Prior Board of Governors Meeting Minutes

Summary	Review of the June 23, 2026, Board of Governors Meeting Minutes to provide opportunity for corrections and historical accuracy.			
Approval Type	☐	**New Initiative**	☐	**Amending Ongoing Contract**
	☐	**Replacing Expiring Contract**	☒	**Other (Explain in Summary)**
Awarded Vendor(s)	N/A			
Contract Term Length	N/A			
Contract Estimated Spend	N/A			
Procurement Method	☐	**Competitive Solicitation**	☐	**Single Source**
	☐	**DMS Approved Contract**	☐	**Emergency Procurement**
	☐	**Statutory Exemption**	☒	**Other (Explain in Summary)**
Committee Consent	N/A			
Board Consent	Prior Board of Governors Meeting Minutes Staff recommends the Board of Governors review and approve the June 23, 2026, Special Board of Governors meeting minutes.			
Executive Sponsor(s)	Tim Cerio, President/CEO and Executive Director Barbara Walker, Senior Executive Assistant and Board Secretary			

CITIZENS PROPERTY INSURANCE CORPORATION

DRAFT MINUTES OF THE
BOARD OF GOVERNORS MEETING
Wednesday, June 23, 2026

The Board of Governors (Board) of Citizens Property Insurance Corporation (Citizens) convened via Zoom on Wednesday, June 23, 2026, immediately following the Audit and Finance & Investment 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
Robert Spottswood
Frank White

The following Citizens' staff members were present:

Tim Cerio	Brian Newman
Jennifer Montero	Ken Tinkham
Aditya Gavvala	Stephen Mostella
Jay Adams	Sarai Roszelle
Jeremy Pope	Adam Marmelstein
Joe Martins	Carl Rockman
Brian Donovan	Bonnie Gilliland
Barbara Walker	

The following people were present:

Kapil Bhatia - Raymond James
Dave Newell – FAIA
Matt Church
Sam Wishard

Call Meeting to Order

Barbara Walker: Good morning. You are dialed into the Citizens Property Insurance Board of Governors meeting, scheduled to convene immediately following the Finance and Investment Committee meeting.

Chair Beruff, as we have no speaker requests for today, I'll proceed with the official roll call.

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

1. Chairman's Report

Action Item: Approve Consent Agenda Items

Chair Beruff: Thank you. Let's proceed with the consent agenda items, which include the board minutes, business insurance agent, appraisal, and security officer services. Those are all consent agenda, I'll entertain a motion to move forward with consent agenda, unless a governor would like to take something off for specific discussion.

Tim Cerio: Chairman, Barbara's got some info for you,

Barbara Walker: Chairman. I was under the impression, and I may be confused, but I was under the impression that both "C. Appraisal and Alternative Dispute Resolution" and "D. Security Officer Services" were pulled from the agenda to reappear at a future date.

Chair Beruff: That is correct, so we're going to be moving on items A and B and moving C and D for to another date.

Barbara Walker: Yes, sir.

Chair Beruff: So, do I have revised consent agenda?

A motion was made and seconded to approve the following consent agenda items:

A. **Prior Board Meeting Minutes: March 4, 2026**
B. **Business Insurance Agent of Record**

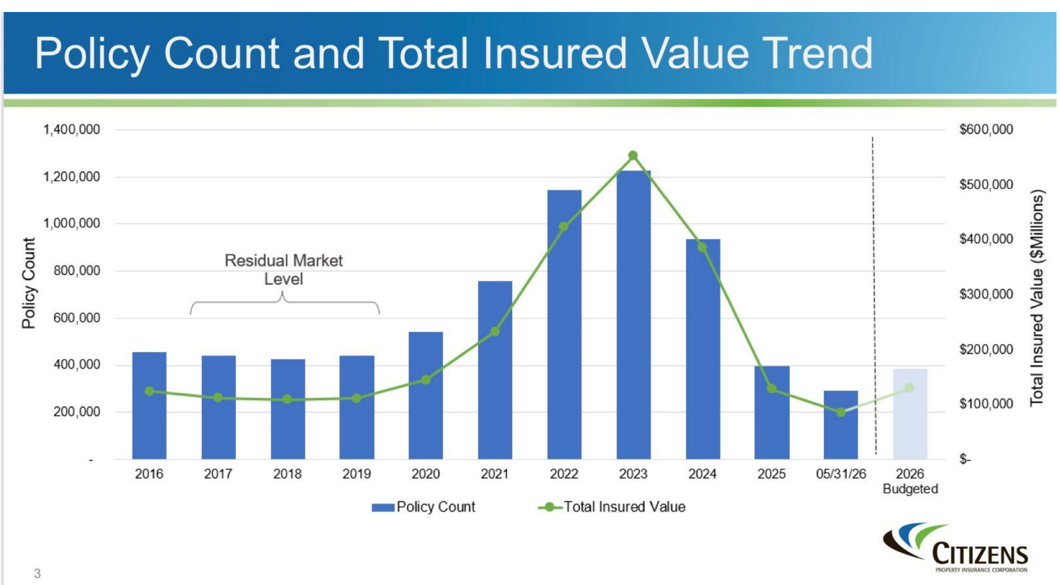
All were in favor. Motion carries.

