

CITIZENS PROPERTY INSURANCE CORPORATION

**MINUTES OF THE
MARKET ACCOUNTABILITY ADVISORY COMMITTEE MEETING**

Monday, June 19, 2017

The Market Accountability Advisory Committee (MAAC) of Citizens Property Insurance Corporation (Citizens) convened at Sheraton Orlando North hotel in Maitland, FL on Monday, June 19, 2017 at 11:00 a.m. (EDT).

The following members of the committee were present:

David Newell, Chair
Gordon Jennings
Lissette Perez
Greg Rokeh

The following members of the committee were present telephonically:

Susanne Murphy
Dennis Martin
Steve Roddenberry

The following Citizens staff members were present:

Mona Markell	Matt Gerrell
Sue Register	Stephen Mostella
Aditya Gavvala	Jennifer Montero
Christine Ashburn	Carl Rockman
Steve Bitar	Adam Marmelstein
Jay Adams	Barry Gilway
Kelly Booten	Violet Bloom
Carrie Thomas	David Woodruff
Barbara Walker	Jennifer Dilmore
Joe Martins	

Call Meeting to Order

Roll was called and a quorum present.

1. Approval of Prior Meeting Minutes

A motion was made and seconded to approve the March 28, 2017 minutes. All were in favor. Motion carried.

2. Agency Services Update

MR. ROCKMAN: Thank you, Chairman Newell. For the record this is Carl Rockman, Director of Agency Services. I would like to provide the committee with our regular update on our distribution footprint. You see the continuing trend downward in both agencies and agents. We see this downward trend reflected in increased consolidation and in most areas of Florida, less reliance on Citizens. We will update the committee should these numbers change, but this will be a standing part of our package.

The second update for the committee today is our continuing work in the reporting of claims and our new business cycle time. I brought visibility to this at the last MAAC Committee meeting. I wanted to provide just a quick update. In the reporting cycle time space we told you last time that we had identified 154 agencies who's cycle time on reporting claims was a little out of pattern. I am pleased to report we have had consultations with 109 of those agencies. Those consultations have been eye opening both for us and for the agencies. We are going to continue to work with those agencies to emphasize the need to make sure claims are reported to Citizens if they are reported to them, and that will become even more important and apparent to you as Jay Adams gets to his presentation on the new features we are adding to our policy forms. But we are very pleased and I will continue to work in this space and bring an updated report to the committee at our next session on what claims cycle times is actually happening in those agencies and the verbatim from the agencies that are involved.

On the other half we also work on the new business cycle time issues in agencies, making sure that they are appropriately serving the customer, remitting payment and policy forms and documents on time. I am pleased to report that in the bottom part of your presentation it does say coming soon, but we are able to announce that we have implemented some significant improvements to policy center with the implementation of a submit button which is getting rave reviews from our agent community, more intuitive experience.

And we are also now firing a warning notice to our agencies if a policy is in their system and it is six days after the effect date. We are sending a gentle warning to the agent saying, you have a bound piece of business here, do you still want to continue that piece of business or do you need to remit money and forms to it. So both of those

are implemented now and should help us on our cycle time pieces. Modifications to e-payment and product guides will be coming soon as well.

Are there any questions on those two initiatives?

CHAIRMAN NEWELL: Any questions for Carl? All right, keep moving.

MR. ROCKMAN: Okay. The next piece to update the committee on is our education and communication efforts to our agent community on the very program that Jay is going to spend the majority of time with you on this morning. As I mentioned previously, we are ready to launch this education initiative on 06/26.

The education initiative is going to be a mandatory education experience that we put all appointed Citizens agencies through. We vetted the curriculum that you see in front of you with our agent roundtable who had a great deal to say about the content and what -- what we are going to be speaking to in the education experience.

It will go about 30, 35 minutes in total. So we don't think that is a tremendous amount of time to ask from our producer community. But more importantly what the education is designed to do is update them on all of the issues that are happening right now in the assignment of benefit space. But more importantly, inform them on how these new product features and benefits that Jay will speak to can be implemented and installed in their agency.

We are going to introduce the two new improvements. We are going to introduce those in detail in the mandatory education. Then we are going to show the agent how to promote those at the point of sale. These features are so important that the -- it is important that the customer understand these two new features. It is important that they understand what it means to call Citizens and what benefit that they will derive from that. If we don't have our agent community promoting that at the point of sale the customer may not know about these great new features that Jay is going to cover with you.

The second piece, or third piece, a reminder. If the customer calls you, we need you to report that claim to Citizens. And in the fourth piece is resources, a call to action and a commitment if the agency is looking for a special consultation with our agency management team we are more than prepared to come in and work with them.

At the conclusion of this online module the agent will be able to explain the features and benefits. They will be able to see a demonstration on how they can be marketed to the customer at the point of sale and they will be given a reminder of the claim process and what we need them to do to live into the obligation in their agreement and that is to report a claim to Citizens if the consumer reports that claim to them. Are there any questions on the mandatory education piece? Again, we will be standing that up on 06/26. We will be requiring all producers appointed with Citizens to complete that by September 1st.

