

**CITIZENS PROPERTY INSURANCE CORPORATION**

**MINUTES OF THE CLAIMS COMMITTEE MEETING  
Wednesday, September 6, 2017**

The Claims Committee of Citizens Property Insurance Corporation (Citizens) convened telephonically on Wednesday, September 6, 2017 at 1:00 p.m. (ET).

**The following members of the Claims Committee were present telephonically:**

Gary Aubuchon, Chairman  
Jim Holton  
Freddie Schinz  
Jon Palmquist  
Jay Adams, Staff

**The following Citizens staff members were present telephonically:**

Barry Gilway	Craig Sakraida
Dan Sumner	Lisa Walker
Stephen Guth	Greg Rowe
Robert Sellers	Shari Hamilton
Kelly Booten	

**Call Meeting to Order**

Roll was called: Chairman Gary Aubuchon, Governor Jim Holton, Governor Freddie Schinz, and Technical Advisor, Jon Palmquist were present.

**1. Approval of Prior Meeting's Minutes (June 15, 2017)**

**A motion was made by Governor Schinz and seconded by Governor Holton to approve the June 15, 2017 minutes. All were in favor. Motion carried.**

**2. Strategic Update**

Jay Adams stated, thank you, Chairman Aubuchon and Committee members. I wanted to take a few minutes to review the claims strategic update. Today's update is going to focus on an OIR AOB data call, our managed repair program, product language changes, CAT resourcing and an update around our loss adjustment expenses. Before we get started on our strategic update, Barry had requested that I provide a quick update to this committee on our preparations for Hurricane Irma preparations.

Jay Adams continued, as of the 11:00 a.m. update from the National Hurricane Center this morning, Hurricane Irma is still a very powerful category five. It has 185 mile an hour wind speeds with a central pressure of 918 millibars. Just for the record, this is the largest storm on record ever in the Atlantic basin. We believe that some of the forecast variance are due to the storm being so large. None of the models have ever experienced anything as large as this, and they are sort of learning on the fly of what this storm may do.

Jay Adams stated, over the last 24 hours we have seen multiple alignments with the Euro and the GFS models that are pushing the storm further and further east. The 11:00 a.m.

update is predicting that Hurricane Irma will make a landfall across the Keys and it will go into south Florida in or around Miami with wind speeds at 120 miles an hour. So the gist of what I am after here is we believe it is going to be a category three or a category four landfall of Hurricane Irma in or near the Miami area. It will impact the Keys as well as Miami.

Jay Adams continued, right now the hurricane force winds extend outward 50 miles and the tropical storm force winds are 175 miles out from the center. Under the current forecast track, specific to the hurricane winds, there are 262,000 policies in force underneath that cone. If we extend that out through the tropical storm force winds, that will cover the entire peninsula of Florida. After the Miami landfall I think there is still some uncertainty as to where the storm may go. It looks like it is heading offshore and away from Florida after that impact. We will have to continue to watch the National Hurricane Center updates.

Jay Adams continued, Claims has not made a claims forecast yet. We need to see the entire path through the state before we can start running our models to determine what that impact may look like. We have also put all of the vendors on notice. We have made all of our deployment. Our claims team will begin our catastrophe response starting Friday, and we believe that we will have a large portion of our adjusters on the ground to start the claims process on Wednesday next week.

Jay Adams stated, with that I would like to go over and move into my strategic points. The first initiative that we completed during the quarter was an Office of Insurance Regulation data call for assignment of benefits for a scope period for claims closed between first quarter 2015, and second quarter 2017, and relating to homeowner policies. The data call is similar to the prior Office of Insurance Regulation assignment of benefits data call and included the top 25 homeowner writers. The focus of the review was to look at the location of the loss, the policy limits, house characteristics, claim dates, claim characteristics, information following representative of the insured, whether it was a water mitigation vendor, a contractor, an attorney or public adjuster, the insurer's initial estimate of damage and the final indemnity payment. The Citizens review consisted of in excess of 4,800 claim files that met the Office of Insurance Regulation criteria. Citizens conducted manual file reviews of these claims to offer the Office a comprehensive review of all the data elements they requested. After the claims review our Enterprise analytic team conducted an analysis of the data and provided the Office our interpretation of the results.