Chair Beruff: Thank you for that correction, Barbara. Mr Cerio, go ahead.

2. President's Report

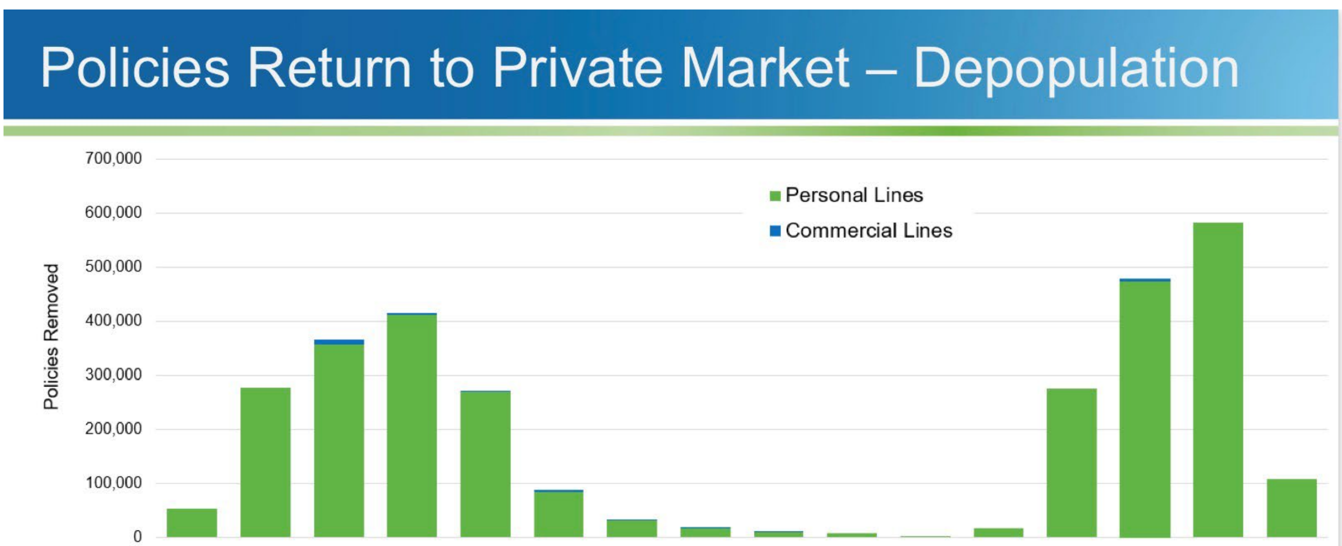
Tim Cerio: Mr. Chairman, thank you. Members of the Board, it's great to be with you all this morning. I've just got some data to update you on, and for the most part, I think all of it is pretty good news. I'll go through it rapidly. Next slide, please, Bonnie. This slide shows the one-in-100-year probable maximum loss (PML) trend since 2011. As you all know, the PML is the level of loss that has a 1% chance of being equaled or exceeded in any given year. For May 31, 2026, on this graph, this means there was a 1% chance that losses would exceed $4.8 billion. Now, when you compare these PMLs annually, it's important to note that the prior years have not been adjusted for inflation, especially construction and demand surge inflation, which changes the severity of the loss over time. Construction costs rise each year. That same storm would now cost significantly more to repair. So, in other words, all of the years prior to 2025, the PMLs would be higher given this consideration. So, it seems that we are really at an all-time low for PML for Citizens Property Insurance, which is great news and, again, attributable to the reforms and the smaller policies-in-force count. Without any adjustments to the historical data, Citizens' highest one-in-100-year PML since 2011 was $23 billion, and the lowest was in 2018 and 2019 at around $3.9 billion. Again, that's not adjusted, and we are now slightly below $4.8 billion using the May data. So, good news.