Lastly, on my update today I just want a general update on our agent outreach efforts. Our agent roundtable continues to meet as you see highlighted on the left hand column. I want again a public acknowledgment to our agent roundtable and the hard work that they do. They meet with us regularly, almost every other month. They devote a lot of time and attention to our -- our products, and I can't say thanks enough and wanted to publicly recognize their efforts. As you can see, we have already met five times this year with more meetings scheduled. Those meetings obviously are designed for Citizens staff to take input from the agent roundtable, to make our deliveries as effective as they can be.

Our additional webinar programs, both for customer experience and for depopulation will continue. We will be running a webinar in July highlighting the new updates that we are delivering to policy center in July, and obviously we will be highlighting some of the things you will hear more about today in terms of product features and changes.

We also are pleased to partner with all of the associations that are a part of this committee. We are running a regular webinar teleconference series with each of those associations, highlighting Citizens updates, covering breaking news, really giving the agents an edge on what to expect and what might be coming that could impact their business. So we thank those associations on this committee that are helping us partner with that.

And the last but not least our live agent certification program continues. We are very, very pleased with the level of participation. These materials were published in advance of me being able to update you on the June 9th and June 16th, but on June 19th at our live ACP we had 70 folks attend that and the ACP that we have just run this last Friday, we had 26 agency owners attend. At this ACP class we are able to really give those that attend not only the compliance issues that will help them maintain their Citizens relationship, but also promote the new things that are occurring and make sure that they completely understand what Citizens is up to that might impact their business.

With that, Mr. Chairman, that concludes my update if there is no other questions.

CHAIRMAN NEWELL: All right, any questions for Carl on -- on these reports? All right, just before we move on to Adam, since we have Carl and Steve up here, and certainly you all were at our convention again this year and I know you are going to be at others later in the summer. It has been a great partnership of you all being there, with Barry's leadership, Steve, and of course, Carl having boots on the ground, has been very good. I know you talked to a lot of agents. The issues aren't what they used to be, but they are certainly some that are navigating the waters, so to speak. So I wanted to publicly thank you all for that and continued support of independent agents at these events. So thank you.

MR. ROCKMAN: Thank you.

CHAIRMAN NEWELL: All right, we will keep moving to tab three, Depopulation and Clearinghouse update from Adam. Welcome.

3. Depopulation & Clearinghouse Update

MR. MARMELSTEIN: Thank you, Mr. Chairman, Adam Marmelstein for the record. Always nice to be with you all. If you will join me on slide three I want to give you a brief, very brief depopulation update.

I know that I am all that stands in the way of getting to hear Jay's report. So I want to make sure that I get through this with all rapidity. 2017 commercial lines continues on target. There is a July blank pending. We are expecting somewhere around 500 commercial lines claims to leave the company then which would bring our total for the year up to almost about 900. So commercial depopulation underway.

Personal lines, we have had an interesting year so far, smaller of course than the years that we have seen in the recent past, '15 and '16. June kind of a late breaking whisper number. We are expecting about 550 more. Those will all be wind-only policy lines, wind-only policies coming out. As we have talked about in many other circumstances as there has been a considerable decrease in the interest in personal lines accounts in some ways tied to the AOB issues. That is the very brief depopulation update.

If you will turn with me now to page 5, we will do the Clearinghouse update. New business, homeowners, continuing a pace of last year, we have seen a slight drop off, but we have averted about \$1.6 billion in coverage so far this year, which is give or take about 6,800 risks.

On slide number six, new business for dwelling, fire and H-06, again, consistent with last year, we are seeing about 10 percent of the offers, 10 percent of the risks that are entered into the Clearinghouse are rendered ineligible for Citizens which is a pretty good pace, all things considered, especially with the tumultuousness in the market.

Page 7 will show us a little bit of a trend in where we are starting to see the affects I think of AOB and also of the rate hikes that have been taken in the primary, in the private market.

As we just saw new business and eligibility rates have held steady, but if you look in the two right hand bar charts for renewal results for H-03 you will see the very, very small blue line that is ineligible for Citizens. Although it was never exceedingly high it has fallen off about 50 percent. And as you know, the renewal rates that make a policy ineligible to stay with Citizens, that premium has to be equal to or less than the Citizens rate. So we are seeing some of the effects of the rate increases that are taking, and also the diminished appetite in the private market.

We will see the same thing on the next slide, on slide eight. These are the renewal results for H-06, condominium owners' policies and dwelling fires. Again, roughly half have, half of the number of policies that were being rendered ineligible on the renewal side are now being rendered ineligible.

We have also seen an interesting drop off in the offers made. That is the red chart. So not only are the offers, the rate at which they are equal to or less than Citizens declining, but the rate at which they are being presented at all is also starting to decline. So hopefully with all of the changes being made and things to come, those will reverse themselves.

