

CITIZENS PROPERTY INSURANCE CORPORATION

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

Thursday, December 6, 2018

The Market Accountability Advisory Committee (MAAC) of Citizens Property Insurance Corporation (Citizens) convened telephonically on Thursday, December 6, 2018 at 11:30 a.m. (EDT).

The following members of the committee were present telephonically:

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| David Newell, Chair | Kurt Lewin |
| Lissette Perez | Greg Rokeh |
| Lee Gorodetsky | Phil Zelman |
| Susanne Murphy | Steve Roddenberry |

The following Citizens staff members were present telephonically:

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| Ariel Shami | Barbara Walker |
| Carl Rockman | Charlie Broward |
| Marsha Watson | Steve Bitar |

MS. WALKER: Good morning, and welcome to Citizens December 6, 2018 Market Accountability Advisory Committee meeting. Our meeting is publicly noticed in the Florida Administrative Register and is recorded with transcribed minutes available on our website. Please do not place this call on hold. Press star 6 to mute your line and pound 6 to un-mute your line. I would like to now convene with roll call for quorum. Chairman Dave Newell.

CHAIRMAN NEWELL: Here.

MS. WALKER: Lee Gorodetsky.

MR. GORODETSKY: Here.

MS. WALKER: Bruce Lucas. Paula Lutes. Susanne Murphy.

MS. MURPHY: Here.

MS. WALKER: Lissette Perez. Steve Roddenberry.

MR. RODDENBERRY: Here.

MS. WALKER: Greg Rokeh.

MR. ROKEH: Present.

MS. WALKER: Kurt Lewin.

MR. LEWIN: Here.

MS. WALKER: Phil Zelman.

MR. ZELMAN: Good morning, here.

MS. WALKER: Ken Norberg. Bruce Lucas. Lissette Perez. Chairman, you have a few members missing, but you do have a quorum to continue.

Call Meeting to Order

Roll was called and a quorum present.

1. Approval of Prior Meeting Minutes

CHAIRMAN NEWELL: Okay, thank you, Barbara very much. Welcome everybody this morning to the meeting.

We will go ahead and get the first order of business out of the way before we do some more housekeeping, but since a couple of members are missing, but go ahead and if I can get an approval of the prior meeting's Minutes of June 19, 2018. Can I get a motion?

MR. ZELMAN: I make a motion, this is Phil Zelman, I make a motion to approve the Minutes.

CHAIRMAN NEWELL: Second?

MR. GORODETSKY: This is Lee Gorodetsky, second.

CHAIRMAN NEWELL: Okay, we have a motion and a second. Any discussion or corrections or deletions? Okay, all those in favor?

(Chorus of ayes.)

A motion was made and seconded to approve the December 6, 2018 minutes. All were in favor. Motion carried.

CHAIRMAN NEWELL: Okay. None opposed. So, the Minutes are approved as documented. So first before we go into Carl's update, I want to give a special thank you. As most of you know, the terms of this committee are three years. And so, Citizens just went through the renewal process of the different representatives on the MAAC committee for future participation.

And we want to give a special thanks out to Brian Squire who was a former Chair of this committee and has pretty much been on it since almost its inception. So, I want to thank Brian for his service and his dedication on representing the Bankers Association and also Gordon Jennings who was with the committee for the last few years from Fed Nat. I want to thank Gordon for his participation on the committee and wish him well during the holiday season. With that in mind, I want to welcome a few new members of our committee. Kurt Lewin from the Florida Bankers Association and Bruce Lucas from Heritage. I want to welcome them to our committee and look forward to working with you on this committee's work in the future. So welcome Kurt and Bruce, if you are on the line, welcome as well.

MR. LEWIN: Thank you.

CHAIRMAN NEWELL: All right, so turn to tab two and I have an Agency Services' update from Carl Rockman. Carl, the floor is yours.

2. Agency Services Update

MR. ROCKMAN: Thank you, Mr. Chairman. For the record, this is Carl Rockman, Senior Director of Agency and Market Services. I would like to provide the committee with an update in the Agency Services space.

On page two of my presentation we would like to present our current agency footprint in Florida. We always compare these numbers to January of '17 and you will see the continuing drift downward in agency and agent count. This reflects less dependence on Citizens, also is a reflection of M and A activity in the marketplace that continues.

We are very proud though to show 2,861 licensed customer representatives now credentialed and with us that makes them visible on the system. We are able to get to them from an education standpoint, part of our ongoing credentialing efforts. So, I just wanted to point the committee, point that out for them.

In terms of agency segmentation, another key, couple of key points to bring up here. Our tier one agencies, these are agencies that have more than 2,000 policies in force with Citizens. You can see from January '17 to October of '18, we have moved that number from 11 to eight.

