



TASK ORDER No. 01 TO CONTRACT # 17-16-0005-09

This Task Order No. 01 (the "Task Order"), is issued by **Citizens Property Insurance Corporation** ("Citizens"), whose principal address is 2101 Maryland Circle, Tallahassee, Florida 32303, and **Plante & Moran, PLLC**, (the "Vendor"), whose address is 26300 Northwestern Highway Suite 120, Southfield, Michigan 48076. Citizens and Vendor shall each be known as a "Party," and collectively shall be known as the "Parties."

Citizens and the Vendor agree to the following:

- I. **MASTER AGREEMENT.** This Task Order is directly related and subject to the Contract # 17-16-0005-09 between Citizens Property Insurance Corporation and the Vendor (the "Master Agreement").
- II. **SCOPE OF WORK.** Citizens and Vendor agree that Services and any deliverables for this Task Order are set forth as follows:

Effective Date	Vendor's work related to this Task Order shall begin no later than the week of June 11, 2018.
Expiration Date	The end date for this Task Order will be the earlier of three (3) weeks from the start date, the completion of the services, or until such time that Citizens has been billed the maximum compensation set forth in this Task Order.
Citizens' Contact for Task Order	John Fox Citizens Property Insurance Corporation 301 West Bay Street, Suite 1300 Jacksonville, Florida 32202 904-208-7621 John.Fox@Citizensfla.com
Vendor's Contact for Task Order	Doug Farmer Plante & Moran, PLLC 10 South Riverside Plaza, 9 th Floor Chicago, Illinois 60606 312-602-3691 Doug.farmer@plantemoran.com

<p>Scope of Work to be Performed by Vendor</p>	<p>Citizens desires to engage the Vendor to provide internal audit consulting resources to assist with a financial benchmarking initiative. The purpose of the project is to identify selected financial ratios, specifically the Expense Ratio and Loss Adjustment Expense ("LAE") Ratio, and perform research to obtain or calculate these ratios for a selection of specific insurance companies (the "Benchmarking Group") or industry averages, where data is available. The same ratios will be calculated for Citizens and an analysis will be performed to show the comparison of these ratios between Citizens, other companies, and industry average. Discussions may be held with Citizens' management to understand why Citizens' ratio varies from the others.</p> <p>Vendor and Citizens will determine within ten (10) days of the effective date when referenced materials will be made available. Specifically, these procedures will be performed by Vendor:</p> <ol style="list-style-type: none"> 1. Benchmarking Group: Validating the benchmarked carriers utilized in the Company's previous Expense Ratio analysis for reasonableness/appropriateness including answering the following: <ol style="list-style-type: none"> a. Are any carriers included that shouldn't be considered in the Benchmarking Group? b. Are any carriers not included that should be considered in the Benchmarking Group? <p>Note: Once the benchmarked carriers are validated, we can utilize those carriers as the Benchmarking Group for the Expense and LAE ratios work in this Task Order.</p> 2. Expense Ratio: Validating the add-backs/back-outs for the expense ratio that Citizens performed as part of their previous expense ratio comparability study. <ol style="list-style-type: none"> a. Existence/Occurrence: Were the add-back/back-outs appropriate given the nature of our operations and that of the private market. b. Completeness: Are there any additional items that could be considered an add/back? 3. Expense Ratio: Benchmarking of each line item on the "Underwriting & Investment Exhibit Part 3 - Expenses" OTHER UNDERWRITING EXPENSES [Column #2] as a % of Direct Written Premium. <ol style="list-style-type: none"> a. Determine how each Citizens line item compares to Benchmarked carriers (Procedure #1). b. Determine how each Citizens line items compares to Benchmarked carriers (Procedure #1) when the following Cost Centers are removed: <ol style="list-style-type: none"> i. Purchasing / Procurement ii. Competitive Solicitations iii. Inspector General iv. Internal Audit v. Depopulation vi. FMAP
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	<p>vii. Clearinghouse</p> <p>c. Other Considerations: Determine if there are any departments/admin costs that Benchmark carriers typically have that Citizens does not that we would need to add back. Such as:</p> <ul style="list-style-type: none"> • Higher Commission Rates from Private Carriers (including Citizens does not pay/provide contingent commissions) • Higher salaries from Private carriers • Bonus structures at Benchmark carriers v. no bonus structure at Citizens • Advertising costs extremely low at Citizens • Private Companies may own their own buildings, where we don't/rent • Travel expenses expected lower here at Citizens (must adhere to the State Travel Policy) • IT Spend • Enterprise Project Spend (although this may be challenging to determine what projects Benchmark carriers are spending. • Certain sales and use taxes Citizens is exempt from (such as office rent, lodging, supplies) • Any other cost differences not noted above <p>4. LAE Ratios: (Similar to Procedure #3) Benchmarking of each line item on the "Underwriting & Investment Exhibit Part 3 - Expenses" LOSS ADJUSTMENT EXPENSES [Column #1] as a % of Direct Written Premium.</p> <p>a. See how each Citizens line items compares to Benchmark carrier group (Procedure #1)</p> <p>b. Similar to Procedure #3 if applicable, Determine with Citizens, which cost centers are in LAE, if any. Nevertheless, if #2 is validated, need to consider the add-backs/back-outs.</p> <p>5. LAE Ratios: Take the total Allocated LAE (Column 1 Line 1.4) breakout into Defense & Cost Containment ("DCC") and Adjusting and Other ("AAO") and benchmark that against benchmark carriers group (info should be easily available as companies are required to disclose).</p> <p>6. LAE Ratios: Understand and evaluate the manner in which Citizens determines Unallocated Loss Adjustment Expenses ("UALE") and benchmark to how the Benchmarking Group determines UALE.</p> <p>7. Provide best practices as to how similar Property & Casualty ("P&C") organizations utilize policies/procedures around effectively tracking and recording/reporting defense costs when the P&C company is responsible for policyholder defense costs. Primarily:</p> <p>a. Assess whether other companies separately track and report on:</p>
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	<p>i. What portion of the amount paid by insurer is for the policyholder?</p> <p>ii. What portion is for the policyholder's defense cost that we/plaintiff were responsible for paying?</p> <p>b. Assess if there is any financial ratio and/or F/S impact to not having an accurate break out 100% of the time?</p> <p>Note: For Procedures 3 and 4, the Parties may later choose to roll the detail into their appropriate segment and decide that is a better way to present the information (into one of the four (4) common/acceptable segments - Commissions, Other Acquisition Costs, Taxes, Licenses Fees, General Expenses, Other Income/Expense, or Commission Personnel, Operations).</p>
Deliverables	<p>Project deliverables will be approved by the Citizens' Contact for the Task Order and will address each of the specific procedures noted in the "Scope of Work to be Performed by Vendor" above and include:</p> <ol style="list-style-type: none"> 1. Gap Analysis of Citizens' current financial ratio process including inputs, tools and outputs with industry best practice recommendations. 2. Assessment of Citizens' benchmark carrier characteristics with recommendations for peer group comparison. 3. Propose dashboard recommendations for real time, configurable financial ratios, key performance indicators, and benchmark carrier analysis.
Key Resources	<p>Vendor will provide the following Key Resources in accordance with the Master Agreement:</p> <ul style="list-style-type: none"> • Jeff Wright, Enterprise Risk Services – Senior Manager • John Fritz, Financial Services Assurance – Senior Manager • Chris Moshier, Analytics Center of Excellence– Senior Manager • PM Client Collaboration – SharePoint site (if needed) <p>At least five (5) business days prior to the commencement of this Task Order, Vendor's Project Manager (or if a Project Manager has not been assigned, Vendor's Engagement Manager, Client Partner or similarly situated resource) shall provide the names of all resources performing Services under this task Order to Citizens' Contact for Task.</p> <p>Vendor's Key Resources will be paid at one-half of the associated hourly rate while traveling to and from Citizens locations. All travel times should be reflected on the invoice as a separate line item.</p>
Total Estimated Cost	Total professional services cost estimate is \$10,000 plus any out-of-pocket costs to obtain peer group data or financial information.
Compensation Structure	<p>Vendor will be paid in accordance with terms of the Master Agreement and this Task Order for services rendered.</p> <p>Citizens and Vendor agree with an estimate of 36 hours to complete this project and the total project cost will not to exceed \$10,000 in total without Citizens prior written authorization.</p>