The other thing to keep in mind, too, is that Citizens remains at a very low policy count relative to the previous year. So when you dip below 450,000 that is probably a decent indicator that many of the risks with Citizens may be unlikely to find a home in the private market anyway, which accounts a little bit for the discrepancy between the renewal in eligibility -- one more time, ineligibility rates and the new business ineligibility rates.

Slide nine is a summary of what we have done so far this year through the end of May.

And I will wrap up on slide 10. Carl touched on this a little bit. We are adding two new policy types to the Clearinghouse. We are pleased to let everyone know that the equivalent of an H-03 policy which we call HW-2, that is the wind only homeowners' policy and the equivalent of an H-06, of a condominium unit owner's policy, the HW-6 will both be added in the early part of July.

There will be two carriers participating. One of them is Weston Insurance. They are a completely new addition to the Clearinghouse. And the other is Southern Oak, who has been on the Clearinghouse for quite some time and had a nice impact and they will be joining us in wind-only.

We hope over the coming months to add additional carriers to the wind-only side of the house. We are continually speak with other carriers about the opportunities and we hope that the slow down a little bit in the multi-peril business will lead to increased interest from the private market on the wind only side.

The last piece is that Safe Harbor, who has also been a participant for quite a while will be adding the dwelling fire, the DP-3 form to the Clearinghouse in the third quarter.

And thus end of my presentation, Mr. Chairman. Thank you.

CHAIRMAN NEWELL: Any questions for Adam? Greg?

MR. ROKEH: Yes, I have got a little bit of one. With -- so it looks like we are about 450,000 policies in force right now, is that correct?

MR. MARMELSTEIN: Yes.

MR. ROKEH: It seems like some of the take out appetite is for wind-only at this point. They have lost their interest in -- in the regular policies. Have you noticed a percentage shifting of your -- of your break down in policies of the 450,000 you have? Is it -- is it significant as the mix has changed?

MR. MARMELSTEIN: The mix being depopulated or the mix within Citizens?

MR. ROKEH: Well, the difference between wind-only and your traditional policy, what are you seeing in the way of a difference in percentages? Do you know what I am saying? 70/30, and has it historically, has it changed historically?

MR. BITAR: I will tell you that from a wind only perspective we are absolutely seeing the mix in Citizens overall book of business has come down significantly on the wind-only side. We are about half of where we historically had been from a wind-only count perspective. And then from a depopulation perspective we are seeing a significant increase in the percentage. We can absolutely bring those numbers back to the next, to the next meeting if you would like, that way we would have those percentages added here. We would be happy to bring the exact numbers if you would like.

MR. GILWAY: For the record, Barry Gilway. Some of the numbers I will be reporting tomorrow at the Board meeting are pretty amazing. The -- under a mix of business we lost 50 percent of the commercial policies last year. So literally the commercial policies were cut in half last year. The coastal policies dropped by 23 percent. So about a quarter of the coastal policies left last year. And the PLA increased by about three percent during the first quarter.

So, you know, you are looking at the PLA right now being relatively stable and you are dropping significantly in the coastal and significantly even more so in the commercial. The negative, of course, for Citizens, the good news is the exposure is now down to our lowest level ever, \$117 billion versus \$512 billion.

The negative in terms of mix is that the two profitable accounts are the coastal account and the commercial account and the unprofitable account is the PLA. So, but anyway, you are seeing a significant mix and I think Steve has numbers also showing the movement towards tri-county away from the rest of the state. Thank you.

CHAIRMAN NEWELL: Any other questions for Adam or Steve? All right, well, we will go on to tab four then and talk about the Manage Repair program. I want to invite Jay Adams up. Just again to lay the ground work, we will go ahead and let Jay present his program to us, and please, if you have questions we are going to take them at the end, but don't lose sight of them, mark them down, write them on your tablet or whatever, but let Jay finish his presentation and then we will open it up for questions.

All right, welcome, Jay.

4. Managed Repair Program Update

MR. ADAMS: Thank you, Chairman and committee members. I feel like there is a lot of pressure here for this to be good. So we have a Manage Repair program that will go live July 1st. Thank you very much.

All right, so Manage Repair, you have heard us talk about this for quite some time at Citizens, and we spent a long time bringing this to market. And the reason we have done that is we have been applying a lot of due diligence. Barry Gilway and I met with many of the companies that currently have Manage Repair programs in the state of Florida. We learned from some of their successes and we certainly learned from some of their failures. What we are going to present to you today is a partnership that really is an enterprise wide partnership with all of Citizens. We partnered with the Office of Insurance Regulation and others to try to bring forward the best program we can to the market. So when we talk about Manage Repair, there are really two components to this.

The first piece is mitigation services. And that would really refer to water extraction and drying. And then the second part is Manage Repair. You will hear me mention Manage Repair as the overarching program, but as I go through this presentation I will either speak to mitigation services or Manage Repair. Manage Repair are the permanent repairs to bring the house back to the pre-loss condition. So those are really the two components that we have.