Jay Adams continued, another important initiative which rolled out during the second quarter was the Managed Repair Program. This program became effective July 1, 2017, for new business or renewals for HO-3 and DP-3 policies for our non weather water claims. As a reminder, this program was offered to the insured during the first notice of loss when they report their non weather water claims within 72 hours and when they have a need for emergency water mitigation. The emergency water mitigation is being offered by Citizens as a service free of charge to our insureds. If the insured does not have a need for emergency water mitigation services the contractor connection contractor is dispatched to write an estimate of repairs and the damages. Once Citizens has had an agreed scope and estimate of the damages the estimate is discussed with the insured and they have are offered to enter the Managed Repair Program to conduct the permanent repairs. If the insured agrees to enter the program the insured and the contractor enter into a contract

for the repairs and Citizens oversees the repairs until completion only after receiving a signed satisfaction repair from the insured. During the repair process Citizens proactively remains in close contact with the insured to ensure that their repair process is progressing and that the insured does not have any concerns. If the insured does raise concerns, the Citizens adjuster and contractor connection will work together to resolve the issues. As discussed earlier, the Managed Repair Program is a program that is endorsed through the policy and thus will take a complete yearly renewal cycle to be added to all HO-03 and DP-3 policies.

Jay Adams continued, since the release of the program on July 1 2017, Citizens has had the following results. The total number of claims eligible for the Managed Repair Program have been 90. The total number of claims eligible for mitigation of services has been 53, and 13 of our insureds have accepted those mitigation services and we have had two claims enter the actual permanent repair process. Citizens product team has made policy language changes that have helped to curtail some of the problematic non weather water claims. Effective July 1, 2016, the following policy changes went into effect for our HO-3 and HO-6 policies. Reasonable emergency measures were introduced to encourage prompt notice of loss and prevent abuse by limiting emergency service expenditures to \$3,000 or one percent of Coverage A, unless the policyholder first received approval from Citizens. The loss reporting was amended to prevent permanent repairs being made prior to Citizens' inspection. At the time of the policy there is no coverage for permanent repairs that begin before the earlier of 72 hours after Citizens is notified of the loss, the time of loss inspection by Citizens, the time of other approval by Citizens. Collapse coverage was amended to more explicitly state the coverage for collapse of a building does not include coverage for collapse of a plumbing that results only from age, deterioration or maintenance.

Jay Adams continued, these product changes require an entire year roll in to all renewals post July 1, 2016. We just reached the year milestone. We are still working on developing all of the data metric points, but we can report on the following. A decrease in reporting lag time for first notice of loss from the mid 30 day range to around 14 days. A reduction of permanent repairs being conducted prior to the 72-hour loss reporting restriction. A reduction of the trenching claims associated with the collapse of pipe, an increase in the number of cases moving into appraisal instead of straight into litigation. Citizens has filed and received approval of a water sub limit of \$10,000 by the Office of Insurance Regulation that will be effective February 1, 2018, for new business or renewals on the HO-3 and the DP-3 policy forms. The new number water sub limit applies to the following. The most Citizens will pay for direct loss and ensuing damage to Coverage A and Coverage B property when the covered peril of accidental discharge and seepage of water causes a physical loss. It also applies to cosmetic or aesthetic damage and matching. It will allow exceptions for losses from fire, explosion, fungi and certain circumstances involving collapse that occur as a result of the water loss not being caused by weather, and it does not reduce the coverage for contents or loss of use. Under this new filing for non weather water losses the insured will have the option of the full Coverage A limit of insurance if they have participated in Citizens' Manage Repair Program. This filing also contains new duties after loss provision requiring claimants other than the insured seeking benefits under the policy to perform certain duties, including producing records substantiating the claims and participate in the appraisal for dispute resolution.