But I would also point the committee to another important metric and that is the January '17 number for agencies that have zero policies in force. January '17 we had 81 policies, we now stand with 281 policies that have no Citizens' business in force. This again reflects the health of the marketplace, reflects great support from our carrier partners to work on policyholder choice and clearinghouse, and we really appreciate all the efforts in the agencies out there who appropriately move customers to the private market.

I have provided the committee in the note section some metrics that you often ask about regarding the number of Citizens' policies in the tri-county area, Citizens' agencies, I am sorry, in the tri-county area and the volume of newly appointed agencies.

Newly appointed agencies in Dade, Broward and Palm Beach, 592 for the year, and that represents 40 percent of our new agent appointments. So, while we do see a decrease in policies in force, generally decreasing agencies, that producer level in tri-county does maintain and tend to grow a bit. So, it does show some production and some opportunity down in the tri-county area that we want to obviously monitor and observe.

On page three of my presentation a quick update on our performance violation program. Again, this is the program where our underwriting department monitors new business submissions and personal lines, and if that submission is deficient in some, way they place a code on the policy. It is called a performance violation.

Our team works diligently with those agents to make sure that the quality of the new business they submit is as good as it can be. What this report represents is in the month of October 6,174 new applications came in on personal lines. 401 of those or six percent had some issue with the new business submission and what is leading the issue are incorrect signatures and missing documentation on discounts. Again, six percent on this kind of volume, we certainly want to work to improve that. We are certainly engaging agents that have issues in this space and I will point the committee out to the box on the

bottom right-hand corner of page three where we do have a performance standard program where after a certain level of performance violations the agent is sent a warning notice.

You notice this year we sent 54 warning notices to agents, but at that point we are working diligently with those agents to improve and you can see the number that have moved to a suspension or termination status is virtually none. Again, our goal here is not to terminate agents or suspend agents needlessly, our goal is to make sure they are providing a great customer experience and this program is allowing us to do that.

On page four of my presentation, another part of our performance program is late submissions. We obviously need the agencies to submit bound business to underwriting during the appropriate time periods. What was represented here is again those same 6,174 new business policies. What this report represents is on 1,014 of those an alert was sent to the agency saying you have a bound piece of business that you have not uploaded documents and submitted to underwriting.

That is an alert, that is not a violation. It moves to a violation status after 16 days and we have 250 of those in the month of October. Again, around four percent of our business has this issue. We want to diligently work this down to virtually none, but again, from a performance program standpoint you can see that we have sent warning notices to agents, 48 of them this year, but again those warning notices will tend to get their attention. We work to improve their quality and we have only had to move three agents to a suspended status.

Again, thank you for the support on both of these very, very important programs. They are quality driven, and they are designed to make sure we are providing the best customer experience possible.

Page five of my presentation. Hey, Dave.

CHAIRMAN NEWELL: Before we go on to the outreach, can I ask a couple of questions?

MR. ROCKMAN: Absolutely.

CHAIRMAN NEWELL: All right, on the suspension you have one for the PBs and then three for the late submissions. What length of time are those? Are they a designated period-of- time or are they different across the board?

And then -- and then secondly, what happens to those policies that -- that that agent is the agent of record on for any future needs that the customer may have?

MR. ROCKMAN: The suspension time period -- right, the suspension time period is 30 days. And what we essentially do, what we essentially do is while we will suspend the agent for 30 days, we are really suspending their ability to produce new business. We

are not suspending their ability to service and support their customers with policy changes or support the renewal.

So, the agent is still able to support their book of business, but we suspend their ability to submit business to us during that 30-day period.

CHAIRMAN NEWELL: Okay, thanks.

MR. ROCKMAN: You are welcome. Any other? I will take a pause here. Any other questions on the agency count or the performance programs? I know we have some new members on the committee. Are there any questions that I could address?

MR. GILWAY: Yes, Carl, Barry Gilway for the record. Out of the 592 new agency appointments in Dade County compare to prior appointments?

MR. ROCKMAN: That is a fair question. I would want to go back to our tables to really give you a definitive answer. It does feel like the Dade County population of agents is holding relatively steady while we are seeing deterioration. It would be an assumption on my part, I would want to validate that.

We are going to continue to report producer volume in tri-county. It is an important metric to us. The more producers we have the more opportunity the customer has to find Citizens, maybe appropriately, it may be inappropriately, and we want to make sure we are monitoring that agent count as much as possible. Any other questions on this topic?

MR. GORODETSKY: This is Lee Gorodetsky. Just a quick question. It looks like from March to September, there was a lot of activity and then it seems to have slowed since then. Any reason why that is? Like do we know?

MR. ROCKMAN: Are you speaking of the new business volume, Lee, on both of these total submission volume?

MR. GORODETSKY: No, on the PBs and the late submissions it looks like you have like high activity, March, April, May, June and it seems to have slowed down since, and each month getting better, which is good. Any reason as to how or why that is improving?