And before I go any further I just want to make it clear that we are launching this program effective 07/01. It is for non-weather water only as a peril of loss. It will be for the H-03 and DP-3 policies only, and it will provide a three-year workmanship warranty for the insureds that choose to go through this process.

So what are our mitigation services goals? We would like to provide this service to every H-03 and DP-3 policy during the first notice of loss process based on non-weather water. And one of the things I need to mention is we did file two endorsements with the OIR. So those were product language changes. That is going to require a roll-on at the renewal period and new business for any -- for these customers to be eligible. So it will us a year to go through the process to get everybody online.

So Citizens will continue to provide the \$3,000 or one percent of Coverage A for the mitigation services until coverage is determined. If our vendor gets out there and they see that more is needed they would need to contact the adjuster to be able to exceed those limits.

One of the important things that differentiates us from the marketplace is, Citizens is offering water mitigation services as a service to our policyholder. What does that mean? That means we are going to provide it to those H-03 and DP-3 customers free of charge. We are not going to determine coverage at the time of first notice of loss.

If they have a non-weather water loss and they have water standing we are going to provide that service. We will not apply any policy deductible, and we will apply it as an expense to the claims file.

So the goal is that we will provide immediate response to our insured. The idea is that a general contractor will be assigned to the mitigation services. That general contractor will be able to handle all the repairs. And the reason we are using the general contractor is we only want the insured to deal with a single vendor. We don't want to have a mitigation vendor go out and do a wonderful job and then a contractor follow up or vice-versa, maybe not do such a great job for the insured. That will establish that relationship early on. We also will be assigning all of these claims to a dedicated claims team for handling. So I am going to switch gears and talk about Manage Repair.

These are the permanent repairs again. We are going to provide a customer centric program where Citizens and the insured mutually agree to enter the program.

Again, we believe we are very different in the marketplace than anybody else in this space.

They are not required to pre-select this at new business or renewal. It will be an endorsement on each policy. If it is eligible to go into the Manage Repair program it will be offered to the insured. The insured can either choose to move forward or they don't have to move forward. Citizens is only using contracted vendors to complete the repairs once the Manage repair process is invoked. Our administrator for this program is Contractor Connection. Any policy deductible would be applied against those permanent repairs.

Again, the mitigation services are coded as expenses as a service for the insured. So for eligible claims for the MRP we are going to send out a general contractor and that contractor will write a mitigation estimator and/or a Manage Repair estimate, whatever is needed at the time.

Those estimates will be submitted to Citizens and a desk adjuster will approve or reject those estimates or make any applicable changes that need to be made to those estimates. So what are the eligibility standards?

So I have already talked about mutual acceptance between Citizens and the insured. If the insured is not comfortable with this program they are not forced to go into the program. We will only be placing non-weather water causes of loss initially. We are not going to limit this to any dollar threshold. We will exclude claims that are reported late, anything that is over a year old. We also naturally would exclude no policy in force and we would exclude anything that had gone through the depopulation process.

One of the things that I am going to speak to a little further is in our endorsements that we filed, the insured has the ability to terminate the consent of this program. So they can say we want it. We can start those conversations and we can have the contractor go out on site and the insured has the ability to terminate that consent if they choose to up until the point they sign a contract with the contractor.

So how is this program going to work? During the first notice of loss as Claims Center system will automatically prompt scripts to the Call Center folks, all right, if it is a non-weather water cause of loss. If the claim is reported within three days of the date of loss that is being reported they will receive scripts to offer the water mitigation services. If the claim is reported outside of that three-day window we are assuming no mitigation services are needed or the materials are damaged thus that they would not be able to be restored at that point. So we don't offer the program at that point.

During the closing script, depending on the options that were chosen, so if the insured is eligible and they say yes, we would like to participate in the mitigation program, they will get a closing script that will provide all the contact information and SLAs for Contractor Connection. If they do not choose to engage in the process it will happen at exactly like it is today. They will be given the claims adjuster's name, information and all of the SLAs around how those work. So to try to make this a little clearer as to what we're trying it accomplish, I would like to cover three different scenarios with you.

The first scenario is the insured submits a claim on time for mitigation services and they accept that service. So how does this work? The claim will be referred to Contractor Connection, and it will also be assigned to a dedicated claims team as I mentioned earlier. The contractor will assign a general contractor and there will be a three-way call between the insured, the contractor and Contractor Connection. We will require that general contractor to arrive on site within four hours of receipt of this claim and they will begin to scope all of the mitigation as well as any permanent repairs that are needed.

When that process is completed the contractor will return that information to Citizens and Citizens will decide if it is eligible to go into Manage Repair. So I want to step back just for a second. Mitigation services is the example.

At the end of mitigation services we still have a permanent repair program that we are calling Manage Repair. So if it is eligible we would then contact the insured and we would say, you are now eligible to go into the next phase, credential contractors, three-year warranty and those types of things, go through its benefits of the program.

If the claim is not eligible for some reason to go through that, we would pay that claim based on the contractor estimate.