Travel Required	All travel related to this Task Order must be pre-approved in writing by Citizens' Contract Manager or designee and will be reimbursed in accordance with the terms of Citizens' Vendor Travel Reimbursement Guidelines, hereto attached.
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III. Any Other Details Related to the Completion of this Task Assignment:

1. Due to the consulting services nature of work, Citizens reserves the right to revise project tasks and deliverables to meet evolving project needs.
2. The Vendor shall ensure that all resources completing work assigned by Citizens Office of Internal Audit ("OIA") remain objective and independent from other work relating to Citizens. Each resource shall complete and sign a Conflict of Interest form, disclosing any possibility of a conflict within the OIA requested services.

Except when the Task Order specifically references the sections and paragraphs of the Master Agreement which are being superseded, in the case of a conflict of terms or provisions between the Master Agreement and any Task Order related to this Master Agreement, the Master Agreement shall take precedence. If a Task Order supersedes a portion of the Master Agreement, it shall be limited solely to that particular Task Order.

If a conflict exists, the non-conflicting portion(s) of the term or provision of the less controlling documents shall remain enforceable.

Citizens and Vendor certify by their undersigned authorized agents that they have read this Task Order and agree to be bound by its terms and conditions.

**CITIZENS PROPERTY INSURANCE
CORPORATION:**

DocuSigned by:
Joe Martins
B2B86D58B2C2462

SIGNATURE:

Joe Martins

PRINT NAME:

Chief of Internal Audit

TITLE:

4/5/2018

DATE:

PLANTE & MORAN, PLLC

[Signature]

SIGNATURE:

Doug Farmer

PRINT NAME:

Partner

TITLE:

03/30/18

DATE: