

**CITIZENS PROPERTY INSURANCE CORPORATION**

**MINUTES OF THE CLAIMS COMMITTEE MEETING  
Wednesday, June 13, 2018**

The Claims Committee of Citizens Property Insurance Corporation (Citizens) convened telephonically on Wednesday, June 13, 2018 at 10:00 a.m. Eastern.

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

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

**1. Approval of Prior Meeting's Minutes (March 28, 2018)**

**A motion was made by Governor Schinz and seconded by Governor Holton to approve the March 28, 2018 minutes. All were in favor. Motion carried.**

**2. Strategic Update**

Jay Adams stated, Thank you, Chairman Aubuchon and committee members. I would like to start my strategic update with a brief discussion around our managed repair program and the new product language that was filed and approved for 08/01/18. The basis of the new product filing was to encourage the utilization of our managed repair program to provide full access to the Coverage A limit for repairs for non weather water losses. The filing indicates that if the managed repair program is not utilized that a sub limit of \$10,000 applies, and within that \$10,000 sub limit a vendor cap of \$3,000 applies for all mitigation services.

Jay Adams continued, As you may recall, when we rolled out the managed repair program July 1st of 2017, it was our intent for the program to be a customer centric and only operated as a voluntary program. Citizens contracted with an administrator to provide the network of credentialed vendors within the managed repair program and then they back up the vendors three-year workmanship warranty that is provided to the insured once those repairs are completed.

Jay Adams continued, Within the managed repair program we have two components. The first is mitigation services, and the second is permanent repairs. Under the mitigation services, Citizens provides free remediation without application of the policy deductible or the determination of coverage. Under the permanent repairs portion application of the deductible applies along with policy provisions if only paying for covered losses. H-03 and DP-3 policies with an effective date of 08/01/18, for new business and renewals will receive the endorsement that contain the new policy language. When a first notice of loss is called in with these effective dates the call center will be prompted with a script that advises the insured that their policy contains a sub limit for non weather water losses that limits coverage to a total of \$10,000, and within that limit there is a vendor cap of \$3,000 just for the mitigation services. They will then explain the managed repair program and

that if this program is chosen then the \$10,000 sub limit is removed and coverage is available up to the Coverage A limit within the policy. Every insured who reports a first notice of loss with non weather water as the cause of loss will be offered the managed repair emergency services for mitigation. In addition to the offer the call center will advise the insured that this service is free without application of deductible and regardless of coverage. If the insured elects this free service Citizens will pay the full amount of the emergency services to the claims file which means that the insured still has access to the full \$10,000 sub limit if they choose to complete their permanent repairs outside of the managed repair program. If the insured chooses to utilize their own contractor to complete the emergency services they will be advised that the vendor cap applies and that the limit is capped at \$3,000. If the insured makes this decision only to find out that their emergency services will exceed the \$3,000, Citizens will allow them to enter the free emergency services, but only if coverage applies. In this scenario a deductible will apply if the insured utilizes their policy coverage for their portion of the emergency services and will be applied towards any Coverage A payment that is made. At this point the insured is left with the remaining amount of the sub limit to complete the permanent repairs.

Jay Adams continued, In the preceding example the insured needed more than \$3,000 to complete their emergency services, so they elected to end their Citizens emergency services for the completion of those services. The non weather water sub limit is \$10,000, less the emergency services expended, but it is still capped at \$3,000 would provide the insured \$7,000 less their policy deductibles for completing the permanent repairs. The insured will be provided an estimate of the permanent repairs which includes the application of the policy deductible. The insured is given another choice at this point in the claims process by their Citizens adjuster if they want to enter the managed repair program for their permanent repairs. If the insured chooses to enter the program at this point they are eligible for the full Coverage A limit within their policy which waives the non weather water sub limit of \$10,000.

Jay Adams continued, In the preceding example the insured was left with the remaining sub limit of \$7,000, less their policy deductible. The insured is provided with a Citizens estimate of the permanent repairs less their policy deductible. If Citizens' estimate exceeding the remaining amount of the sub limit, the insured could chose to enter the managed repair program and the coverage would revert back to the Coverage A policy limit.

Jay Adams stated, Citizens worked closely with the Office of Insurance Regulation with respect to the product filing for 08/01/18, to make sure that a customer centric program was designed and built with options for the insureds. The design of the program was specifically set up to provide multiple options for the insureds to complete all repairs and to have access to the full Coverage A limit within the policy.

Jay Adams stated, As of January 1st, 2018, Citizens had received 1,998 claims for non weather water that contained the managed repair endorsement. Of these, 240 have entered the pre-mitigation services, 669 declined to enter the mitigation services and 1,089 were not eligible for mitigation services based on their late reporting. A total of 86 claims have entered the permanent repair portion of the manage repair program. Of these, 37 started the program and mitigation services and then transitioned over to the permanent repairs. Twenty-six originally declined the mitigation services and then they

were sold a permanent repair program by their adjuster, and 23 were not eligible for mitigation services due to late reporting, but was sold a permanent repair program by their adjuster. And, Chairman, at this point I will pause for a moment to see if there is any questions before I proceed.

Chairman Aubuchon stated, Thank you, Jay. Are there any questions?

Governor Capps stated, I have a question.

Chairman Aubuchon stated, Go ahead, Blake.

Governor Capps stated, On the \$3,000 thing, do they have to have prior approval? Like, say, for instance, you have a broken pipe in your house, your house is kind of all wet, and it is a dire emergency and it is on a Sunday, when someone can't get prior approval from Citizens, and somebody comes in and does a little bit of work that might be worth \$500, but they submit a bill for \$3,000. What happens in that case?

Jay Adams stated, The first thing I would like to state is that our managed repair program is 24 by 7 service. The call center is available all the time and so is the contractor repair program. Those folks are on call and we have SLAs in place as well. So if the insured calls in their claim over the weekend or after normal business hours, they can receive a call back from Contractor Connection within one hour, and then they can have a vendor on site within four hours. The second part of your question about, if they choose to do this work themselves or have their own vendor do the work, do they need prior approval for the \$3,000? The \$3,000 in the new filing is a vendor cap, meaning we will not exceed the \$3,000. However, what will happen when that invoice is submitted, we will review the invoice for customary and normal charges and then we will pay based on that. That is not a guarantee that we would just issue the insured \$3,000.

Governor Capps stated, Okay. That is good. One other quick question. I think you addressed this already, but I just wanted to get it clear. Could somebody conceivably get the \$3,000 plus the \$10,000?

Jay Adams stated, No, sir.

Governor Capps asked, \$3,000 plus \$7,000, right? Is it \$3,000 plus \$7,000 or \$3,000 plus \$10,000?

Jay Adams replied, So the way that the form works is there is a policy sub limit for non weather water for \$10,000, and within the \$10,000 is a \$3,000 cap. So in your example if the insured needed to spend \$500 towards mitigation they would have the balance of \$9,500 left for their permanent repairs.

Governor Capps stated, Okay. Say somebody had \$14,000 worth of damage and -- well, somebody had \$10,000 worth of damage and \$3,000 worth of mitigation that needed to be done, can they get \$13,000?

Jay Adams stated, Not under the sub limit language. That is a hard stop is the \$10,000. However, Citizens still offers free mitigation services. The policyholder can always choose

the free mitigation services. We will pay whatever it takes to get the property dried and ready for permanent repairs. But again, the maximum that they could receive from their claim without the manage repair program would be \$10,000.

Governor Capps stated, Okay. Great, thank you.

Chairman Aubuchon stated, Thank you, Blake. Are there any other questions for Jay?

Mr. Palmquist stated, I have a question.

Chairman Aubuchon stated, you are recognized, Jon.

Mr. Palmquist stated, Thank you. Jay, how are you doing? Just a quick question. What is the required reporting period that you referenced?

Jay Adams stated, I am not 100 percent sure I understand your question.

Mr. Palmquist stated, In your example, Jay, you mentioned that if they reported this within a required time frame, I believe. Is there a required time frame they have to report to utilize the program?

Jay Adams stated, Ultimately there is no reporting time frame. We certainly want notice as soon as the insured knows that they have a loss so that they can be offered the free mitigation services. In the program that we have under the current product language there is some timing differences, and when I mentioned that we had some folks that were ineligible for mitigation services, that is because they reported their claim beyond the time frame of 72 hours. When we move over to the 08/01 product filing we are going to offer mitigation services to every customer that calls in for non weather water regardless of the time frame.

Mr. Palmquist stated, Okay. All right, thank you for that clarification.

Jay Adams stated, Sure thing.

Chairman Aubuchon stated, Thanks, Jon. Any other questions for Jay? Hearing none, Jay, is there anything that you would like to continue?

Jay Adams stated, Yes, sir, I have two more quick topics I would like to walk through. The next strategic initiative that I would like to discuss are the solicitations that Greg Rowe will be presenting in the vendor update which include Independent Adjusting Services, Aerial Imagery Services, Fast Track Adjusting Services and Field Inspection Services. As you may recall during 2017, we were transparent in the fact that we did not have enough adjuster resources to respond to an event and we had conducted multiple solicitations to attempt to improve on the numbers up to the start of CAT season in 2017. When Hurricane Irma made landfall the Governor instituted an emergency order which allowed us to emergency contract with vendors post that landfall. What we were attempting to do for 2018 is to preemptively solicit for the different types of vendors that we know we will need to call upon when the next event occurs. We will not completely eliminate the need for emergency contracts, but it is our hope that we will be able to significantly reduce the

number as well as to secure long term contracts with vendors that we entered into emergency contracts with during the 2017 season.

Jay Adams stated, What I would like to do is provide a brief overview and the reasons we are pursuing each of these contracts. The first is for Independent Adjusting Services. This action item is a follow on solicitation for catastrophe resources. Our goal here was to provide the vendors under the emergency contract to secure long term contracts to provide resources that could be counted on for future events. So when the Governor's emergency order ended all those contracts also ended that we took out last year.

Jay Adams continued, Under Aerial Imagery Services, this has three sub components to it. It has pre event imagery which are static images that exist today that we can leverage. It has post event imagery which means they would secure that imagery immediately following an event, and also drone services. So we are leveraging the pre event imagery in our underwriting processes and oftentimes when claims are in litigation so that we have a reference point. We leverage the post event imagery immediately following an event to establish the amount of damage and what type of catastrophe response we want to establish. And finally the drone services provides access to roof structures that are not accessible or when it is not safe to access them. These images are downloaded into our estimating system to help us facilitate writing estimates.

Jay Adams continued, Fast Track Adjusting Services, this action item is to secure a vendor that has the capability of housing independent adjusters off site and outside the state of Florida to be able to respond to catastrophe events by handling low severity claims by phone. We want this outside of Florida so that we do not have any delays in the startup processes for this contract. If they are located within Florida they could be impacted by an event and thus delay our efforts to start the adjustment process.

Jay Adams continued, And finally we have the Field Inspection Services. This action item is intended to help secure resources that are not currently working as independent adjusters to provide access to different resource pools. The resource focus is for those individuals that are familiar with homes in their normal trade, such as realtor, insurance agents and home inspectors. This program leverages a software package that includes a smart device that assists the field inspector in obtaining the appropriate information to provide Citizens with an Xactimate estimate.

Jay Adams stated, The clarity I would like to provide on all of these action items, except for the Aerial Imagery is that they are additional contracts to provide adjusting services. Each of these are in attempts to provide specialized resources that we struggled to locate during the 2017 hurricane season. Each of these action items are included in an already approved Board of Governors approval of \$343,900,000. Each of these incurred expenses only when you leverage them and each is an expense item to the individual claim they are engaged in.

Jay Adams stated, And I would like to spend the last few minutes speaking directly to our Hurricane Irma response in the Keys. We are still working remotely from Banana Bay Resort located at 4590 Overseas Highway in Marathon so that we can provide service to our customers there. To date we have received 9,491 Hurricane Irma claims directly from the Keys and have made payment on all known coverage amounts for 8,084, which leaves

a pending of 1,407 claims. A total of \$253 million has been paid on those claims. We dedicated seven adjusters to the Banana Bay Resort to assist our customers in the Keys. They are available to meet our insureds and/or their representative and their contractor at the loss location to attempt to resolve any outstanding claims issues. We worked with local and state officials to post office hours for our customers for a face-to-face for the adjusters to resolve open issue. Those office hours were conducted May 1st through May 3rd, and we were able to serve 68 customers and help resolve their outstanding claims issue. We continue this Hurricane Irma response in the Keys and is making adjusters available to meet with our customers and handle unresolved issues. We have committed to remain at the Banana Bay Resort through at least September 30th of this year, at which time we will reevaluate how many outstanding claims we have. And Chairman Aubuchon, this concludes my presentation. I will be glad to take any additional questions.

Chairman Aubuchon stated, Thank you, Jay. Members, any additional questions for Jay?

Governor Capps stated, Hi, Jay, this is Blake Capps. One more. On the aerial imagery drone services, I think you said that when that is used that is mainly in cases where the damage is not accessible, or if there is a danger to the adjuster, you know, like a really steep 10 story building or something.

Jay Adams stated, Correct.

Governor Capps stated, Where it is dangerous to get on the roof or whatever, I was thinking like say you have a massive hurricane, CAT 5 or whatever, huge amount of damage, a lot of very clear damage, catastrophic damage, could you also use the aerial imagery for another category of activities which would be like clear-cut cases? Where say you have massive roof damage and you need adjusting services quickly, you had good photography showing a tremendous amount of roof damage that would justify new roofs. Rather than having people wait a few weeks to get an adjuster there, could those claims just be adjusted and dealt with based on photography?

Jay Adams stated, So in our aerial imagery solicitation we did ask for post event imagery, and an example of that was immediately following Hurricane Irma the National Insurance Crimes Bureau was able to fly all of the Keys and a small section of South Florida in the Miami area. We were given that data within about 72 hours and that gave us the ability to determine what type of damage we had. That led to us opening the strike force office in Key West that we eventually moved to Marathon, and having a response specific to the Keys. So in answer to your question, that is exactly how we leveraged that imagery, was assigning the right level of adjuster to handle those types of claims. And we did leverage that technology and in some instances in the Keys we had to leverage drones because we could not get to the roof due to debris or safety hazards because it is multi story.

Governor Capps stated, Okay. Well, that sounds good.

Chairman Aubuchon stated, Thank you, Blake. Is there any further questions?

Governor Schinz stated, I have one, Mr. Chairman. This is Freddie Schinz. Jay, we discussed a little bit last meeting about the real time and long range drones, you know,

where when you fly the drones and they go ahead and look at these roofs or look at any other type of damage, is that real time or just recorded images? And the second part of that question is are they both real time and recorded? And also, do you have long range drones where you have some range where you can still see the imagery, that has been done by those drones real time and have it recorded also?

Jay Adams stated, So the way that we leveraged this technology in the past is the post event imagery is flown not using drones. They are using fixed wing aircraft with high resolution cameras hanging off of them. And what they do is they are taking still images, multiple still images of each property location and then they have some algorithm in the background that stitches those together so that we have like a front end user interface where we can put in an address and it pulls up that static image. When we fly drones to look at individual structures, what they are doing is taking still photographs and we take those photographs and put them into our estimates, the images that we take from that and we use that to help write the estimate. None of this is really recorded, what I consider live and fed over to Citizens. All of it does have some delay from the moment of the photo capture until we actually consume it.

Governor Schinz stated, Okay, Jay, thank you very much. That is all that I have, Mr. Chairman. Thank you, Jay.

Chairman Aubuchon stated, Thanks, Freddie. Do we have any further questions? Okay. Hearing none, Jay, thank you very much for your presentation, and we will move to agenda item number three, which is the CAT update and Craig Sakraida.

### **3. CAT Update**

Craig Sakraida stated, Good morning, Chairman Aubuchon, and committee members. I just want to give a brief update on our catastrophe planning and testing for the 2018 season and we are about 12, 13 days into it now. If you turn to tab three in your binder on the second page. Every year we evaluate our catastrophe testing and kind of figure out exactly what we need to do to improve our process, and some of the testing we do year in, year out, other testing is specific to a need that we have, and one of the biggest things that we did this year again was the first notice of loss testing. We have a new call center vendor, that stress test was up in Pennsylvania, it went very well. We also are going to test our new solicitations that we have that Jay mentioned, regarding inspector program, our fast track vendors to make sure that they meet our expectations once the contracts are finalized. We are also doing some load testing on our systems and Xactanalysis. I will get into that a little bit more in a couple of slides.

Craig Sakraida stated, On slide three, with Irma there were a lot of lessons learned, and we have made work flow enhancements to all of our programs to make it more streamlined and efficient for not only the adjusters, but a better customer service experience for the policyholders with the managed claims model, our desk and task adjusters, commercial, large loss and we are going to integrate our fast track inspector program into that.

Craig Sakraida stated, On slide four I want to touch a little bit, you hear some terms about Xactimate and Xactanalysis. Xactimate is actually our estimating software that the adjusters will input the information into with the measurements, photographs, pricing database. That is consistent with what we have done for the last several years. What we

are trying to do with Xactanalysis is this is the management software tool behind it that collects all the data, and with our enhancements and efficiencies what we have been able to do is really leverage the tool to its full capacity. So we will have a much better handle on the adjusters, how they are progressing on the claims, the status of them and be able to communicate back and forth to the independent adjusting firms. And that is really on the next slide, what we focused on in 2018, with the Xactanalysis. And as I mentioned, the most critical efficiency is the streamline assignment process so we will be able to assign directly to the firms. They organize and categorize their adjusters by territory and type of claim they want to use. They report and adjust and then we have a dashboard that we can real time give feedback to them on performance. So it will allow us to better manage the resources and be more efficient, and really for the independent adjusting firms this is a standard tool that about 85, 90 percent of the industry uses. So they are very familiar with using it instead of our claims software.

Craig Sakraida stated, On slide six, operational efficiencies, the Xactanalysis integration as I mentioned is key. We have also completed a revamp of our reporting for our field resources as well as our internal desk units. The additional solicitations that Jay mentioned are going to be critical because they are specialized. Fast track which is the adjusting of claims over the phone. We had a lot of low severity claims in Hurricane Irma that could have been handled over the phone, but we had to send out to a field adjuster. So that will allow us to be more efficient and hopefully close the CAT down a lot sooner.

Craig Sakraida stated, We have updated our resource calculator with the information from Hurricane Irma so that we can more accurately project the number of resources and type of resources we need for the response.

Craig Sakraida stated, And then Carl Rockman and the agency's team has really worked with us in claims to make sure that the agents are informed and have all the information they need. We received a lot of positive feedback last year about our interaction with the agents and being proactive to get them involved in the process and understand what claims is doing to respond so that they could help the customers and I think that is going to be critical this year going forward that we have all of those plans in place.

Craig Sakraida stated, We are in the process of, on the next slide of integrating all of our new solicitations with the aerial imagery. The post event imagery we used last year with Hurricane Irma as Jay mentioned, our drone services, and then as we get the inspector program fast track and the inspection services up and running, all of those will be integrated into our current systems.

Craig Sakraida stated, Slide eight, some of the Irma statistics, I have got about 67,832 claims. We are still currently about 90 -- 98 percent of those claims have been closed at least one time. We currently have pending of around 10,000 claims that are in different business units, being appraisal, mediation. There are some in litigation, and we do have some that are still in the field pending.

Craig Sakraida stated, If you look on slide nine that kind of gives a breakdown of some of our mediation and appraisal numbers. And I just want to bring to your attention, appraisal is very similar to our litigation, where we may have one claim but there may be two or three different aspects or matters to it. So we are working through those to resolve them.



Craig Sakraida stated, And in conclusion I just want to present we are ready, we are ready to respond this year to a storm or multiple storms. We had a great opportunity with Hurricane Irma to test our CAT plan as well as to make enhancements and efficiencies to make it a better customer service experience. So with that, Chairman, that concludes my presentation and I will gladly take any questions.

Chairman Aubuchon stated, Thank you, Craig. Members, any questions for Craig?

Mr. Palmquist stated, Mr. Chairman, this is Jon, I have a question. Craig, the field inspectors, I heard Jay mention earlier that they were using a platform different from Xactimate, is that correct?

Craig Sakraida stated, Yes, sir, it is different but it integrates with Xactimate, the estimating software. So what it allows them to do is input very basic information like measurements or is the room damaged, is the roof damaged. And with the integration with Xactimate what it does is it actually creates the estimate behind the scene so they are able to go in there with very really little adjusting knowledge, click a couple of buttons on a smart device that we can configure the software anyway we want, and then the output is an actual estimate that gets sent to Xactimate that we can review.

Mr. Palmquist asked, Is that Xact's product?

Craig Sakraida stated, To my knowledge it is not. There are I believe they may have one, but there are several products on the market that do something very similar. So it is pretty widely used out there.

Mr. Palmquist stated, Okay, thank you, Craig.

Chairman Aubuchon stated, Thanks, Jon. Further questions?

Governor Capps stated, Mr. Chairman, this is Blake Capps.

Chairman Aubuchon stated, Go ahead, Blake.

Governor Capps stated, I have a question about Xactimate on slide four, where it talks about the pricing database that is updated monthly based on the area to provide accurate costs associated with the repairs to the structure. Can you explain a little bit about how that is done? I have often wondered what kind of data you use to update that on a monthly basis, because in the aftermath of a hurricane, contractor pricing is kind of in flux from month to month, and not only is it in flux from month to month, but it is different for various regions of the state. You know, contractors charge more in Miami than they do in somewhere in up state Central Florida or something. So how, what -- what do you use to update that pricing on a monthly basis? What kind of information do you use?

Craig Sakraida stated, Yes, sir, actually, everything is done through Verisk and its Xactware. We don't do any of the pricing updating. They have a whole team of pricing specialists and what their job is to call contractors, call supply houses, call material service providers and update that information. As storms come in they adjust the prices generally on a monthly basis and they are all in the, in the tool they are actually titled as price list.

So when the estimate is created, there is -- it is all geared towards the zip code and that zip code is tied to a price list and that gives us the accurate as you mentioned, the prices are different in Orlando then they would be in Key West. So that price list takes into account the market conditions and the material costs for that particular area, and as we see issues with the pricing in our claims adjusting process, we can reach out to them and request that they look at the pricing and revise it or, you know, make some adjustments as needed and that is typically done throughout the storm. And Irma wasn't really a big enough storm to impact all of the material costs that you would in a major event, but that is pretty much how it is done with their updating and pricing with their specialists. Does that answer your question?

Governor Capps stated, Yes, thank you very much. That is all I have.

Chairman Aubuchon stated, Okay. Thanks, Blake. Any further questions of Craig? Okay. Thank you very much, Craig. We will now move to item number four, which is our litigated claims update, and I would like to recognize Elaina Paskalakis.

#### **4. Litigated Claims Update**

Elaina Paskalakis stated, Thank you, and good morning, Chairman and committee members. There is a detailed update provided in tab four for litigation, but what I would like to do for today's purposes is just provide a very brief overview focused on the Hurricane Irma litigation. To date we have received a little over 3,700 lawsuits related to Hurricane Irma and they account for 60 percent of all new lawsuits received in 2018. The vast majority of the Hurricane Irma lawsuits involve residential homeowner policies, with only three percent so far involving commercial policies. Fifteen percent of the Hurricane Irma lawsuits are AOB litigation brought by the assignee or the vendor as we sometimes refer to them. The majority of these lawsuits, the dispute involved is a scope and pricing dispute. In 63 percent of these new Irma lawsuits, these are matters that are covered losses with payment, and then the insured disputes the payment we have made. Fifteen percent of the lawsuits involves non covered damages or denied claims. Ninety percent of the Irma lawsuits continue to come out of the tri-county area with 63 percent of those being Miami-Dade alone.

Elaina Paskalakis stated, In regard to all new incoming lawsuits, we are now receiving over 1,000 lawsuits on average per month for 2018, and this reflects a 49 percent increase as compared to the incoming lawsuits in 2017. We currently have a little over 12,000 pending lawsuits across all of the causes of loss, and this is about a 20 percent increase as compared to this time last year in 2017. We also continue to see a trend where lawsuits are being filed and served faster than before, and the way that we measure this is the time between the first notice of loss of the claim, itself, to the time that the lawsuit is served, and the the majority are being served within only six months after the claim is first reported to Citizens. We attribute this directly to Irma because of the Irma lawsuits when they started coming in in October of 2017 that is when this trend started ticking upwards so that they were coming in faster and faster.

Elaina Paskalakis stated, In almost 50 percent of all of our new lawsuits, these lawsuits are filed without the insured disputing the adjustment before the suit was served. This is significant because when a claim is adjusted and a payment is made based on the information that Citizens had the time, there is communication that goes to the insured

that encourages them to send in any new information they may have regarding a claim, if they don't agree with our adjustments or the amount of payment so that we can consider it. So what is happening is in 50 percent of the time with the lawsuits, these insureds are just skipping over the option and the opportunity to further adjust this, the claim with us and just going straight to suit. And that concludes my litigation update. If I may, I would like to provide a very brief update on our recovery and subrogation efforts.

Chairman Aubuchon stated, Please proceed.

Elaina Paskalakis stated, Thank you. In tab six you will find details on our recovery and subrogation efforts, but I just want to point this out. From January through April of 2018, we have managed to recover \$1.3 million in damages from other liable parties and that includes being able to refund over \$100,000 in deductibles to our insureds. And with that I have concluded my presentation and I am happy to address any questions.

Chairman Aubuchon stated, Thank you, Elaina. Members, any questions of Elaina? Hearing none, Elaina, thank you very much for your presentation. Now we get to the action items in our agenda today. There are four, and to provide this vendor update I would like to recognize Greg Rowe.

##### **5. Vendor Update**

Greg Rowe stated, Good morning, Mr. Chairman and committee members. As you said, I have four action items to bring to the committee today. And as Jay mentioned earlier, three of these four actually fall under the projected spend from the RFP 17-0006, which is the non litigated and catastrophe independent adjusting services contract. And as I walk through these I will let you know which of those three are just for your reference.

Greg Rowe stated, But the first item I would like to bring before the committee today is for our Independent Adjusting Services - Catastrophe contract. As Jay mentioned, after Hurricane Irma we wanted to provide another opportunity for these IA firms to contract with us. So that is greatly reducing the need for emergency contracting to procure resources in that area. On March 27th, 2018, Citizens issued RFP 18-0027 for Independent Adjusting Services - Catastrophe. Those responses were received and scored by an evaluation committee. The committee on May 30th of 2018, recommended an award to multiple task field adjusting service vendors which is shown on Attachment A. So that is where we are at on that one. Mr. Chairman, if there are no questions I can move forward with the recommendation.

Chairman Aubuchon stated, Members, are there any questions?

Mr. Palmquist stated, Mr. Chairman, this is Jon Palmquist. Just a quick question, Greg. Under the recommendation it says, approve the recommended award and resulting contract including renewal periods. That is just renewing the contracts on the table here. This is not I assume it is not renewing or establishing an extended renewal period for the existing vendors, is that correct?

Greg Rowe stated, This is correct. This is, it is a unique contract in and of itself. The spend we wanted to put under the umbrella of the previous contract, but this will be a separate contract in and of itself.

Mr. Palmquist stated, Okay. Good. Thank you, Greg. Greg Rowe stated, Yes, sir.

Chairman Aubuchon stated, Any further questions of Greg? Hearing none, Greg, please read the recommendation.

Greg Rowe stated, Thank you, Mr. Chairman. At this time Citizens recommends that the committee approve and recommend to the Board of Governors approve the recommended award resulting contract including renewal periods for this Independent Adjusting Services – Catastrophe, RFP 18-0027 to the list of attached vendors as set forth in this action item on Attachment A. Authorize staff to take any appropriate or necessary actions consistent with this action item. And finally, approve this action item not to exceed the already approved \$343,900,000. And again, this is accounted for in the previous RFP 17-006.

Chairman Aubuchon stated, Members, you have heard the recommendation. Do we have a motion? Members, do we have a motion?

**A motion was made by Governor Holton and seconded by Jon Palmquist to approve and recommend Board approval of the Independent Adjusting Services–Catastrophe Action Item, 18-0027. All were in favor. Motion carried.**

Greg Rowe stated, The next item I would like to bring before the committee today is for the Aerial Imagery Services which Jay explained. This contract has three separate components to it. The drone inspections, the post event imagery and the archived imagery. So on January 26, 2018, Citizens issued ITN 18-0015 for aerial imagery services. The responses were received and scored by the evaluation committee. Then on April the 5th, 2018, the committee recommended vendors be advanced to negotiations. And on May 15th the negotiation team made a recommendation for awards to the vendors shown on Attachment A relative to all three services for this particular contract. So Mr. Chairman, unless there are any questions I can move forward with the recommendation.

Chairman Aubuchon asked, Any questions, members?

Governor Capps stated, Mr. Chairman, this is Blake Capps. I have one. This 16 million amount, tell me how this works as far as is this an amount of money given to vendors in advance, or as they are providing these aerial services? Would this be like the maximum amount we would spend on this particular type of activity as it is being incurred, or is this money that is given to firms ahead of time? How does that work?

Greg Rowe stated, No, sir, all of it would be as incurred. The drone inspections is paid at the claim level. So if there is a drone inspection that takes place on a particular claim, depending on the particular vendor, that would be a flat rate that we would pay to that firm. For the post imagery, that is where we basically will fly over particular areas and depending upon the size of the areas that need to be flown, that has a variance in the costs, but again that would be on an incurred basis. Nothing is paid up front. And then for the archive imagery that is also as we access as the database to retrieve information, that would have a cost associated with that as well. So within the \$32 million it would be an incurred basis.