Next slide, please. Policy count and total insured value (TIV) showing the trend. This is the historical policy count and TIV for our book, along with the budgeted projection for year-end. As Jennifer [Montero] and I were just discussing, as of last Friday, we have 279,000 policies and



$80 billion in TIV. Again, I believe that's an all-time low. The smallest was, I think, around 478,000 policies in 2018. This graph really shows how successful the reforms have been as the market has strengthened and stabilized. We are continuing to see depopulation, and we always want to monitor the return of policies to Citizens. When are we going to start to grow? We kind of thought we already would have. I think that rate of return is still around, or slightly under, 2%. I just want to get this out there. If history is any indicator, we would expect that sometime over the next 18 months, we've got to start to see that policies-in-force count start to creep up. I think the Insurance Commissioner has talked about that. We're going to see that. That's just the market sort of stabilizing after the depopulation. It always happens. Yes, but we haven't seen it yet. We do need to be vigilant, and we will continue as staff to be vigilant, to monitor that, and let you all know once we think it's a natural occurrence. We will let you know once we see those numbers creep up. Again, with the reforms, what we think we're going to see is, instead of a drastic increase, if the market really turned south at some point, those increases and decreases would be more gradual. They wouldn't be as drastic, and that's good news for consumers.

Slide four, please. This graph shows the historical depopulation. These are the annual counts and exposure that were removed through depopulation. Combining the data from 2023 to the present, which again is after the legislative reforms, we've had over 1.4 million policies depopulate and just over $600 billion of exposure returned to the private market.



Removed	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	06/2026
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	585,432	109,161
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	$235,637	$38,204

Note: Depopulation does not reflect opt outs after the date of assumption.