Jay Adams stated, at the June Board of Governors meeting Claims asked for approval for the Independent Adjusting Services -- Non Litigated Catastrophe, Request for Proposal 17-0006. This contract provided a total of 496 catastrophe resources which was short of the 2,500 we were requesting. I advised the Board of Governors that we would conduct another solicitation for catastrophe only resources. Citizens issued a request for proposal 17-0020 Independent Adjusting Services -- Catastrophe only on July 13, 2017. This solicitation increased the catastrophe resource count by an additional 315 resources. Greg Rowe will review the details of this solicitation and be requesting approval to move this forward to the Board of Governors during his presentation. Both of these contracts together provide a total of 815 catastrophe resources. In the event Citizens needed additional resources and response to a catastrophe event we would have the ability to emergency procure contracts directly with catastrophe vendors.

Jay Adams continued, as stated in several meetings we believe that the number of independent adjusters available in the marketplace have significantly declined over the years due to the lack of catastrophe work. Both of our solicitations for catastrophe resources bear this out. In an attempt to find additional resources that can provide a scope and estimate of the damage along with diagrams and photos, Citizens has issued a Request For Information 17-0026, Estimating Services on August 18, 2017. We are reaching out to vendors to conduct these services in the mitigation field to see if this can be developed into a viable working model and support a catastrophe.

Jay Adams continued, Hurricane Harvey that impacted Texas and the Gulf States have an impact on our available independent adjusters. In the days immediately following the landfall we started to receive notice from about 20 independent adjusters that they were leaving Citizens immediately and deploying to respond to Hurricane Harvey. These resources were providing services for litigation, appraisal, our manage claim model or our daily claims, non weather water and a large loss teams. It is mission critical for Citizens to retain the currently deployed desk adjusters that we pay on a day rate. These adjusters handle our litigation and appraisal claims and understand the claims process as well as the claims management system. Our CAT plan heavily depends on this group to help process catastrophe claims closings. Our vendor team conducted market due diligence to find out what the impact Harvey had on the rates being paid to independent adjusters. We found out that Texas Windstorm was paying a day rate of \$900 a day, Crawford Flood was paying \$800 a day plus \$120 per diem, and State Farm reopened their Jacksonville CAT processing center and have requested over 300 independent adjuster resources paying in that same range as the others. In an effort to retain the Citizens resources, Citizens issued a contract amendment that will increase our day rate from \$625 a day to \$750 a day from the period September 4, 2017 to January 1, 2018, at which time we will reevaluate the market condition. We are hopeful that this increase will help to curtail those independent adjusters leaving for Harvey.

Jay Adams stated, a question was raised during the December Board of Governors meeting regarding the increase in the loss adjustment expense ratio from 11 percent in 2015, to 27 percent in 2016. Barry Gilway mentioned that we would be conducting a deeper dive into the LAE statistics to better understand these increases. The overall results of this deep dive are as follows. The sharp increase in LAE costs from 2015 to 2016, and the financial statement is because in 2016, after considering changing litigation

patterns we were advised upwards our best estimate of the eventual cost of the 2015 claims. This increased the LAE costs in the 2016 financial statements. Also, the average LAE costs are increasing because a greater fraction of claims are being litigated. However, the average LAE cost for each litigated claim has remained between seven and \$9,000 for each claim for almost a decade. Chairman Aubuchon that concludes my update. Any questions?

Chairman Aubuchon stated, thank you, Jay. Members, any questions of Jay?

Governor Holton stated, thank you, thanks for a great presentation and thanks for all you guys are doing. A quick question. I know you referenced the rate going up, the daily rates because of Texas. Are you getting any indication what industry wide rates are prevailing today because of the impending Irma CAT, and also any bonuses that are being offered to see where we kind of are in the marketplace?