MR. ROCKMAN: We will talk about the agent engagement to some level, awareness of the program. In some cases when an agent gets suspended at an agency, the word will spread. We again are very, very committed to engaging agents that have issues with submission quality. So again, we hope those numbers will continue to trend in that direction where appropriate.

And again, on the submission count in total, there is a seasonality built in and some other health in the marketplace issues. We would love to see that total submission number continue to drop candidly. But from what we do get, we want to make sure it is appropriately submitted to us with good quality.

MR. GORODETSKY: Thanks. And then the warning notices, at that point they cannot write new business, but just service the existing?

MR. ROCKMAN: That is correct, Lee. What we do is we lock them out of the new business applications and clearinghouse and policy center which prevents them from submitting a piece for business.

The agency, if the agency has other appointed agents in that agency that are in good standing with us, that agency can still function, but that particular agent is unable to write new business, but can service a customer who calls in with a change request or something they need help with on their policy.

MR. GORODETSKY: And that is for how long for that agent before they can start again?

MR. ROCKMAN: Thirty days.

MR. GORODETSKY: Thirty days, okay.

MR. ROCKMAN: Yes.

MR. GORODETSKY: Okay, thank you.

MR. LEWIN: This is Kurt Lewin, I have a question here. It is my ignorance here. You are talking everything about the tri-county area. How come just the tri-county area? I am lost. Dade, Broward and Palm Beach County is the tri-county area and that is where these numbers are coming from?

MR. ROCKMAN: No, no. Like I said, good question. These numbers represent the total state of Florida. The numbers that you are seeing on the performance violation charge for late submissions are all agents in the state of Florida.

The first slide that I presented, the note section is specific to Dade and Broward, because this committee over time has really taken a keen interest in the number of producers percentage-wise in Dade, Broward, Palm Beach relative to the state and that is why we present it that way. But the other numbers are broadly representing the total Citizens' agency population.

MR. LEWIN: Okay, thank you.

MR. ROCKMAN: Yes.

MR. GILWAY: Yes, for the record, Barry Gilway. Just some clarification relative to the tri-county. We watch the tri-county very, very closely for two reasons.

Number one, our market share is growing in tri-county. We are now up to 57 percent of Citizens' business is in tri-county. And looking today at Jay Adams and Jay just completed a complete litigation review of and what we find is that a tri-county policy,

typically it produces seven to eight times the number of pieces of litigation as a policy that is written outside of the tri-county.

So obviously the impact of growth in the tri-county area is substantial. So, we pay very, very close attention to all of the activity in the Dade, Broward, and to a lesser degree, Palm Beach Counties.

MR. ROCKMAN: If the committee would go to page five of my presentation, I will conclude with a brief update on our agent outreach activities for 2018.

Our agent round table continues to do great work for us. We cannot say thanks enough to the participants from the agent round table who really give us great intelligence and great support on the things that Citizens is doing, how they impact not only the agent, but the customer.

You can see we have a very vigorous schedule with the ART, and that will continue into 2019. We continue to watch and leverage the ART to better inform us on what we can do to help the customers we mutually serve.

We are also going to continue with our agent associated sponsored webinars, particularly for this committee, agency associations are represented on this committee and we have developed a great partnership with you to do what we call power hours quarterly where you can invite your membership and we can talk to your membership about issues with Citizens, giving them some help and support on policies, any breaking news with Citizens that would be informative, messages around MRB, MRP and AOB. We will continue to do that level of outreach with your support.

Why agent certification, taking our education out on the road is something we have done last year and we will continue to do. Webinars, Hurricane Irma proof of repair. I want to point out to the committee that this report is -- this portion of the report is specific to Monroe County.

We are giving Monroe County specific attention when it comes to Irma proof of repair. We are working diligently with those agents knowing the contractor and repair constraints in Monroe County, and this report just represents the outreach that we are doing there formally along with office visits and other high touch activities with the agency population there.

And then last, but not least, a reminder that we did complete based on our new policy language changes, we did complete some very rigorous live education in the tri-county area around our new water language and the continuing message around assignment of benefit.

So, the trend about 2018, I look for the schedule to be at least as aggressive, if not more next year with some changes we have with our policy centers system, continuing issues with AOB and policy language and other issues that we will bring to the agents' attention.

So, with that, that concludes my report. I will be happy to take any questions from the committee.

CHAIRMAN NEWELL: Any questions for Carl on this tab? Okay, well, thanks, Carl, appreciate it.

And then folks, if we'll turn to tab three. Carl will be joined by Jay Adams, Chief of Claims there at Citizens to give us an update on Hurricane Michael. So welcome, Jay.

3. Hurricane Michael Update

MR. ADAMS: Thank you, Chairman and committee members. I would like to provide a Hurricane Michael update. And my update today is really going to focus on what Citizens has done to make this a customer centric response.