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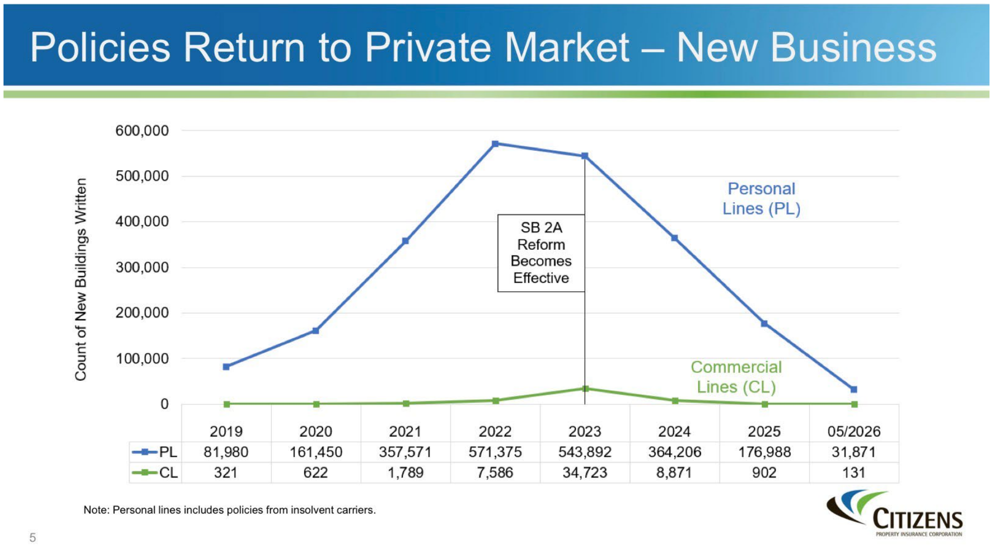
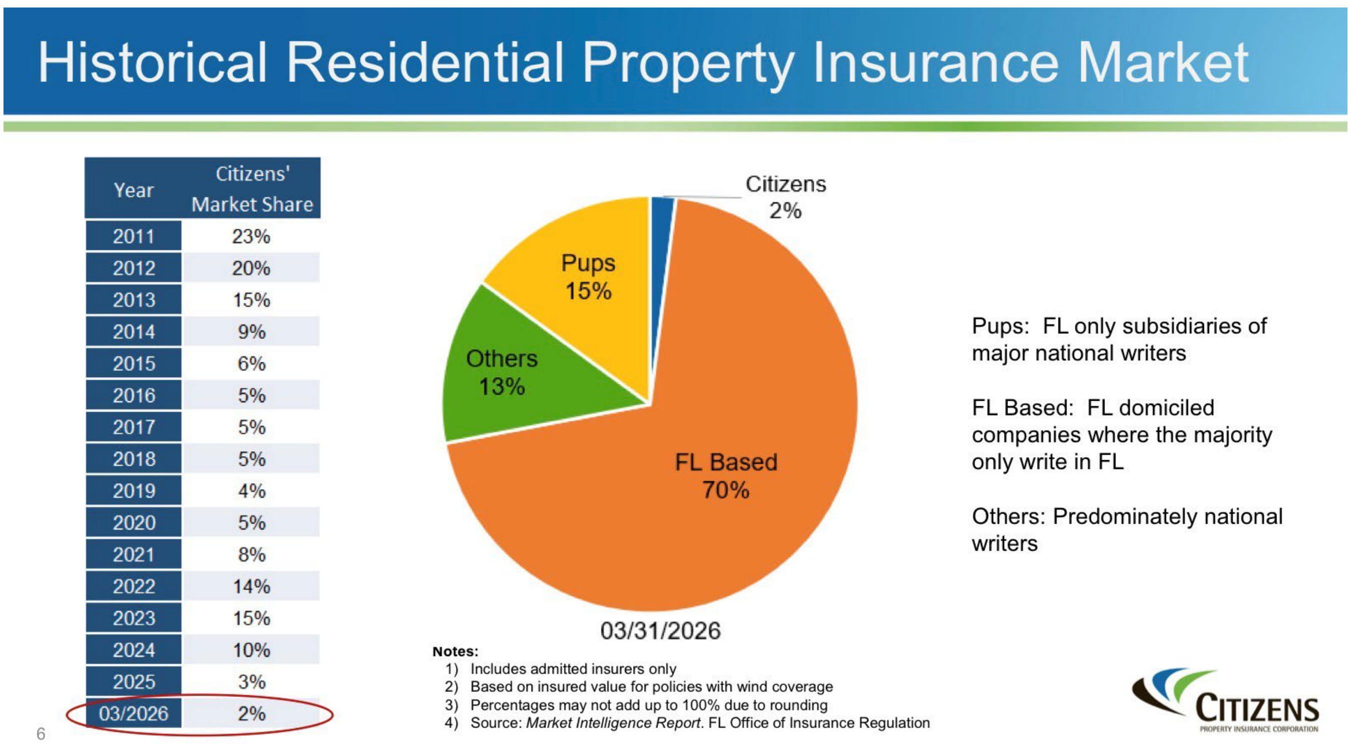


Slide five. This is our annual new business trend, going back to 2019. The rate of new business coming into Citizens continues to decline. We're forecasting just under 113,000 new policies coming in during 2026. This is really good news. It's related to market stabilization. Fewer policies coming into Citizens as new business means these policies are simply finding a home in the private market, and it's confirmation of a healthy market.



Slide six, please. This table shows the historical residential property insurance market share for Citizens. I mean, the number speaks for itself. We are now at 2%, which is another historical low. I think since I've been here, the highest we were at, when our policy count shot up to that 1.4 million number, was about 17% of the market. But we're back down, and below where we've ever been. We're at 2%.

Next slide. Litigation rates and associated costs have been steadily declining in recent years. The decreases are directly linked to Senate Bill 2A (SB 2A), which eliminated assignment of benefits (AOB) and one-way attorneys' fees for non-catastrophic (non-CAT) claims, or non-hurricane claims. Citizens' litigation rate for claims that occurred in 2022 was about 15.1%. That is, for every 100 non-CAT personal lines claims that occurred in 2022, around 15 went to litigation. SB 2A was passed at the end of 2022 and went into effect in 2023. Since then, litigation for non-CAT claims has declined each year, and in 2025, the projected ultimate litigation rate, we're still working on the numbers, is around 5%, or about one-third of what it was prior to the passage of SB 2A. In addition to the declining rate of litigation, Citizens has also experienced a reduction in costs associated with litigated claims. Regarding indemnity severity, the actual claim amount for litigated claims from 2022 was around $32,000. The projected severity of litigated claims for 2025 is around $18,000, or 43% lower than in 2022. It should be noted, also, that the use of the Division of Administrative Hearings (DOAH), sending cases to DOAH for arbitration resolution, is still in its infancy, but it's clearly helping to reduce litigation costs. In the years since SB 2A went into effect, Citizens has experienced a reduction in both the percentage of non-CAT claims that are litigated and the costs associated with those claims. This reduction in cost is, frankly, what led the way for Citizens to recommend lowering its rates for the first time in over 10 years.