The second scenario is the same scenario, except the insured does not accept the mitigation services. It could be outside the three days or they may just say we are not interested in your program.

So how does this work? The claim is still going to be referred to Contractor Connection. They are still going to get the three-way call. We are going to still send out a general contractor. They are going to provide an estimate for mitigation services and any repair services.

The adjuster will then review any mitigation invoices and if the mitigation had already been completed by a vendor outside of our program we would review them to the same policy standards as we do today. We would look at the \$3,000 limit or the one percent of Coverage A, and what would happen at that point is we would make a determination if that claim was going to go into the Manage Repair and whether or not we could offer it.

So the insured could choose to do mitigation services on their own, not to go through our program and we would still owe that as part of their indemnity claim subject to the policy limitations just as we do it today.

Now, since we have sent out a contractor to write an estimate of all the damages we have a comparative estimate for the mitigation, but we also will provide our services for that insured to go into that Manage Repair program if they choose to do so. If they chose not to do that we would still settle the claim based on the contractor estimate, because we have an estimate that states that the work can be done for that amount.

All right, the last scenario I wanted to cover is claims not eligible for mitigation services. So they have submitted it three days past the date of loss or there is no standing water, there is no need for mitigation service. So what happens in that situation?

We still are going to assign the claim to Contractor Connection. A contractor is going to go out, it is going to be assigned to a claims adjuster from a dedicated team at the same time.

We are going to go through that same process, we are going to evaluate the estimate. If it is eligible to go into the program we are going to offer it to the insured. If they choose so we take it and run with it. If they choose not to we pay the claim again based on the contractor estimate.

So how do these claims work flows actually work? So the first thing that happens is we have the claims assignment and every one of my scenarios I talk about a concurrent assignment. One goes to Contractor Connection, one goes to a dedicated claims team. So our claims adjuster is still going to complete their initial policy review in their first contact. They are going to explain this program to the insured. They are going to explain that a contractor is going to be on site, that they are going to write the estimates and do all of those things on Citizens' behalf, and in some cases we will still assign a field adjuster to go out, try to meet concurrently with the contractor and so forth to oversee that process.

So after the contractor has been on site within 72 hours we require them to submit to us estimates, diagrams, photos, notes and any subcontractor bids. That desk adjuster will review that package and if they believe there needs to be any changes they will reject it back to the contractor. They will make whatever changes need to be made and resubmit that back to Citizens.

So if emergency services were used outside of Citizens' program we are going to continue to look at the \$3,000 or the one percent just like we do today. We would also look at the invoice to make sure that things are accurate. If the insured chose to go with Citizens as a service for their water extraction, we are going to pay that contractor direct.

Again, this is an expense. The insured's name won't be on that check, right, it is a service that we are providing. No deductible, no name on the check, the insured has no access to those funds whatsoever at all if they uptake our service.

So the next phase in the claims process is we are always going to review for permanent repairs. If you had mitigation services, certainly there are probably some permanent repairs that need to take place. So we are always going to review the documentation the contractor submits. We are going to determine if it is a covered loss. So in the water mitigation services I made it very clear we are always going to pay those claims as an expense, covered or not, without a deductible.

Now, when it comes to the Manage Repair program, we are not going to allow anybody into the program unless it is a covered claim, right. That is where usually the bigger dollars are associated with the indemnity. If it is not covered we would issue a denial just like we do today, no change.

Okay. When we look at a claim for its eligibility we have gotten that contractor package back, we have reviewed it, we are in agreement. So if the claim is eligible we going to reach out to that insured for that mutual agreement.

Again, the insured has an option to say no at this point. We are going to advise the insured that we are going to make the payment less the policy deductible. We are also going to make it less profit and overhead. That is going to be held back on the claim until we receive the satisfaction of work letter which the contractor is required to do to collect that profit and overhead.

The reason we are doing that is we don't want to turn this program over to Contractor Connection or a vendor and allow them to run that process out. We want to stay in close contact with our insured and make sure that everything is going as they expect.

In these situations for Manage Repair we are always going to make the check co-payable to the insured and the contractor. A change is we will not be putting the mortgagee on the check. Okay. That is a major departure from how we do it today.

We are going to advise the insured that the deductible will be handled between them and the contractor, and then we will send out an initiation letter, and that initiation letter further explains the Contractor Connection program, and it also explains the warranty and, you know, expectations of the program.

So I mentioned earlier that the insured has the ability to terminate their consent for this Manage Repair program. The way that works is, again, the Call Center can sign you up for Manage Repair, I am sorry, the Call Center can sign you up for the services. After the contractor has been on site Citizens would make that mutual call. If everybody is in agreement then we would start the Manage Repair process.

If the insured gets cold feet, decides they don't want to do it, you know, can't pay the deductible, a whole lists of things that could go wrong for them, the window begins for their ability to terminate their consent once they accept it, but it ends when they sign a contract with the contractor. So that contract is between the vendor and the insured, not Citizens and the insured and the contractor, right. So we would not be able to back up the insured in that situation once they had gotten to that point. So our initiation letter will further detail their rights under the termination of consent.