I would like to start with the combination of slide two and slide three. Hurricane Michael made landfall in the Mexico Beach area of the Panhandle of Florida on October the 10th, 2018, as a Category Four hurricane with 155 mile per hour winds which is the strongest landfall on record for this region.

We knew that our response needed to engage as quickly as possible as our policyholders would be in great need of their insurance proceeds due to the amount of damage caused by Hurricane Michael. As we have discussed in the past, Citizens is committed to leveraging all available technology to speed up the adjustment process to reduce the cycle time of the claim, adjudication process and to increase our overall productivity.

Moving on to slide four. The first phase of technology that we implemented was to partner with our communications team to begin to send out outbound e-mails to our policyholders in the forecast path of Hurricane Michael. We leveraged our GIS tool and the National Hurricane Center's forecast track that included all policies that would be impacted by either tropical storm force or hurricane force winds.

This pre-event e-mail notification focused on multiple ways to report a claim for damage and to provide education on not assigning away the policy benefit. Communications partnered with our Underwriting and Agency Services team to create Hurricane Michael preparation materials that were distributed to the agents in the impacted area.

This educational material focused on calling Citizens First and provided instructions on how agents could report claims directly into the Policy Center.

Moving on to slide number five. Claims began partnering with the National Insurance Crime Bureau to provide input of the areas that needed to have aerial imagery recorded.

Immediately following landfall, the NICB began to conduct aerial imagery recordings of the coastal impacted regions first, then followed by all the inland damage. Citizens leverage this information as it became available to conduct reconnaissance of the damaged area.

On slide number six, we again leveraged our GIS tool with the actual path of Hurricane Michael as recorded by the National Hurricane Center to extract all the policies under the tropical storm and hurricane force wind fields.

We focused immediately on the coastal area by searching each policy against the aerial imagery we obtained from the National Insurance Crime Bureau. We identified all the residential structures that were complete total losses and started to proactively make contact with the policyholder to help them report those claims.

We immediately adjudicated those claims and made payment for the total losses on the structure, contents and additional living expenses. This process was taking place within 24 hours post landfall.

On slide number seven, the entire infrastructure from Panama City to Port St. Joe was completely offline with our policyholders suffering from power, phones and Internet outages.

Citizens deployed all three of our catastrophe response vehicles to the damaged area to help our policyholders report claims and make advanced payments on additional living expenses where appropriate. Many of our policyholders indicated that it was difficult to travel on the secondary roadways due to the amount of tree and other debris blocking the roadway.

On slide number eight, Citizens did not feel we were receiving the claims volume at the level we would have expected due to the amount of damage we were seeing from the ground. Claims partnered with our call center vendors to conduct an outbound calling campaign to see if we could help our policyholders in the claim reporting process.

We proactively made effort to contact every policyholder that had a policy located under the hurricane force wind fields that had not already reported a claim. If we were unable to reach that policyholder, we left them a voice mail message with instructions of how to contact our 1-800 number to report a claim if they needed to.

On slide number nine, mobile home claims made up in excess of 50 percent of all the claims reported for Hurricane Michael. From an insurance perspective, a mobile home is insured based on the value new at the time of manufacture, much like an automobile would be valued.

Typically, each successive new model year cost more than the previous model year. This causes challenging situations for our policyholders. Many of Citizens' mobile home

policies are written with replacement cost coverage, but the coverage is based on the cost of the mobile home when it was new.

Since the cost of new mobile homes typically increase year after year, the policyholder is often left in a situation where they do not end up with enough insurance proceeds to replace their mobile home with a new one of like kind and quality.

If you contrast this situation with a single-family residential home, the replacement cost is based on the actual cost to replace the home which does tend to provide the insured with enough insurance proceeds to replace their home after a total loss.

Slide number ten. So, armed with this information we just discussed, claims partnered with communications to produce a mobile home claims after a hurricane brochure. The intent of the brochure was to educate the mobile homeowner of the claims process and to provide an overview of the coverages that are available.

The brochure was sent out to every mobile home claim that we received. We also had those available at the catastrophe response centers.

On slide number 11, due to the mobile home valuation issues that we just discussed, Citizens wanted to see if there were additional areas that we could help our policyholders when faced with needing to replace their mobile home.

Citizens made inquiries to mobile home manufacturers and retailers who were making discounts and other incentives available for mobile or manufactured home purchases for those that were directly impacted by Hurricane Michael. We provided the retailer information to each mobile homeowner that reported a claim that outlined the retailer and the incentive they were willing to offer, as well as posting this information on Citizens' website.

The information that we provided was a courtesy to our policyholders and Citizens made it clear that we were not affiliated with nor endorsed any of the manufacturers or the retailers.