Jay Adams replied, so we have followed very closely to what Texas Windstorm is paying. We have made our adjustment to line up with what they are paying for their daily rate, and we will be making additional adjustments for our fee schedules which we pay on an individual claim by claim basis. We also have done some due diligence within the state of Florida. We know that some of our domestic carriers are paying up to \$1,400 a day to guaranteed resources on a stand by roster. We also are getting feedback from domestic carriers that they also are feeling the shortage of resources in the marketplace. So this is something that we will have to continue to monitor. We may have to make additional changes as Irma unfolds.

Governor Holton stated, that is what I was getting at. Are you looking, I know OIR has relaxed some of the licensure issues for IAs. Are you looking at potentially going outside the normal base to potentially retired IAs in Florida to supplement our pool?

Jay Adams stated, so we do have several other ideas in place that we are discussing with IA firms. As we develop those I will certainly bring those back to this committee and to the Board and advise you what we come up with. Right now we are just in the early stages of discussion.

Barry Gilway stated, Mr. Chairman, we have had extensive discussions on the phone with, you know, key legislators. We have been on the phone with the Commissioner multiple times including the discussion just a few minutes ago. So I will make two observations. Number one, I just got off the phone with one of the major CEOs of one of the major companies in Florida. They are having severe issues in having their adjusters respond. I have had discussions with the CEO Worley, who is one of the largest independent TPAs for adjusters countrywide, and they have confirmed that the vast majority of their resources that they have already assigned with specific caseloads to either FEMA or independent companies in Florida. We have Steve Bitar who is now reaching out to Greg Thomas looking at the 220 licensing programs that there is an emergency short term 220 licensing program that exists, obviously independent agency capabilities that exist for those with 220 licenses, as long as they have specific company approval. So we are looking into that possibility. We are looking into the potential of extending contracts to all of the companies, such as independent inspection companies that may have Xactimate and licensed, and adjusting, or estimating capabilities. So at this point, yes, we have most definitely taken

some action to take a look at how we might get any 220 licensed individuals involved. We are looking at the financial aspects of that and the control aspects, how it tracks with our system. So I think Jay and his whole team have really looked at any possibility of getting adjusting resources given the fact that my feedback is that the resources across the state will be severely limited primarily as a result of the commitments to Harvey. I would be more than happy to expand on any of those comments if you prefer, Mr. Chairman.

Chairman Aubuchon stated, thank you, Barry. Jim, did you have any follow up to that?

Governor Holton stated, No, I think that is exactly right on point and please keep us advised as things progress guys, appreciate it.

Jon Palmquist asked, did your due diligence include a review of the FEMA price schedule in Texas?

Jay Adams stated, yes, sir.

Jon Palmquist stated, okay, so you know about that, and you are aware of the TWIA so-called Harvey fee that they are assigning as well?

Jay Adams stated, correct, we understand that they are paying a fee structure and then they are paying a bonus directly to the adjuster on the back side.

Jon Palmquist stated, correct, and any of the IAs I have spoken with are giving a 100 percent to the actual adjusters instead of taking, retaining their 30 or whatever percent.

Jay Adams stated, correct. So Citizens has a little different contract arrangements. We contract directly with the IA vendor and we do not pay the independent adjuster direct at all. So any fees that we pay must filter through that vendor and Citizens is not allowed to pay a bonus structure.

Jon Palmquist stated, okay.

Barry Gilway stated, do the recommended changes in terms of our emergency authority give us the ability to change that in any way and allow for the payment of additional bonuses?

Jay Adams stated, I do not believe so. We would need Dan's consultation. But in the past we have looked into trying to figure out a way to direct the payment directly to the independent adjuster and we have always run into challenges with 287.057 and Citizens, how we are set up. We are just not allowed to do it.

Dan Sumner stated, Jay, you are absolutely right that there are obstacles, but I believe that given the Governor's declaration and the action item that will be discussed later, that we will have more flexibility than we have ever had before in terms of addressing potential adjuster compensation. So I would say at this point, Jay, that we certainly need to approach this with a lot of caution, but I believe that our options are pretty, pretty wide open here at this point.

Jay Adams stated, thank you, Dan.

