any questions.

Chair Beruff: Thank you, sir.

7. Chief of Internal Audit Report

Chair Beruff: Thank you, Mr. Martins. There's nothing new to report from your committee. All right, that closes the agenda down.

New Business

Chair Beruff: We have new business. We have two speakers that have signed up.

Barbara Walker: Yes, Chairman, I believe they stepped outside. Let me go get them.

Chair Beruff: If Mr. Altieri would like to come to the front first to speak for three minutes.

Frank Altieri: Thank you, Board, for listening to me for a few minutes. My name is Frank Altieri, a 20-year, second-generation veteran public adjuster. I'm the incoming president of the Florida Association of Public Insurance Adjusters, representing hundreds—if not thousands—of licensed public adjusters across the state. My father was the founding president of the association, which was established in 1992. The public adjusting profession is over 100 years old, 70 years in Florida, licensed in 46 states, the Caribbean islands, and Puerto Rico. We are deeply concerned with Citizens' decision to change the longstanding practice of payment by eliminating public adjusters as additional payees on insurance checks. This isn't just about

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our own protection for services performed, it's about the unintended negative consequences it creates for policyholders. The public adjuster assignment allows the policyholder to receive services on a contingency fee basis, rather than hourly fees and retainers. That means policyholders don't come out of pocket for services until they have their claim settlement in hand. They get to see results before paying. It's a true policyholder protection. The assignment gives Floridians of all socioeconomic backgrounds the ability to afford professional claims assistance—without turning to litigation as their only option. As Florida's largest and most influential insurer, Citizens sets precedent that others will follow. Eliminating this practice leaves policyholders extremely vulnerable and without proper recourse. For decades, in Florida and across the U.S., public adjusters have been listed as additional payees through their fee assignment. This is an accepted, standard business practice, and we respectfully request its continuation at this time. Thank you. I'm happy to take any questions.

Charlie Lydecker: Are we hearing two sets of comments on this? Just three minutes? Oh, okay. I do have a comment or question, but I'll wait until after the second presentation.

Chair Beruff: Thank you. Is it the same topic?

Mr. Zachum: Yes, sir. I'm counsel for the association. Briefly, our ask is simply to continue the longstanding practice that's been in effect in jurisdictions throughout the U.S. We heard some important information from President Cerio, and I'd ask you to consider this: one of the most important numbers he highlighted—about gathering information properly for the insured and the insurer so claims can be resolved swiftly—depends in part on public adjusters being able to represent individuals. If that representation is frustrated, it could skew those numbers and delay settlements. Many policyholders are not as sophisticated as others. Having representation helps them understand the process, provide information to the desk adjuster, and reach a fair number quickly. That's something Citizens has relied on to expedite claims and move in the right direction. I won't repeat what our incoming president said—he's the industry expert, multi-generational—but if you have questions, we'd be happy to answer and work with you in the future on policies that may address these issues.

Charlie Lydecker: Thank you. Now, just because I'm in the insurance business, I'll say I'm not familiar with the specific issues you're raising. If the conclusion is that there should be more conversation with the Citizens team, I'm open to that. I'm not trying to close that off. But for Mr. Altieri and Mr. Zachum—I just saw, in fact, last week—that the Office of Insurance Regulation issued fines against public adjusters. Am I right about that? I think it occurred in the last week. Regardless, my comment is this: If it's anything like the independent insurance agency system, my suspicion is that you represent the cream of the crop in your industry—by virtue of the pride you take. In Mr. Altieri's case, with reference to your dad and the history, that shows. But like any organization, you probably have folks in the public adjusting arena you wish wouldn't do some of the things they do. We face that in the independent agency world, too. If I have a criticism, it's that associations must hold those players to account, because they hurt all of us who are trying to do the right thing. I suspect you live in a similar world. So, if there's a conversation going forward with Citizens on the issues you raised, that's what I'll be listening for. Because I do know there's another side to some of these stories. I understand and grant that public adjusters can play an important role for consumers, especially claimants who are less knowledgeable or aren't getting a fair response from an insurer's claims process. But I also think abuse occurs. That goes back to the earlier conversations you

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heard about tort reform. So, I raise this at a high level to say that I'm open to hearing more. But that's where I'll be listening to how that's addressed.

Chair Beruff: One minute. Mr. Zachum.

Mr. Zachum: Thank you, and I'll probably take less than that. If there are public adjusters in our industry who are not following the law or doing things improperly, we take it very seriously. We're one of the top groups working to educate our constituents and make sure they're doing things properly. We often end up working with the regulator to address those cases. The case you're referring to—I don't know the specifics—but we may have even reported it ourselves. We do have direct lines to the regulator and turn matters over to them when needed. If you're aware of any issues, we'd appreciate it if you would tell us, because we don't want those things happening. Of course, humans are involved, and some do things we don't agree with—just as President Cerio mentioned earlier with litigators. But I would tell you, the vast majority of our folks, and the ones I've interacted with, take the law very seriously and strive to work with the highest level of integrity.

Chair Beruff: Any comments or questions? Thank you for your time. I think the Board will entertain a motion to adjourn. I think we're done. We're out of here. Thank you very much. See you.

[meeting adjourned]

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