On slide number 12. A lesson learned from Hurricane Irma was that the policyholder is often challenged in finding a reputable contractor that can complete the repairs in a timely manner.

We had contracted with Crawford Contractor Connection for our Manage Repair Program, but that contract really is focused on non-water weather claims. We reached out to Crawford Contractor Connection post landfall with Hurricane Michael to see if they had any programs available that we could educate our policyholders on.

We found that they did in fact have a consumer direct program where the policyholder can call a 1-800 number or go directly to Contractor Connection's website to sign up for

their program. The policyholder then selects the services that they need and then they work directly with Contractor Connection to assign the appropriate contractors needed to complete the repairs as this program is not affiliated with Citizens.

On slide number 13. The Crawford Contractor Connection consumer direct program offers the following benefits to consumers.

They totally credential every contractor in the network, including ensuring each has proper licensing, insurance and financial stability. It eliminates the hassle and stress of obtaining multiple bids. It requires all contractors to back their work with a three-year workmanship warranty.

They monitor, Contractor Connection monitors the project from start to finish and they provide assistance with resolution if any problems occur, and they also through their website allow the policyholder to track every step of the repair process as that moves forward.

We provided this information to every policyholder that reported a homeowner claim, as well as posted this information on Citizens' website.

On slide number 14, Citizens invoked and leveraged the entire catastrophe plan to respond to Hurricane Michael. It was our goal to test out all the existing solicitations and contracts that we engaged prior to Hurricane Michael to ensure that all our planning could be executed as we had intended.

Our response consisted of sending the severity one claims to the offsite fast track team to handle those claims by phone. And the types of claims that they handled were trees on a fence, a few shingles off, very minor type of damage.

The severity two claims were assigned a field inspection services team that leveraged technology to assist in obtaining the appropriate scope of damage, and then that was converted into an Xactimate estimate.

Severity three and four claims were assigned to the cat field adjusters and they went out and scoped and estimated the damages from the field and then they submitted their finalized estimates to the desk adjusters that were located in Jacksonville, and this team completed the adjudication of those claims.

The severity five claims were all assigned to dedicated large loss teams, cat field adjusters and desk adjusters.

On slide number 15, this is as of October the 25th, 2018. These are the type of resources and numbers of those resources that we had deployed during Hurricane Michael.

On slide number 16, another take away from Hurricane Irma was that a field office near ground zero was extremely beneficial as it provided a base of field operations where our

claims leadership could meet with field adjusters to ensure that they understood what was expected of them and to conduct quality assessment checks to make sure that they were following our best practices.

On slide number 17, again, this is as of October 31st, 2018. This is the claims statistics, and these are the statistics that we send out to the Board of Governors and the executive team here at Citizens.

As of this morning we had received 3,281 claims, we have closed 2,516 of those claims. And most of the claims that are pending are pending because we are either awaiting titles and paperwork on the mobile home claims or they are large losses. And what we are doing is pending the things that require proof of repairs before payments can be made, such as increased cost of the construction and any additional living expenses beyond what was initially paid.

And with that I would like to kick it over to Carl and he is going to talk a little bit about our agency management deployment.

MR. ROCKMAN: Yes, again, for the record again, Carl Rockman. Just to tag on to Jay's presentation, we also wanted to bring some visibility to our agency management team in terms of their contribution to the response to Hurricane Michael.

On the slide you will see George Maynard, Eddie Ramirez, Kelly Abel and Jorge Hallon represented here. Based on the great partnerships and relationships we have with agencies in the Panhandle, we were able to look at the agencies that had the highest percentage of claim volume with Michael, and if that agency was operational and able to host us, we were able to put these agency managers in those agencies to provide necessary advocacy for the customer and the agent to write additional living expense checks if necessary.

And this would be there to support our agent and customer community, complimenting the customer or the catastrophe response center work and the great work from Jay and the claim department. So, we just wanted to bring up some recognition for our agency management team who did a great job deploying for three weeks in the response to Hurricane Michael.

And I thank you for the agencies that hosted us during that event, provided space for us in allowing us to serve not just their customers, but the whole community that needed support. So, I just wanted to bring that up and say thanks to those folks.

MR. ADAMS: And Chairman, that would conclude our presentation on the catastrophe update.

CHAIRMAN NEWELL: Okay. Thanks Jay, thanks Carl. Folks, any questions for Jay or Carl in reference to the report? Okay.

MR. ROKEH: Yes, I have got a quick question.

CHAIRMAN NEWELL: Who is speaking?

MR. ROKEH: This is Greg, I am sorry, Greg Rokeh. In reference to claims statistics, the one that we have got in the package is from October. Do we have -- do you have a number of paid to date for claims? I am talking about expense.

MR. ADAMS: Yes, so across all claims the total expense paid so far has been \$1,808,000.

MR. ROKEH: Okay thank you, that is what I needed.