Chairman Aubuchon asked, any further questions? Ok, hearing none our next item of business is Business Continuity Readiness.

### **3. Business Continuity Readiness**

Jay Adams stated, so Robert Sellers and team are responsible for our business continuity. And the reasons that we felt it necessary to bring this forward was much of the early projections of Irma and actually the current protection places our claims building here in Jacksonville potentially in the path where we could sustain some damage. And what we wanted to do is provide some clarity to this committee and to the Board that Citizens in fact does have a catastrophe plan. It is called Business Continuity around what we would do if something happened to the infrastructure here. And with that, Robert, I would like you to go ahead with your presentation, please.

Robert Sellers stated, thank you, Jay. Good afternoon, Governors, this is Robert Sellers, I am vice president and CTO for Citizens. Each year the Citizens' business partners from claims, catastrophe operations, catastrophe response center, our Enterprise resiliency organization and the IT Centers of Excellence which include our application delivery, our IT infrastructure and our IT operation areas work collaboratively to make any necessary systems and process enhancements, validate those changes and certify that Citizens is ready to respond to weather related catastrophe events.

Robert Sellers continued, as part of the standard procedures in the 2017 hurricanes forum season preparedness activities, Citizens staff has prepared and successfully tested the systems and processes necessary to provide the capability to support a 250,000 claim event, including our ability for disaster recovery of those key systems. We also ready each year approximately 400 work stations at our facility here in Jacksonville, and another 160 work stations at our Tampa facility to supply immediate work space and technology for our catastrophe claims responses. With respect to Business Continuity, our staff is encouraged to take their mobile computer equipment home with them each day and on a weekly basis many Citizens staff across the organization perform their work from alternative work locations, including home, hotel and other remote facilities. Known as AWA or our alternative work assignments, this remote work activity ensures that staff has the technology as well as the competence and knowledge to perform their responsibility from potentially any location.

Robert Sellers continued, in preparation for Irma, as part of the Business Continuity readiness process, Citizens' executive crisis management team has held readiness meetings in which previously planned preparation activities for potential Business Continuity responses were reviewed. These System Continuity responses may include Jacksonville and Tampa and possibly Tallahassee office closures and at this point we are planning to close on Friday, but after the event if there is further closures we are ready to deal with that. Evacuations required that are state mandated, evacuation of key personnel to other Citizens' facilities identified as likely safe areas within Florida, Georgia or Alabama. Facility and technology recovery plans for damage or otherwise unavailable Citizens work locations. This includes preliminarily identification of available state of Florida space through the Department of Management Services and similar requests to our real estate broker. We also put our key technology and facility vendors on notice for possible assistance requests.

And finally, we also review readiness for any technology disaster recovery needs.

Robert Sellers stated, our general flow of activities as part of this preparation response are as follows. We generally start with the crisis management readiness calls which includes our executive leadership and our Business Continuity coordinators. We have organizational wide communications on readiness and preparation and responsibilities of our staff which are delivered, and based on the current storm tracks the identification of likely need and readiness for large or small scale recovery facilities has also been discussed. The focus right now is on available state and commercial facility space that can be acquired quickly.

Robert Sellers continued, if during an event like Irma there is significant impacts to a Citizens' facility the activations of the Citizens' crisis response team is initiated. We will then perform an assessment of the damage of Citizens' facilities and the impact to our business operations capabilities and then we determine any necessary actions required for the crisis response team for required business operations. Following that the business senior leadership staff is notified with a cascade of those decisions, directions and expectations. Our systems and operations staff which includes our facilities and information technologies performs the Business Continuity response plans. Those are executed to provide facility and technology capabilities to the organization. And then once those are established the Business Unit Continuity response plans are then executed to provide those necessary services for the organization. And once all of that is done and we are back up and operating at our minimal levels, the systems and operation units goes into a recovery mode for meeting any long term requirements which may include returning to our existing facilities hopefully or providing for new long term facilities for normal operations.