Evolution of Litigation

Projected Litigation Percentage
Personal Residential Non-Catastrophe Claims as of 12/31/2025

Accident Year	Average In-force Policy Count	Reported Claim Count	Developed Litigated Claim Count	Claim Frequency	% of Claims with Litigation	Litigated Severity	Non-Litigated Severity
	(1)	(2)	(3)	(4)=(2)/(1)	(5)=(3)/(2)	(6)	(7)
2018	429,087	18,493	3,432	4.3%	18.6%	$39,200	$8,169
2019	416,800	18,730	3,208	4.5%	17.1%	$33,284	$8,301
2020	473,042	23,703	4,255	5.0%	18.0%	$32,118	$8,404
2021	625,645	29,294	4,944	4.7%	16.9%	$31,740	$10,129
2022	931,781	43,059	6,507	4.6%	15.1%	$32,265	$11,446
2023	1,265,614	52,956	5,452	4.2%	10.3%	$32,544	$12,252
2024	1,150,322	41,556	2,740	3.6%	6.6%	$27,518	$11,965
2025	742,197	25,095	1,257	3.4%	5.0%	$18,318	$10,703

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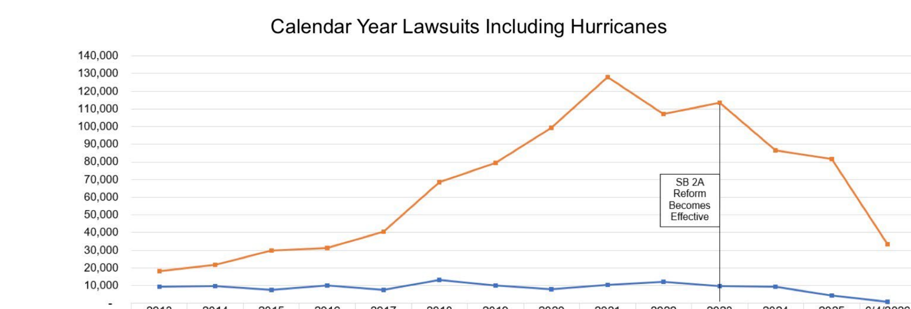
Litigation Results – Citizens and Industry



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	6/4/2026
All Other Companies	18,077	21,856	29,811	31,326	40,668	68,458	79,367	99,220	127,975	107,113	113,552	86,618	81,736	33,444
Citizens	9,146	9,525	7,653	10,061	7,624	13,363	9,849	7,853	10,370	12,232	9,715	9,196	4,353	735

Source: "Service of Process Reports" (LSOP Reports), Florida Department of Financial Services