CHAIRMAN NEWELL: All right. Anyone else? Hey, Jay, this is Dave Newell. Just a quick question: Talking to some agents this week again and over there in the Panhandle and talked about payments and trying to finalize some claims and you mentioned that some of the larger claims are, you know, have a little longer tail because of some of the circumstances of getting certain professionals to sign off on certain things.

And one of the things that was mentioned to me, wanted to know if you all have experienced some of this as well, because we talk about resources and being able to respond in a -- in a timely manner is, you know, engineers and architects that need to be engaged in some of these larger scale losses, and unfortunately because of the area and how many of them are there in the Bay County area, the volume is pretty high.

Have you all experienced any kind of potential delay in resources like that, that would help you resolve some of these losses?

MR. ADAMS: So, let me start by answering the question like this. The first thing that we did is we used the National Insurance Crime Bureau aerial imagery and we looked at all the policies we had insured in the coastal areas that were not open to the public or the adjuster to get to; Mexico Beach and a little bit west of that.

Any of those claims that had a slab showing, meaning the structure was completely gone, we contacted the insured, reported the claim on their behalf and we made all the coverage payments on the file available to the insured within 24 to 48 hours. We did not hold back on any of that.

The claims that we had that we needed to engage engineers or other experts, I believe we were probably one of the first on the ground making these decisions, because again, we were leveraging aerial imagery to understand where our losses were, and which ones needed what type of services. I do not believe we have had any delay in any of the expert needs that we have had for residential.

I will tell you commercial for some reason always seems to lag when it comes to doing any of the expert and any of the evaluation.

Under the residential pieces though, we have paid out all the coverages for all that we deemed to be a total loss or constructive total loss, and then we are gathering and doing all the paperwork and such on the back end of claims. So, we are not holding any monies back.

CHAIRMAN NEWELL: I got you. Okay, well, that is good to know. And you are right, on the commercial side, that is -- that is an area that because of resources could just drag on a little bit, because they definitely want to make sure some of those structures are able to be reconstructed. So that is good to know.

And you are right, Jay, I mean, from when we first went out to the Panhandle from Tallahassee, I mean, you guys are the first ones out there hitting the ground running. So, certainly we are ahead of the game on some.

So, thanks, thanks for that. Any other questions for Jay or Carl? Okay. Well, thanks guys.

And let's turn to tab four and Carl you are going to lead us through a discussion about the MAAC committee was one of the committees that did not have a charter. And that is something that is a part of what needs to happen as a standing committee with Citizens. So, Carl, I guess lead the group in a discussion about the charter.

4. MAAC Charter Review

MR. ROCKMAN: Thank you, Mr. Chairman. Again, for the record this is Carl Rockman. Bringing forward to the committee a proposed charter. I think you will see that the charter really breaks down the statement and purpose of the committee.

Again, the committee is governed and really started with the statutory rules. So, you will see that from an organization and operations standpoint we just really want to define the committee's authority. Also, the committee composition, again, driven by the statute, just having that defined in the charter is very, very important.

Restating our obligation of Citizens to run the quasar data to make sure that we have identified the three highest voluntary companies with market share in Florida, so they could be represented on this very, very important committee.

Defining how many times a year we will meet at a minimum, which at this point we put down two. But again, at the discretion of the Chairman we can meet most often.

I think more importantly section three, what is the purpose of the committee. What is its responsibilities and based on an analysis of the statute, advice from internal folks here, we really believe that the committee's primary responsibilities are pretty well stated in this section.

Review awareness of plans related to rates. Customer and agent service levels in relationships with the voluntary market. Review matters related to depopulation. Provide guidance regarding responsiveness to policyholders, agents and applicants and agents. Annually evaluate the committee's discharge with all responsibilities outlined in this charter and other responsibilities.

I think you will agree the meetings we have had over the years have lived into this purpose, but the charter gives us a chance to better define what the committee's responsibilities are and what its intended purpose is.

So, we are bringing this forward to the committee for feedback and review, state any comments or questions that you might have and if we are aligned then obviously using this charter as our primary driving field to organize the committee.

So, with that, Mr. Chairman, I will take any questions or comments from the committee.

CHAIRMAN NEWELL: Folks, any questions about the charter at this point? And Carl, again, this is Dave Newell. I don't think it is premature here, but I think at this point we probably need to go ahead and vote and approve the charter as a committee, correct?

MR. ROCKMAN: I would think that be

appropriate, Dave, unless there is an objection from any of the Citizens' staff on the phone. I think that was the intended purpose for this -- this part of the agenda.

MR. BITAR: Yes, this is Steve Bitar. Yes, that would be correct. A vote would be in order. We can adopt the charter and we can use it going forward.

CHAIRMAN NEWELL: All right. Well, I will entertain a motion to approve the charter that has been presented to us today.