Once these repairs have started Citizens will endeavor to try to make all the repairs. We are always going to go over and determine the period of restoration with the contractor.

But one of the other things that happens in that time frame is, again, we are trying to create a customer centric program. The assigned adjuster is going to reach out to that customer on a weekly basis as a requirement by Citizens. And the whole deal there is to make sure that we can address any issues that may arise with the consumer prior to it being really a dispute.

And the idea is for us to stay in that file, stay in contact with that insured until all repairs are done. This also gives us a viability check against the contractor to make sure they are doing what they said they would do.

So what would happen if a customer does get upset? What is the dispute resolution process? So the process is that they would contact their adjuster, because that is always going to be their contact person for Citizens. Once they contact the adjuster the adjuster is going to reach out to this vendor and see if they can resolve it. If they are unable to resolve it directly with the vendor, then we will triage that with the Contractor Connection administrator and the vendor. If we are still unable to get this dispute resolved we would reach out to our own vendor relations team and then they would start invoking the contract dispute resolution process.

At the end of the day Citizens is going to make sure that we make good on these claims. We are not going to allow this dispute to create a problem where we can't get the repairs completed.

At the completion of the Manage Repair process, I mentioned earlier that the contractor is required to upload a satisfaction agreement from the insured and provide them a copy of the warranty. So we get a copy of that back in our system as well.

We do not release the profit and overhead to the contractor until this has been completed, and then we still make that final check co-payable to the insured and to the contractor.

All right, so here is an eligibility scenario where it is not eligible, and the reason it may not be eligible is the claim may not meet the eligibility standards that we talked about earlier. The insured may not want to mutually agree. So what are we going to do in those situations? We are going to settle the claim based on the contractor estimate.

We are going to send them a letter, a statement of loss, still handle the claim just like we would have done it based on the contractor estimate.

I just wanted to point out that we have developed a bunch of Manage Repair letters that the Enterprise has signed off on. They will be sending out on all of these claims based on certain scenarios.

And the last point I have is we do have an after-hours program. So I mentioned earlier when a claim is reported to the Call Center, depending on what the insured chooses to do with mitigation services depends on what renders in the claim for the Call Center to tell the insured.

If the insured is in the Manage Repair process or in the water mitigation services piece and there is a problem that occurs after normal business hours, weekends or holidays, we have a claims process stood up to be able to handle those things.

We would first of all give the insured the information to Contractor Connection because as our administrator, that is their first line of defense. They need to be involved and try to conclude that. If that is unsuccessful we have an after-hours adjuster program on standby that they can actually speak with an adjuster and be provided, you know, direction and guidance of how to conclude their claim.

And with that, Chairman, that concludes my presentation. I hope it was wonderful.

CHAIRMAN NEWELL: Fantastic, Jay.

MR. ADAMS: Awesome.

CHAIRMAN NEWELL: So we want to open up for questions. Hopefully those made notes along the way. A great presentation, seriously.

MR. ADAMS: Thank you.

CHAIRMAN NEWELL: Certainly a program that has been long, long overdue and hopefully will be well received by those policyholders of Citizens. So, but I open up to questions.

All right, Greg, you are first up.

MR. ROKEH: I guess I am first up then. Just listening to the proposal, as a consumer, you know, I am looking for something that is easy, and something that -- that I seem to have a lot of control with, and what I have heard seems to answer both of those questions.

Of course, the devil is always in the details. I have had a water claim and I have had a situation where I have called the insurance company with literally just having shut off a water main outside the house, and was basically told you have to find a water extraction company, get them out there and given no -- no guidance.

If, for your mitigation services, if I come to Citizens immediately, that same situation has happened, how long would I -- would it be before I would hear from that contractor and those mitigation services could realistically start?

What is your timeline for that kind of a response?

MR. ADAMS: So we are contracted for these SLAs. You will receive a phone call from the contractor, Contractor Connection within one hour of submission of your claim, and within four hours that vendor will be on site to provide the water mitigation.

And one of the things that we are doing in our program that is a little different is we are requiring a general contractor. So if something needed to be done, a line capped off or something, we don't need to wait to call out a plumber. The general contractor will be able to provide those services.

MR. ROKEH: That is the first question. I will pause for now.

CHAIRMAN NEWELL: Let's go, Lissette.

MS. PEREZ: Hi, I have a question. With respect to the claims that do not use the mitigation services, what benefit would the consumer have to use the Manage Repair system rather than to use their own services?

MR. ADAMS: One of the largest benefits of this entire program is you get a three-year workmanship warranty. That is significantly longer than what is available in the marketplace for most contractors.

So this Contractor Connection administrator program provides that at a higher level. But in addition to that, you are going to make sure that all of those contractors have been vetted, they are all credentialed, and they all have insurance requirements. We are requiring a supervisor be on site if any subcontractor is out there.