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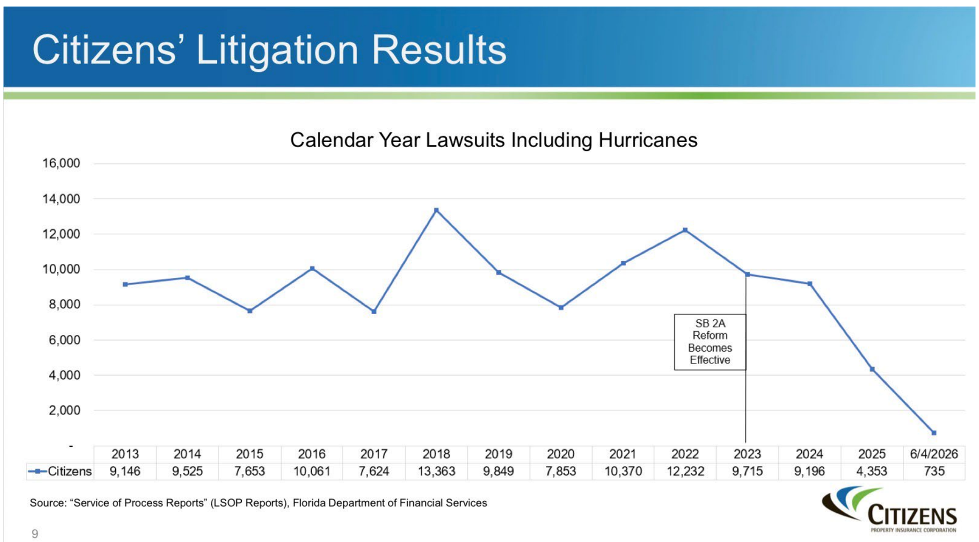
Slide eight, please. This slide shows the calendar year for lawsuits in the industry, for Citizens, and separately. The data also includes hurricane lawsuits. It's both non-CAT and CAT. The data is based on the calendar year in which the lawsuit was filed, not when the loss occurred. So, for example, a lawsuit related to Hurricane Milton that was filed in 2025 would not be in the 2024 data, when Milton made landfall, but in the 2025 data. So, depending on what you're looking at, the trends can be somewhat distorted. Nevertheless, the results are trending in a very positive direction in terms of new claims entering litigation. The litigation and AOB reforms have made a significant impact. If you compare the year-end data for 2023, after the reforms were effective, to the year-end data for 2025, the industry experienced a 28% decrease in lawsuits, and Citizens' decrease was around 55%. Again, that's why the industry, as well as Citizens, has been able to provide rate decreases to consumers.



Slide nine, please. This slide is more of a close-up. It shows the calendar year lawsuits for just Citizens. It's the same data as the prior slide, just more of a zoom-in, and you can really see the dramatic decrease we've experienced since SB 2A went into effect. Mr. Chairman, I can take questions, but also, as part of my report, we wanted to have a follow-up discussion with you. We spent some time in Monroe County. Our previous Board meeting was in Monroe County, and obviously your team has spent a lot of time down there meeting with leadership and Governor Spottswood. You know, if you'd like to comment on that, you've been a part of these discussions with stakeholders and elected leadership down there, just trying to come up with solutions. Even if the solutions were not necessarily in our toolbox, we were helping the stakeholders in Monroe County make connections with other state leaders and folks involved in rate setting and hurricane modeling, things of that nature, just to help facilitate a dialogue and possible resolution. So, the follow-up to that, Mr. Chairman, was that Brian Donovan, our Chief Actuary, was going to provide some comments.

Jamie Shelton: Thank you, Tim. One question and one comment. Going back a couple of slides, you don't have to go back, but you mentioned DOAH. I think we obviously know that was a good thing put in place. It's going to save us lots of dollars. Am I forgetting something? Am I mistaken? Was there a pause in us being able to go to DOAH? Has that been resolved, or am I just making that up?

Chair Beruff: No, there was a litigation pause that was overcome, and we won that case, so we could go back to DOAH. DOAH is functioning well, I think. Mr. Donovan can speak to that particular issue. At the end of the day, you were right. There was a pause that we overcame. Unless, Mr. Cerio, there's another pause I'm unaware of.

Tim Cerio: You're absolutely right, Mr. Chair. We think it was paused, but I think we've been referring cases again since November or December 2025.

Jamie Shelton: So, I missed that last Board meeting. I apologize for wasting time there. I thought we were still on pause. The second thing, you mentioned not getting these policies back and kind of being surprised at that. You've been through more history than I have, but, to me, one of the things that looks very simple, maybe I'm wrong, we're not getting any policies back, but let's look at it. We haven't had any storms. These guys are still taking on policies and just making bank, and we know that they have. I think the last storms we had were in 2024. We had three, and a couple of them were all flood claims. There may have been one that had some wind damage, but we were really only one year into taking those policies back. So, some of them may start coming back to us, but as long as they skate another year, I don't see them coming back because they're just collecting premiums and making bank. Anyway, I say that only to say, if I'm wrong, or that doesn't make sense, then correct me. Otherwise, I just wanted to point that out.

Chair Beruff: Thank you, Governor Shelton.

Frank White: Mr. Chairman, I have one question.