MR. LEWIN: Could I ask just one question? This is Kurt before we get to that.

MS. PEREZ: Hello. Hi, I was not sure if my line was muted or not.

A VOICE: Hello.

CHAIRMAN NEWELL: Kurt, go ahead. Go ahead, Kurt.

MR. LEWIN: Yes. I am just curious and I, you know, under the primary responsibilities, one of the issues that I keep hearing and I have heard a little bit today, and I see in here where it is pretty broad and general.

But there is one issue that we really don't talk about specifically, and it gets into little pieces of this. But it seems like to me that fraud is a bigger and growing issue that creates problems for all of us. And our primary responsibility is we are talking about rates,

customer rates and all of that. Where does a review of fraud, the degree of fraud and the prevention of fraud come into play?

MR. ROCKMAN: I will take that and let any other Citizens' staff weigh in. I think fraud is something that we obviously are addressing at all levels throughout the organization, Kurt. We have agent awareness campaigns around and Jay has activities around it.

To me it is woven inside of the first section when it comes to plans related to customers and agencies. It also talks a lot about guided responsiveness to policyholders in terms of claims handling and what fraud would indicate. But I would entertain any thoughts on fraud. Jay might have a comment.

MR. ADAMS: This is Jay Adams for the record. So, we have a dedicated special investigative unit staff team here at Citizens. And that team is embedded in the Claims organization. They focus on claims activity, but we also have a second unit that is really attached to underwriting and agency investigation. We look at fraud from the point of sale through the underwriting process, and then we obviously identify most of it from a prospective of the claim handling piece. But it becomes full circle, meaning when we get a claim that has insurance fraud, we go back, we look at the application and the underwriting process and a lot of times we have to go back to the agency as well to understand all of those facts. We do have a comprehensive fraud awareness campaign that stretches the entire operation of Citizens.

MR. LEWIN: Of course, my industry, as most industries are particularly affected by fraud and very interested in it. And I am not sure how, but how we could help you all in your goal, because curiously if somebody is convicted of fraud, we would like to know about it as we do underwriting. It just appears to me, maybe it is where I live, that there is a significant amount of fraud that is going on and it costs us all money.

MR. BITAR: Yes, Kurt, this is Steve Bitar. I agree with you wholeheartedly. And I will let the know, as Jay said, there is a special investigations unit reports up through Jay. It is the claims organization, but he has a team dedicated to agency and underwriting services and any fraud that happens in that state. So, any of the campaigns that are rolled out from a fraud perspective, anything that happens there, we have traditionally brought to this committee to keep you aware, and as Carl says fraud falls into that first bullet. So, we absolutely one of the areas that are part of the overall fraud and special investigations units focus at Citizens. And you will hear that in the months to come because we have a lot of work that is planned in 2019, on external facing fraud and is one of our initiatives on our strategic plan. So, you will hear from plans about that in the months to come.

MR. LEWIN: Okay. Thank you.

CHAIRMAN NEWELL: Yes, Phil. Who is this?

MS. MURPHY: Well, there is two of us. This is Susanne Murphy and I don't -- I don't know the other voice, I apologize.

CHAIRMAN NEWELL: All right, Susanne, go ahead.

MS. MURPHY: Thank you. Just a couple of comments about the proposed charter. You know, I don't know if it is useful or not to actually include in the footnote or somewhere the actual statutory cite for the creation of the MAAC.

I see that you have used a lot of language from the statute, but again, I don't know if this document is for the purposes of the members of the committee who might benefit from that statutory reference or from others reading. So that is comment number one.

Comment number two, I don't know that it is actually true that the MAAC's authority comes from the Board, and I am sure that your legal staff has looked at this. But I think there could be an argument made that the authority of the MAAC comes from the statute which creates it and assigned it responsibility.

So maybe there is some way to clarify how that sentence is intended to be utilized. And I don't know, I think the fraud discussion kind of brought up this issue and some stark relief that, you know, what is the actual authority of the MAAC to engage in activities other than those that are listed and through what mechanism does it do that.

So those are just -- I apologize for not providing these comments earlier, but I didn't really sit down and study this until just before the call. I think it is arguable that the committee can entertain subjects other than those in the statute, but it is a pretty specific list of responsibilities that are provided and afforded to the MAAC by statute, and I don't know how much flexibility that there is to engage in other things.

Those are just my few comments or maybe three comments.

MR. BITAR: This is Steve, thank you for that. If I may respond. Number one, I agree wholeheartedly. You can absolutely cite the statute and add that to your perspective. So, if there are no issues, we will be adding that to the citation and make that part of the record today.

And as far as authority coming from the Board, you will recall when we -- you know the MAAC in general was created to provide consultative support to the group. If you look at our name, the Market Accountability Advisory Committee really was created to advise Citizens' staff on a lot of these topics and this does directly come from the statute, itself.