Robert Sellers continued, just as an example, the access we have prepositioned and are prepared to acquire to support Citizens immediate Business Continuity recovery activities during Irma include physical office space for up to potentially 500 work spaces located in different parts of the state. Communications, including voice and data that are necessary to connect to our data centers and we have least satellite services available to us if required. We have generators on standby including fuel services. We have two large facility sized generators that are available. And then for the basic laptop and desktops that may be damaged during an event, we have significant capacity available on hand. Our vendors are on standby if necessary that can supply us with additional technology equipment. Governors, thank you. That concludes my remarks on our continuity readiness and activities. Do you have any questions?

Chairman Aubuchon stated, thank you, Robert. Members, any questions for Robert or for Jay? Hearing none, Jay and Robert, thank you for your presentation.

#### **4. CAT Update**

Craig Sakraida stated, thank you, Chairman Aubuchon and Governors. I am going to make a lot of this information here pretty brief. You have it in front of you. The first information there was prior to Irma was our only landfall of the year with Tropical Storm Emily back in the end of July. As you can see even from these numbers the majority of our claims come from Miami-Dade even though it came ashore around Tampa.

Craig Sakraida stated, I will go into a little bit of our CAT testing summary. Some of the big things that we try to accomplish every year is test the work flows, the processes that we are

most interdependent on in the CAT response. And for 2017 we determined we had a claims work flow test catastrophe response center, the deployment exercise which used to be our emergency operations centers, we changed the name of that, the branding on that last year. Our first notice of loss call center test, our annual system load testing and then we did an Office of Insurance Regulation data call project that Jay was speaking of earlier which allowed us to test some of the technology that we are employing for our CAT response.

Craig Sakraida continued, every year we do different testing. The work flow test was set up for our dual assignment process and having our independent adjusters in the field only use Xactimate and not have to interact with our claims system which will allow for greater efficiencies in the field. That went off fairly well with only one or two minor revisions that we had to do, and all of that has been completed. So I would say that is a huge success coming that we are going to use it here in the next week or so. Our annual CRC deployment exercise, every time we do it there is more the efficiencies gained and I think that group is ready to go. We have three fully loaded field service vehicles that are ready to go down to the hard hit areas and service our customers. Our annual call center test is conducted at an offsite location. We have the vendor basically staff up a location that they don't work out of which is going to play into our hands with this catastrophe response, because their main site is in Pompano Beach. So they are already working on now getting the site in Arizona and they have another one in Minneapolis that they are going to fire up for us. So once again we test them for capacity, and our annual load testing which we base on some actuarial data based on a 250,000 claim event and 2,500 concurrent users and the main things we look at is can our policy system, our claims system and the supporting functions work with that many users and that many claims in the system. And I would like to say that we have tested it to this level several years and we have been very successful. So I am confident that we can respond to this large event.

Craig Sakraida stated, and the OIR data call is the last thing we did and that really allowed us to gauge our productivity and our adjuster resources. When we engaged them only through a virtual webinar and monitored their progress and production through, you know, basically e-mail communication in our claims system and our reporting functionality. So that worked out well and basically showed that we can do what we need to do to respond to a catastrophe. That is really the gist of what we have done in 2017. Do you have any questions about any of the information?

Chairman Aubuchon stated, members, any questions? Well, Craig, hearing none, I am so glad that you and your team had an opportunity to test first, because we are about to engage in the real thing here, and it sounds like you and your team are very ready.

Craig Sakraida stated, yes, sir.