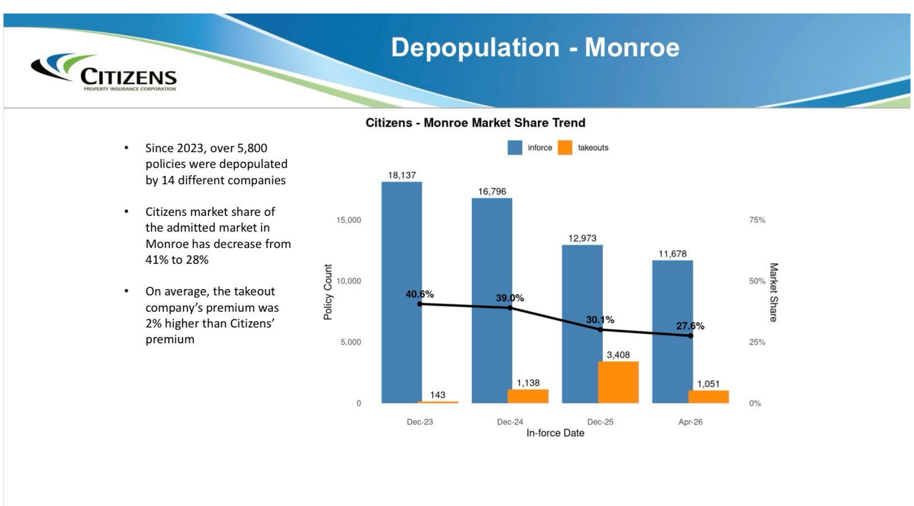
Chair Beruff: Yes, please, Mr. White.

Frank White: Tim, on a slide you showed that the 2025 residential non-CAT litigated claims were roughly 5%. How does that compare to a typical property insurer?

Tim Cerio: Can you back up a couple of slides, Bonnie? No, backward. Yeah, keep going. You know, honestly, we are seeing, and we've seen, a reduction in claims with litigation. I think we can get that to you, Governor White. I don't know what the figures are for the industry. Brian, if you know, if you've got it handy, not to put you on the spot, Mr. Donovan, but if not, we can get that for you, Governor White, and the Board. We have heard clearly that litigation is down overall.

Brian Donovan: I do not have that information, but we can certainly think of that.

Chair Beruff: Let's just get that information to Governor White at a later time, please.



Brian Donovan: Thank you, Tim. Tim mentioned that we had gone down to Monroe. We've had a lot of discussions about what we can do for Monroe, and we've looked at a lot of things. One thing we noticed, which is good news, is the slide we're looking at now. We have seen some pickup in the depopulation in Monroe, and that's somewhat unprecedented. You can see that in 2023 we were at 29% of the market share. We recently had over 5,800 properties taken out, which dropped Citizens to 27% market share. So, there is good news. There is some competition there now. But, as we were just looking at Citizens' overall market share of 2%, we're at 27% or 28% in Monroe. So, we see that Monroe is still an outlier in that regard, and there is a benefit to pushing Citizens down because we're still heavily relied upon. As far as what type of relief we can provide to Monroe that does not require legislative action, first I would remind everyone that, effective July 1 of this year, we do have overall rate decreases going into effect, not just across the state, but also in Monroe. So, for this year and for the next 12 months, there are overall decreases happening. As far as additional relief we can provide that does not require legislative intervention, we will be coming back to the Board in December with our proposed rate changes for 2027. At that time, one thing that we have in our toolbox, and what has been done in the past, really through the OIR, is that we can have a discussion once we see the numbers. If we feel that further relief is needed for Monroe, we could recommend capping the rate changes at a different level. We can choose any level we'd like to make with that recommendation.

Chair Beruff: Thank you, Brian. Thank you for that. Basically, what we're going to do is try to make sure we hold the rates steady. Governor Spottswood, as you can see on that chart, there's been a significant number of policies that have been taken out of Citizens, so there is some market penetration by independent insurance companies in your market, which is what your concern is. The other thing we discussed was helping you change the legislation regarding the flood insurance requirement that the Legislature put in place. We could work with you to try to accommodate removing that requirement as it relates to your market, and we're happy to do that. At least this Board member is happy to recommend that, and I think we could probably get the other Board members on board for that, but only as it relates to your market because we don't want to change how things are reviewed on a statewide basis. You have a unique situation and a unique set of conditions that need to be addressed separately from the rest of the market, in my opinion.