Governor Capps stated, Okay. That is all I have, thank you.

Greg Rowe stated, Yes, sir.

Chairman Aubuchon asked, Further questions? Hearing no further questions, Greg, please proceed with the recommendation.

Greg Rowe stated, Thank you, Mr. Chairman. At this time Citizens staff recommends that the committee approve and recommend to the Board of Governors approve the recommended award and resulting contracts for Aerial Imagery Services under ITN 18-0015 to the list of the attached vendors as set forth in this action item. Authorize staff to take any appropriate or necessary actions consistent with this action item and approve this action item not to exceed \$32 million which again is the base term of five years, including the five, one year optional renewals.

Chairman Aubuchon stated, Thank you, Greg. Members, having heard the recommendation is there a motion?

**A motion was made by Governor Schinz and seconded by Governor Capps to approve and recommend Board approval of the Aerial Imagery Services Action Item, ITN 18-0015. All were in favor. Motion carried.**

Greg Rowe stated, This next item is another item that would fall under the umbrella of the \$343,900,000 from RFP 17-0006. This is for the Fast Track Adjusting Services. And again, just as a follow up to Jay after Hurricane Irma we saw the need to procure vendors who had both the experience and resources available to handle the lighter severity claims over the telephone. So on April 16th, 2018, we issued RFP 18-0025 for fast track adjusting service. Those responses were received and scored by an evaluation committee, and then on June the 12th, 2018, the evaluation committee recommended awards to multiple fast track adjusting services vendors shown on Attachment A. And as I mentioned that was just released yesterday, so we are still under the protest period which ends Friday. So we don't anticipate any protests but we are still under that particular protest period. So Mr. Chairman, if there are no further questions I can move forward with that recommendation.

Chairman Aubuchon stated, Members, any questions? Okay, Greg, please proceed with the recommendation.

Greg Rowe stated, Thank you, Mr. Chairman. At this time Citizens staff recommends the committee approve and recommend that the Board of Governors approve the recommended award and resulting contract including renewal periods for the fast track adjusting services, RFP 18-0025 to the attached listing vendors, the listed vendors on Attachment A. Authorize staff to take any appropriate or necessary actions consistent with this action item, and approve this action item not to exceed the base term of \$53,168,960 or for the five year and there are five one year renewal options as well with that one.

Chairman Aubuchon stated, Thank you, Greg. Members, having heard the recommendation, is there a motion?

**A motion was made by Mr. Palmquist and seconded by Governor Holton to approve and recommend Board approval of the Fast Track Adjusting Services Action Item, RFP 18-0025. All were in favor. Motion carried.**

Greg Rowe stated, Thank you, Mr. Chairman. This last action item, it does fall under the RFP 17-006 umbrella as mentioned earlier. This is for our field inspection services that we talked through. Again, during Hurricane Irma we did emergency to secure this particular service and felt it was successful enough to move forward with a contracted vendor moving forward. On April 13th, 2018, Citizens issued RFP 18-0023 for field inspection services. Those responses were received and scored by an evaluation committee. On June 12th, 2018, the evaluation committee recommended awards to multiple field inspection service vendors shown on Attachment A, and as with the previous action item this was awarded yesterday and does fall under the protest period that ends this Friday as well. So we are in that particular protest period. So Mr. Chairman, unless there are any questions I can move forward with that recommendation.

Chairman Aubuchon stated, Members, any questions of Greg? Okay, Greg, please proceed to the recommendation.

Greg Rowe stated, Thank you, Mr. Chairman. At this time Citizens staff recommends the committee approve and recommends that the Board of Governors approve the recommended award and resulting contract including renewal periods for Field Inspection Services, RFP 18-0023, to the attached vendors as set forth in this action item. Authorize the staff to take any appropriate or necessary actions consistent with this action item and approve the action item not to exceed the \$76 million for the five year contract period including five optional one year renewals.

Chairman Aubuchon stated, Okay, we have heard the recommendation. Do we have a motion?

**A motion was made by Governor Schinz and seconded by Jon Palmquist to approve and recommend Board approval of the Field Inspection Services Action Item, RFP 18-0023. All were in favor. Motion carried.**

**6. Addendums**

**7. New Business**

[Meeting Adjourned]