

CITIZENS PROPERTY INSURANCE CORPORATION

**MINUTES OF THE
ACTUARIAL AND UNDERWRITING COMMITTEE MEETING
June 19, 2018**

The Actuarial and Underwriting Committee (A&U) of Citizens Property Insurance Corporation (Citizens) convened at Sheraton Orlando North hotel in Maitland, FL on Tuesday, June 19, 2018 at 3:00 p.m. (EDT).

The following members of the A&U were present:

John Wortman, Chair
Christopher Gardner
Fred Strauss
Gary Aubuchon

The following Citizens staff members were present:

Andrew Woodward	Kapil Bhatia
Barry Gilway	Karen Holt
Bonnie Gilliland	Kelly Booten
Brian Donovan	Mark Kagy
Christine Ashburn	Nancy Staff
Dan Sumner	Paul Kutter
David Woodruff	Scott Crozier
Jay Adams	Stephen Guth
Jennifer Dilmore	Tonja Bradley
Joe Martins	Violet Bloom

The following members of the Board were present:

Bette Brown

The following individuals were present:

Dave Newell, FAIA
Eugenio Alarcon, JPMorgan
Rawn Williams, Jefferies
Steve Russ, FIRM
Tamaa Patterson, Jefferies
Tom Carlson, RBC Capital Markets

Call Meeting to Order

Roll was called and a quorum present.

1. Approval of Prior Meeting Minutes

A motion was made and seconded to approve the March 27, 2018 minutes. All were in favor. Motion carried.

2. Action Item – Annual Recommended 2019 Rate Filings

CHAIRMAN WORTMAN: The next item on the agenda is the – the annual rate filing that the actuaries and the underwriting people have been working on for the last 30 days or so. But anyway, before we get into that, Bette Brown has asked to make a statement regarding the rates and I would like if I could to call on Bette to make her comments.

GOVERNOR BROWN: Thank you, Chairman Wortman and committee members. You know I am the consumer representative for the Board of Governors, and I would like to ask of the committee to consider delaying the rate decision for 2019. A couple of reasons. Florida still is in an ongoing emergency really recovering the South Florida, of course and all of Florida, the Keys are still in a recovery. Additionally, the 2018 rate changes were not in effect until May 1st, and that was by Commissioner Altmaier emergency order that set those rates to May 1st. We haven't even had, you know, a little over six months. So I believe that we should talk about this at the Board meeting tomorrow and so I am asking that you delay action until tomorrow. I appreciate the consideration.

CHAIRMAN WORTMAN: And I think Jennifer is going to make a comment.

MS. MONTERO: Yes, I would like to make a recommendation to delay our discussion until tomorrow's Board meeting.

CHAIRMAN WORTMAN: Okay, so then the recommendation of staff at the urging of Bette Brown is to delay the rate discussion, Brian, from today until tomorrow at the full Board meeting, and that is kind of because last year the rate change was delayed from February to May. And so should we talk about moving it from February to May again this year?

MS. MONTERO: Correct, absolutely.

CHAIRMAN WORTMAN: So I guess I would entertain a motion to approve Jennifer's recommendation that we delay the rate discussion until we have the full Board meeting tomorrow.

A VOICE: I will move to approve that motion.

A VOICE: Second.

CHAIRMAN WORTMAN: Okay, there is a motion and a second to approve the recommendation from staff that we delay the discussion of rates until the full Board meets tomorrow morning. Any other discussion? All in favor, say aye.

(Chorus of ayes.)

CHAIRMAN WORTMAN: Opposed. Hearing no opposition the motion unanimously carries.

GOVERNOR BROWN: Thank you, sir. Thank you.

CHAIRMAN WORTMAN: Brian, that is the quickest actuarial discussion you have ever had.

A motion was made and seconded to approve the recommendation from staff that we delay discussion of rates until the Board of Governors meeting on June 20, 2018.

3. Action Item - Product Changes – June 2018

CHAIRMAN WORTMAN: The next item on the agenda is the product changes that will be discussed, and if approved, forwarded to the OIR for approval, and these are pretty much kind of clean up product issues in conjunction with some of the changes to the marketplace. So I will introduce staff to go through this.

MR. BITAR: Good afternoon, Chairman Wortman and committee members. Karen Holt is our Senior Director of product development and she is going to walk us through these proposed changes.