## **5. Litigated Claims Update**

Lisa Walker stated, thank you, Chairman Aubuchon and Governors. This is Lisa Walker, Director of Claims Litigation. So far in 2017, we have seen a 12 percent decrease in the number of new incoming lawsuits. As expected, and consistently since 2014, the majority of those lawsuits are coming from the tri-county area with 93 percent and 64 percent of those in the Miami-Dade area. So far in 2017, 84 percent of our insureds are represented with first notice of loss which is also consistent for 2016. Approximately 60 percent of the

new incoming residential lawsuits did not have any dispute prior to the insured filing suit, and 44 percent of those lawsuits were brought within six months of the first notice of loss. The majority of our lawsuits are still in the water and AOB arena, with approximately 48 percent of those lawsuits are water and just a slight decrease over 2016, and 40 percent are in AOB which is an increase over 2016. In response to our ongoing trend of water litigation and frequency of the AOB lawsuits we are working collaboratively with in-house legal and outside legal counsel to continue to craft and refine our litigation strategies and address matters as appropriate for effective resolution. That is my conclusion of the 2017 litigation update. Are there any questions?

Chairman Aubuchon stated, Members, any questions for Lisa? Okay. Hearing none, thank you very much for your presentation.

## **6. Vendor Update**

Greg Rowe stated, thank you Chairman. The first item I would like to bring before the committee today is for our Independent Adjusting Services -- Catastrophe. Just as a brief history. After two prior solicitations for catastrophe resources earlier this year, having not been able to obtain the necessary resources and the number of independent adjusting firms to meet our numbers to successfully execute our catastrophe response plan, on July 13, 2017, Citizens issued RFP 17-0020 for Independent Adjusting Services -- Catastrophe. Responses were received and scored by an evaluation committee and the vendors were able to submit proposals to provide services under one distinct service category, being CAT Field Task Adjusting Services. The evaluation committee recommended a primary award to multiple catastrophe field task adjusting services on August 2, 2017, and a listing of those firms recommended for award in the Notice of Intent is attached as Attachment A in your documents. Mr. Chairman, if there are no questions concerning this I will move forward with our recommendation.

Chairman Aubuchon stated, Members, any questions? Greg, I just have one. Assuming the approval of this action item in the subsequent Board meeting following this committee meeting, will we be able to then have the immediate use of these independent adjusters in the current situation?

Greg Rowe stated, yes, Sir, absolutely.

Chairman Aubuchon stated, okay. Please go ahead and read the recommendation.

Greg Rowe stated, Staff recommends the committee approve the recommended award of resulting contract including renewal periods for Independent Adjusting Services -- Catastrophe, RFP 17-0020, to the list of attached vendors as set forth in this Action Item. Two, authorize staff to take any appropriate or necessary action consistent with this Action Item. And finally, approve this Action Item not to exceed \$343,900,000. This amount is accounted for under the already approved RFP 17-0006 as this is a contingency for the non litigated catastrophe contract.

**A motion was made by Governor Schinz and seconded by Governor Holton to approve and recommend Board approval of the Independent Adjusting Services – Catastrophe Action Item, RFP 17-0020. All were in favor. Motion carried.**

Greg Rowe stated, the next is the first of two consent items I would like to bring before the

committee. And in the upcoming Board of Governors meeting you will see these presented under item 03-A, and we are doing those to try to expedite the process as much as possible and not be over laborious with all of the details. So with that said, this consent item, the first one is for an amendment to our existing Commercial Adjusting Services contract, we have seen over the life of the contract that the pool of commercial adjusters and resources are extremely limited and we are certainly competing for these resources now more than ever. For this consent item we are requesting to amend the terms of the current contract to increase the fee schedules by approximately 18 percent and this rate increase is in the fee schedule and will allow our Commercial Adjusting Services contract be in alignment with the current residential and litigated adjusting services contract. As of July 2017, the current contract spend was \$2,333,603, and that leaves us with a balance of \$14,462,396. This consent item is absolutely not requesting any additional funds. So if there is no questions I will move forward with the recommendation, Mr. Chairman.

Chairman Aubuchon stated, Members, any questions? Hearing none, Greg, please move forward.

Greg Rowe stated, thank you, Mr. Chairman. Staff recommends that the committee, one, approve the recommended increase to a fee schedule rates. Two, authorize the staff to take any appropriate or necessary actions consistent with this consent item and approve this amendment not to exceed \$16,800,000.