Robert Spottswood: Chairman, if I may, just to comment. First of all, I'd like to thank this Board, and Tim and his team, for taking a special look at the Florida Keys in Monroe County. Seeing the potential reduction in rates coming up, starting this summer, I guess after July, is truly a positive sign for those folks in the Keys who have been struggling with the cost of insurance for years. The idea of removing the flood insurance requirement as well, I think those are great signs. People in the Keys are really going to welcome rates starting to turn around and seeing them come down after so many years of increases. They would certainly welcome any help we can give in getting that flood insurance requirement removed as well. So, thank you for all your efforts. I look forward to continuing to work on the Keys. I think there are some additional things, as Brian and some of us who attended the modeling sessions discussed. I believe there are distinctions we can push for in connection with the modeling for the Keys, where construction down here is a little different than it is in other parts of the state. When the modelers consider types of construction, wood frame. But wood-frame construction in the Keys is different than wood-frame construction in other parts of the state. Some of the homes that have been around down here since the 1800s are considered wood-frame homes, but they're not your typical wood-frame construction. They're much more hardened than what you would see in some other parts of the state. So, I think there are a number of things we can continue to work on that specifically focus on the characteristics of the Keys. I would ask for your assistance to specifically focus on things we can do to improve the insurance market for the Florida Keys and get more private companies to come in. We have made some progress on that. So, I thank you for your efforts and your focus on the Florida Keys.

Chair Beruff: Thank you. Mr. Cerio, are you complete with your comments?

Tim Cerio: I have, Mr. Chairman.

3. <u>Chief Financial Officer's Report</u>

Chair Beruff: All right. Then I'd like to hear from Ms. Montero, and that should be brief. I think all of the Board members were in attendance for her report in the previous committee.

Robert Spottswood: Yes.

Jennifer Montero: Yes.

Chair Beruff: There are no changes, and there are no action items on your issue. We can move on to Mr. Adams, then.

4. <u>Chief Insurance Officer's Report</u>

Jay Adams: Thank you, Chair. I don't have any items for today.

Chair Beruff: Thank you, Jay. Who's in charge of offices? Is that you, or is that Jeremy?

Jay Adams: Jeremy.

Chair Beruff: That's what I thought. All right, let's keep going, then. I've got a question for Jeremy on the next item.

5. <u>Chief Administrative Officer's Report</u>

Jeremy Pope: I don't have anything to report, but Dave Newell was unable to be here for the Market Accountability Advisory Committee (MAAC) report. We had our meeting on June 10. There was the typical actuarial report. There was nothing new to present to that group.

Chair Beruff: I'd like to ask a question. Obviously, with the full-time employee (FTE) count reducing, I'd like to know what that number was in Jacksonville before the voluntary reductions, what it was before, and what it is today, or what it's going to be as we now occupy the new offices that we had to find and relocate to. How does that affect the square footage of our needs in that market compared to what it was when we first negotiated that lease? I know there are all kinds of caveats on how we can reduce the space there, but I need to have numbers to look at to see that they make sense. I don't want to walk into an office in Jacksonville and find that it's 50% empty.

Jeremy Pope: Sure. Yep, absolutely. Chair, I'll get the number we started with. I don't want to misquote it, but I know we'll be around 650 in the new building, and we've reduced a lot of offices as well. Also, because of your guidance, we've built in the ability to sublet that space. Initially, we'll take advantage of any pricing increases which we would expect. Pricing is higher today than when we signed the lease, so we will get a portion of those proceeds back as well. As we continue to build out that space, we've also made the decision to reduce it. We've stopped with a number of offices and actually took out as many as we could, so we didn't do the full build-out that we initially planned.

Chair Beruff: All right. I'd like a report on that. I've got a couple of things that we moved off the agenda today that I'd like reports on by the end of July so we can hammer them out in August before our September meeting, please.

Jeremy Pope: Absolutely. Yes, sir.

Chair Beruff: Thank you.

6. **Chief of Internal Audit Report**

Chair Beruff: Mr. Martins, unless there are any changes to the report you made in the previous committee, I don't think we need to go through it again. Does anybody have any questions for Mr. Martins? No? Don't see any. Okay. Well, I think that concludes the meeting, unless there's any new business anybody would like to discuss.

New Business

No new business. Meeting adjourns.