MS. HOLT: Good afternoon, Chairman Wortman and committee. For the record, this is Karen Holt. And as Chairman Wortman mentioned, these are more housekeeping kind of changes. None of the changes in this document or in this proposal have major coverage changes. They are really not intended to change coverage. So I am going to go through them pretty quickly and I will pause a couple of times for questions. Under the personal lines rule changes, the first section addresses roof underwriting rules. And what we are doing is we are trying to update our rules to add some specificity and a little bit more detail to support our underwriting efforts and to help the agents better understand our eligibility criteria. We are not changing, broadening or restricting eligibility.

The next item is a very straightforward item to remove a single comment, a single footnote from the mobile home dwelling program that states that policies with coverage limits below \$60,000 are eligible for the dwelling program. What this does is it allows policies that are eligible for the homeowners' program together into the dwelling program

with very restrictive coverage, and that rule was introduced inadvertently years ago and we want to remove it. Any questions on those?

Moving on to commercial lines, under wind mitigation forms, we need to make some updates to the wind mitigation forms that support larger buildings and we want to address required documents, clarify some definitions and then change some of the inspection signature requirements.

The next item is expand commercial class standards CSP codes to address risks that are currently eligible, but we want to add more refined codes. So we will not be changing eligibility. We will simply be capturing better and more refined data.

The third item addresses commercial residential multi peril wood roof rules, and this change is to bring this program in line with the other commercial programs, and specifically to add the roof construction enhancement definition to that program. Questions? No.

If you turn the page, the next section addresses policy and underwriting form changes. And again, these changes are not intended to modify coverage. They are really to better state most of the information. The first item addresses the policyholder acknowledgment of flood. Currently Citizens for risks that are located in flood zones, we do not require that the policyholder carry flood insurance. This is by statute. We do require that they sign an acknowledgment that they understand that they should have flood coverage. Our agents have requested updates to the form to add an additional option to allow applicants to indicate that they have structural coverage, but they don't have contents coverage.

The next section addresses legislative changes out of the 2018 legislative session. There are modifications to the flood disclosure language on the declarations page and there are updates to mediation requirements. And we request approve to implement necessary and appropriate changes to respond to these requirements.

Moving along, the next item addresses rescission and reinstatement notices. Following Irma, as we went through the actions that were required in the emergency order and reinstated and rescinded numerous cancellation and non renewals, we identified the opportunity to add some additional information to the notices to help policyholder understanding. These changes are simply adding that information to the notices.

The next item addresses reasonable emergency measures. This is personal lines. Recently as the Board is aware we made changes to the HO-3 and DP-3 contracts. Included in those changes were structural changes to reasonable emergency measures. We would like to carry those structural changes through to other contracts. Again, no substantive coverage change.

The rest of the list is very, very minor, and it is really restating or better expressing current coverage language and is not intended to crank coverage at all. These are responding to case law and various changes in the market. I will not read through those unless you guys would like for me to. If there are no questions I will read the recommendation.

Citizens staff recommends that the Actuarial and Underwriting Committee approve the above proposals to update policy contract forms, underwriting rules and supporting forms and authorize staff to take any appropriate or necessary action consistent with the product changes June 2018, action item to include filing with the Office of Insurance

Regulation system change implementation, document changes and supporting activities. Final changes may vary slightly depending on guidance from the OIR.

CHAIRMAN WORTMAN: Thank you, Karen. Any questions or comments from the committee?

A VOICE: I make a motion we approve.

A VOICE: Second.

CHAIRMAN WORTMAN: We have a motion and a second to approve staff's recommendation and support it to the Board of Governors tomorrow. All in favor say aye.

(Chorus of ayes.)

CHAIRMAN WORTMAN: Opposed? Motion carries unanimously. Thank you.

MS. HOLT: Thank you.

A motion was made and seconded to approve Staff's Recommendation for Action Item – Product Changes – June 2018.

CHAIRMAN WORTMAN: Is there any new business to come before the committee? Hearing none I would entertain a motion to adjourn.

A VOICE: So moved.

A VOICE: Second.

CHAIRMAN WORTMAN: We have a motion and a second to adjourn. All in favor say aye.

(Chorus of ayes.)

CHAIRMAN WORTMAN: All opposed. Motion carries. Meeting adjourned.

(Whereupon, the meeting was adjourned.)