You will recall that when we revised substantively the agent appointment agreement, we did give some authority from the Board to MAAC specifically around performance guidelines. And so when we work with Dan on that section, authority and charter quite frankly, MAAC really is more advisory than anything else, but it does delegate some

authority from the Board and that is what we are trying to capture there is the authority that MAAC has does come from the Board, whereas all other activities are really around advising Citizens' staff.

We can definitely take a stab at clarifying that if you feel it is necessary, or we can leave it as is, because we did spend some time on that section specifically in the first part of number two.

MS. MURPHY: Well, Steve, I wonder if it could be a compromise where the -- if I understand what you are saying, the Board can essentially assign additional responsibility to the MAAC, but the statute prescribes what their advisory role is to be for the corporation. So maybe there is a way -- and it is not a big deal, but I think just the flat statement that their authority comes from the Board, you know, might be a little bit of an overreach because their statutory duties are very defined. So, I don't think it is a big -- it is not a big deal to me, but I think it is maybe an incomplete statement if I could offer that.

MR. BITAR: Fair enough. And if it is all right with Chairman Newell, we can take a stab at that as well and try to clarify that further if you like, Mr. Chairman, and we can either bring it back to this committee at our next meeting and go over it there, or we can take a stab and try to move it forward, however you like.

CHAIRMAN NEWELL: Yes, Steve, I think with Susanne's comments and there may be others as well, let's go ahead and just -- I mean, there it is no hurry to this I would suspect. So, let's try to get the clarifications in there. You guys certainly talk internally and with Dan and his team and then let's just update it one time and then move it forward for another vote. I think today we ought to just take the comments and try to just clarify it a little bit further.

MR. BITAR: I like that idea, sir. And, also, I believe our next meeting in March will be a live meeting.

CHAIRMAN NEWELL: Exactly.

MR. BITAR: Would be a great time for us to hopefully to ratify this.

CHAIRMAN NEWELL: Yes, exactly.

MR. BITAR: Get the revision up to the members in time to review and then be prepared to move it forward hopefully at the next live meeting.

CHAIRMAN NEWELL: Yes, okay.

MR. ROKEH: Chairman, this is Greg Rokeh.

CHAIRMAN NEWELL: Hey, Greg.

MR. ROKEH: Yes, Dave, I had -- I was trying to speak up also, and I was going in the same direction as Susanne. I was actually hunting on my hard drive here trying to see if a copy of that enabling legislation still existed on this new computer. I couldn't find it. But I did have the same question in regards to tying the two together somehow. I thought that that should probably exist. On the surface of it I don't have any issues with the document, itself, or with any of the language that is on it.

I would like to make sure as Susanne pointed out also, that the statutory origination of this group is clear in there. And I would also concur and agree with looking at this at our next meeting which may be a live meeting.

CHAIRMAN NEWELL: All right. Well, good. Steve, I think we have our marching orders. So, we will just put this off for today and then bring it back at the meeting in March, and then hopefully get it ratified and approved.

MR. BITAR: We are happy to do it, sir.

CHAIRMAN NEWELL: Okay.

MR. BITAR: And I will offer that Lissette Perez has joined the call. She is on the phone, as well.

MS. PEREZ: Can be hear me?

CHAIRMAN NEWELL: Yes, go ahead.

MS. PEREZ: Forgive me, I had my line muted because I didn't put in the pin number, but I have been on the call. I didn't attend roll call, I think I missed that. But I am on the call, okay.

CHAIRMAN NEWELL: All right, well, thank you.

MS. PEREZ: Thank you and I do agree with voting on the charter at a later time as well. I think it is important to resolve the pending issues and then we can move forward with it.

CHAIRMAN NEWELL: Okay, yes, okay. Well, thank you, Lissette. Okay, with that in mind, let's go ahead and tab five is brought to us at each one of the meetings for clarification and just information about depopulation and clearinghouse update. So, certainly take a look at that when you have an opportunity and we can discuss in the future. And then any new business come before the committee today? All right. With that in mind, I will entertain a motion to adjourn the meeting.

MR. NORBERG: I will make that motion.

CHAIRMAN NEWELL: One at time. Who made the motion?

MR. ZELMAN: Let Ken make the motion, I will second it.

MR. NORBERG: I will make a motion that we adjourn.

MR. ZELMAN: And I will second it, Phil Zelman.

CHAIRMAN NEWELL: All right. All those in favor aye.

(Chorus of ayes.)

CHAIRMAN NEWELL: Our next meeting is March 26, 2019. It will be in Orlando. It will be a live meeting and we can certainly discuss the charter and then other things that you have on your plate as your association gets to you prior to the meeting. So, with that in mind, meeting adjourned. Happy holidays and see you in the New Year.

(Whereupon, the meeting was adjourned.)