I think it gives a more total package for the insured to not have a lot of concern. We also are going to make sure that the contractor cannot lien the property,

because we are going to be guaranteeing the payment for the services approved by Citizens.

MS. PEREZ: And in the event that they choose not to use the estimate that is provided by the general contractor or they find an estimate that is higher than the one that has been provided, what kind of resolution is given to that?

MR. ADAMS: So it would be no different than any other claim today. If the insured, say for example, they started repairs, they agreed with our estimate, they started repairs, they found additional damage we didn't know about.

We would allow that claim to be reopened as a supplement. If they were in disagreement or dispute they could submit an estimate to us, we would review that and then, of course, you have got the appraisal process and other dispute resolution methods at Citizens.

MS. PEREZ: Thank you.

MR. ADAMS: Sure.

CHAIRMAN NEWELL: All right, Greg, you are up.

MR. ROKEH: Okay, the next one. My house is wet, I have turned the mitigation over to the contractor. He is -- and I have had to do something immediately. I have had no time to do any research, right. So now the emergency has passed and now I have got to make some decisions on how to go forward and I am looking at your Manage Repair program and I have now had time to be on the Internet and what is the first thing that we do when we are looking for vendors?

We are looking for online reviews, whether we are buying a product at Amazon or we are searching for any kind of a vendor. If I were to Google your repair program vendor how are they going to appear online?

What kind of -- what kind of a reputation do they have online? Has that been explored? Are they -- are they a one star company or do they have a whole bunch of wonderful reports? Because if they -- I can be as tickled as pink with how the initial contact went, but if I go and look at it and I have got a house that needs \$16,000 worth of repairs, and 80 percent of the responses from people who have used this vendor are two star, one star, three star responses, I am going to go somewhere else, because I am don't want to get tangled up, and that is a huge piece anymore and if we don't realize that. So I guess the question is, has that part of your repair process and the supplier been vetted?

MR. ADAMS: So I think the answer to that question is yes. So I am not sure what the individual ratings or websites or information that you would find on individual contractors may be.

We don't deal directly with the vendors. That is what we use Contractor Connection for. They are the administrator. They have pretty significant standards that are required. One -- one additional piece to the program that I didn't mention today is we require all of those folks to be credentialed in Citizens credentialing system, the same one we use for adjusters, experts, attorneys and so forth.

At any time if we get customer feedback that is not positive we can turn those vendors off and then they cannot receive any claims assignments. One of the things that we are partnering with Steve's group in the Call Center is we are going to do a voice of the customer, customer service survey on all of these claims.

And the idea is we will start to build our own repository of how well vendors are liked and respected and the work product that they provide. Those that aren't doing it well will be turned off in our program.

MR. ROKEH: A lot of it I think especially as you get past the mitigation part, a lot of it, acceptance of the program will hinge a lot on -- on initial, you know, initial stuff.

If you can't get them to try it, if the ratings on the contractors who are in your initial pool are bad, you are not going to get up to bat.

You are, they are going to, you know, even if the mitigation services were good they know that the guys out there extracting the water and pulling the carpet and stuff, they are not the ones that are going to be out there replacing the drywall.

And so if you have got -- if you have got some contractors that aren't well thought of that -- that are in that program you may not get up to bat at all. That to me is the biggest concern that you have got, because that -- to not -- to not recognize that that is a significant factor in consumer, in how consumers choose their vendors today is a huge mistake, because that is -- that is the number one place they go anymore to decide vendors they don't know.

MR. ADAMS: Let me -- let me comment a little bit around what you are talking about. So as I spoke earlier, we have a termination of consent clause, right. The idea there is we don't want the insured to be stuck in a decision that they make in a spur of the moment, right. You got water flowing all over the house. We don't want them to have to commit and stay committed to that. So the idea behind the termination and consent is a contractor would get assigned out to the loss. They would come out. You would get to meet with him. You get to ask them a bunch of these questions. You, yourself, would be able to vet them. If you decided that you did not want to do that, the termination of consent would allow you back out of that program, no harm, no foul to yourself.

Contractor Connection also, as I spoke to earlier, they have a pretty significant vetting process and they are in the business of doing these types of repairs. I believe they have been doing it for probably about 30 years. They are going to do everything they can to back the vendor to make good decisions so that you have a good situation in your claim.

We can turn those vendors off if necessary, as I spoke to earlier, if we have bad reviews. And again, Citizens is really standing in the wings here to make sure that these repairs are done appropriately. You know, we don't want these things to turn up and end up in litigation and so forth. The whole reason that we have it set up for mutual consent is I don't want to twist your arm to get in. I want to sell you on the benefits. One of the things that the COO of Crawford, I met with him before we signed the contracts, he indicated that the contractors are responsible for selling the jobs, right. So Contractor Connection really doesn't sell it. They make the relationship. The contractor goes out and then they sell their services, and I am not sure how each of them choose to do that, but that is really part of the process. We want to provide the customer with the information. Here is an option and then you can do the final vetting and so forth in that window of time where you can still terminate your own consent.