**A motion was made by Governor Holton and seconded by Governor Schinz to approve and recommend Board approval of the Commercial Adjusting Services Consent Item, RFP 15-0018. All were in favor. Motion carried.**

Greg Rowe stated, thank you, Mr. Chairman. This final consent item is for an amendment to our Property Loss Estimated Software contract. And this software is what our staff and independent adjusters utilize to write repair estimates for policyholder claims. For this consent item we are requesting approval to amend the contract seeking approval to increase the total contract spend from \$13,000,000 to \$15,175,000. This increase is authorized spend necessary for Citizens to utilize the roof and property reporting services provided by our vendor Xactware. And these services were included in the current contract, however, it was not a service that we had originally intended on utilizing. And therefore the spend associated with this service was not accounted for in our original budget approved by the Board of Governors. So Mr. Chairman, if there is no questions I will certainly move forward with the recommendation.

Jay Adams stated, Mr. Chairman, before we move on I would like to provide a little additional clarity for this. So we have been looking at alternative methods of adjusting claims faster, quicker, better, because of the shortage of resources. This is another tool in our tool box that provides us the ability to leverage less independent adjuster resources in the overall adjustment process. In light of what we are facing here in Irma, we are looking for everything that we can to, you know, improve our time frame of turning these claims back. So that is really the highlight around what we are trying to do with this consent item.

Chairman Aubuchon stated, thank you, Jay. Members, any questions? Hearing no questions, Greg, please read the recommendation.

Greg Rowe stated, absolutely, thank you, Mr. Chairman. The staff recommends that the Citizens Board approve the recommended increase in the total contract authority by \$2,175,000 from 13,000,000 to a total of \$15,175,000 for the property loss estimating software. Two, authorize the staff to take any appropriate or necessary actions consistent with this consent item. And finally, approve the contract not to exceed \$15,175,000.

Chairman Aubuchon stated, members, you have heard the recommendation. Are there any questions? If not I will entertain a motion to approve.

**A motion was made by Governor Schinz and seconded by Governor Holton to approve and recommend Board approval of the Property Loss Estimating Software Consent Item, ITN 14-0006. All were in favor. Motion carried.**

#### **7. New Business**

Chairman Aubuchon stated, okay, is there any new business to come before the committee today?

Jay Adams stated, Mr. Chairman, before we move forward, Barry would like to offer a few comments before we move to the last section there.

Chairman Aubuchon stated, absolutely.

Barry Gilway stated, yes, thank you, Mr. Chairman. Just a few comments that we have not covered in the meeting that I think are important for everyone to realize. Number one, despite moving from 51 percent market share in Dade, down to a current level of 22 percent, and going from 40 percent market share in Broward down to 14 percent and overall from 26 to six percent, we are still anticipating a claims load that could exceed 100,000 claim event, and we have to be prepared or in preparation for that level of event. Today we are releasing pre call communications to about 248,000 of our customers, with claims notification and instructions as we did in Matthew. We have our call centers on notice that they could be expecting 50,000 calls a day, and we are contracted for that level of calls. And we also have three emergency operations centers ready to deploy, in the primary areas that are impacted. In addition to having a number of volunteers and field staff that can be resident in the offices of our key producers in order to respond to consumers. So I just want to assure this committee that as Jay has indicated several times in the meeting, we are looking at all alternatives that are available to us in order to be as responsive as possible when this event occurs. Obviously we are looking, we are closely monitoring and we will have much more sophisticated estimates of loss, size of loss, total impact, financial impact, probably within what, 48 hours, Jay that would be reasonable?

Jay Adams replied, I think so, yes.

Barry Gilway stated, so I just wanted to add those additional comments to make sure everyone knows, all of the Board members, Mr. Chairman, are aware we are doing everything possible to be as prepared as we possibly can for this event.

Chairman Aubuchon stated, well, thank you, Barry, and we certainly appreciate your, Jay's and the entire team's efforts to not only be prepared for this event, but just the good work you have put in each and every day.

Barry Gilway stated, thank you, sir.

[Meeting Adjourned]

DRAFT