MR. ROKEH: One other quick follow-up question and then I will let someone else. If -- if a consumer for some reason is not comfortable with the contractor that is sent out, but does feel like they would like to try to pursue the program, is there going to be a mechanism for them to make that known and have a different contractor sent out to talk with?

MR. ADAMS: Yes. So when that first three-way call happens, if you have some information on that particular contractor that you don't want to work with him, you can make that known to Contractor Connection and they will change the vendor out.

Now, once the process of repairs are started it makes it a little more difficult for that change to happen.

Another thing you can do is if you have a contractor that you are interested in using you can request that during that three-way call. Contractor Connection will let you know if they are a part of their credentialed program and part of the Citizens' program.

MR. ROKEH: Thank you.

MR. ADAMS: Sure.

CHAIRMAN NEWELL: Anybody on the phone have questions for Jay? Okay. Lissette.

MS. PEREZ: You said these are going to be effective by endorsements on July 1st?

MR. ADAMS: Yes.

MS. PEREZ: And for renewals as they come off after July 1st, right?

MR. ADAMS: Correct, new business 07/01, and then renewals, anything 07/01, and post.

CHAIRMAN NEWELL: All right, I think I will ask a few questions and then hopefully we will take this in for a landing. I know you have probably looked at some metrics and I know this is a new program, but you talk about a dedicated adjuster's for this team. Any idea of initially what that team could look like?

MR. ADAMS: Today we have roughly 50 non-weather water adjusters that are dedicated to that team. They will be the first line of defense. If the Manage Repair program is taken up, those claims will be turned into an inside desk adjusting team for consistency, right, bees so they can make sure they manage and handle all of those appropriately. That is all of the claims that they will be handling is what is in the Manage Repair. Today we have a team of six to eight prepared to do that and we have up to 24 that we can put in that program if it becomes very robust.

CHAIRMAN NEWELL: Okay. Now, you know, the next question is, is this scalable because if there is an event or there is, you know, and it doesn't have to be certainly an Andrew, but it could be a Matthew, is this program scalable to adjust for that?

MR. ADAMS: We are not contracted to handle any catastrophe claims through this process. And the reason being is scalability. So there is a finite number of general contractors based on geography, and the problem is there are not enough general contractors in any geography and the majority of our business, South Florida, Tampa area.

One thing I will mention about that from a scalability perspective. Even if a water mitigation company wanted to participate in CAT, typically the way that that works when an event has occurred they bring in contractors from all over the state from that franchise, equipment from all over the state. This program is really not set up to be able to accommodate that. Again, we want the right customer experience. I don't want somebody from Montana coming in here trying to figure out how to dry out a house in south Florida with humidity and issues that we have.

CHAIRMAN NEWELL: Yes, that is a great point. Thanks for saying that. You made mention that there is a shift now that on the check no mortgagee is going to be added, you know, can you help us better understand why that shift since you currently do it?

MR. ADAMS: All right, so we want to make sure that the vendor is being paid timely so that there is no delay in the work. Sending that check to the mortgage company sometimes creates some delays. I told you we were going to establish a period of restoration. We want to do the repairs in a short a period of time as reasonable for that contractor and for our insured. Leaving the mortgagee off also on these we have a contract for repairs, we know it is a guarantee.

CHAIRMAN NEWELL: Right.

MR. ADAMS: Typically on our regular claims where there is no signed contract we don't have a guarantee. So the mortgagee could make claim for the same claim a second time. We know the repairs are being effected.

CHAIRMAN NEWELL: Okay. Well, thank you, Jay. Certainly I am sure you will get peppered tomorrow as well, but this is a preview for you, so we appreciate it. Any -- any further questions for Jay?

MR. JENNINGS: I have just one.

CHAIRMAN NEWELL: Okay, Gordon.

MR. JENNINGS: I want to follow up on that weekly contact process. And what is involved with that? Would that be a contact to both the insured and the contractor and who is administering that weekly contact?

MR. ADAMS: So our system, the way that we are set up, gives us the ability to communicate electronically to the contractor. And I don't want to go into all of that detail, but anytime we need to communicate with the contractor we can send messaging back and forth and so forth. That is how we receive the estimate. It is all done electronically.

This contact is set up specifically for the insured. So the adjuster representing that insured will be contacting that insured to make sure the process is moving smoothly, and to make sure that there is no road bumps or blocks that we need to get in and start blocking and tackling for.

CHAIRMAN NEWELL: Okay, I think, I think that has exhausted the questions. Certainly, Jay, thank you, great report, great responses and I wish you all the luck in the world because I think it is a great program, and hopefully there will be some adoption of it. I know there will be a lot of education around it. So certainly I want to advise agents to get up to speed on it. So with that being said I think a motion to adjourn.

A VOICE: @54:58 Motion.

A VOICE: @55:00 Second.

CHAIRMAN NEWELL: All right, we are adjourned, thank you so much.

(Whereupon, the proceedings were concluded.)