

CITIZENS PROPERTY INSURANCE CORPORATION

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

Tuesday, March 26, 2019

The Market Accountability Advisory Committee (MAAC) of Citizens Property Insurance Corporation (Citizens) convened at the Sheraton Orlando North on Tuesday, March 26, 2019 at 1:00 p.m. (EDT).

The following members of the committee were present:

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

The following Citizens staff members were present:

| | |
|-----------------|------------------|
| Ariel Shami | Barbara Walker |
| Carl Rockman | Charlie Broward |
| Marsha Watson | Jennifer Montero |
| Steve Bitar | Barry Gilway |
| Kelly Booten | Dan Sumner |
| Joe Martins | Mark Kagy |
| Nancy Staff | Jay Adams |
| Andrew Woodward | Bonnie Gilliland |
| David Woodruff | Eric Addison |

The following Board of Governors were present:

| | |
|-------------|---------------|
| Blake Capps | John Wortman |
| Bette Brown | Gary Aubuchon |

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 December 06, 2018 minutes. All were in favor. Motion carried.

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 will start today's session with our normal overview of our agency distribution footprint. You will see represented on the first slide our current agency and agent counts and the number of licensed customer representatives that currently are part of Citizens system. As noted before, we have seen a general drip downward in appointed agents and appointed agencies. A general lift upward in licensed customer representatives that support the agents that are here today.

Because it has been a conversation topic for some time, I have started to include now a chart that will illustrate the agent count in tri-county. So the second grid that we are representing today will really tell you in Dade, Broward and Palm Beach Counties, the number of agents and agencies and licensed customer reps, and what we will do is baseline that off of December 2018. So right now, we will go ahead and look at December of 2018 of the agency count of 2,032. We have grown that by one agency so far this year. You can see the net results with agents and LCRs.

We will go ahead and distribute and display this at each meeting. Any movement upward in this count could indicate a market trend. This could be a leading indicator, but because the MAAC has brought it up so many times I thought it was important to go ahead and illustrate what the current agent count is in tri-county specifically, because it is such an important marketplace for us and I wanted to make that visible to the MAAC.

The last chart on this page really just reflects our overall volume by agency. Again, this is moving in the right direction. We have fewer agencies dependent on Citizens. The general drift downward in terms of size of Citizens policies in force continues, and that overall number is 64 percent of Citizens appointed agencies have less than 50 policies in force. Again, that is a reflection of the health of the marketplace, less dependence on Citizens and most of our agencies and we are pleased to report that number.

The second slide in my exhibit is new to the MAAC. The second slide really represents beyond tri-county what is our policies in-force count for Citizens. And I think this is important because we really very rarely presented to the MAAC the policies in-force distribution by county. You can see on this chart -- on this chart, 84 percent of our business is really located in 10 counties in Florida. So while we do focus on Dade, Broward and Palm Beach, you will see a number of other counties here that carry a significant amount of Citizens business.

Obviously, a lot of our education efforts, a lot of our efforts to engage agencies are centered in these counties as well. These counties are very important to us. Also for our marketplace partners that participate in Depop and Clearinghouse, we obviously point these counties out to them as well. But we wanted to start making this is little bit more visible to the MAAC because it does obviously focus, shows you where we focus our agency support model, and then where the opportunities exist for future depopulation or clearinghouse activities.

With that I will take a pause on those first two pages and take any questions you might have.

CHAIRMAN NEWELL: Any -- any questions from the committee? All right, go ahead, Phil.

MR. ZELMAN: This is Phil Zelman. Hi Carl.

MR. ROCKMAN: Hi Phil.

MR. ZELMAN: So, are you seeing a consolidation of agencies?

MR. ROCKMAN: Yes, as noted in previous meetings we are continuing to see merger and acquisition activity. What that will mean is we may see a decrease in agency count, or we may see the agency maintain their relationship with Citizens, but something has happened behind the scenes with that agency. We do continue to see consolidation in the marketplace where agencies are being acquired. Sometimes that will take a while to settle into our actual counts.

MR. ZELMAN: Okay. And the other question had to do with, as we are looking at PIF counts, are we seeing an uptick in the tri-county area as far as new business?

MR. BITAR: As it currently stands, this is Steve Bitar for the record. We probably are seeing about 48 percent of new business coming into Citizens representative of the tri-county area.

A year ago, that number was closer to 55 to 57 percent. So surprisingly the trend has been a little less new business coming in from the tri-county area specifically. However, when you look at it from a count perspective, because the overall number is low, lower than it was last year from a submission's perspective, it is probably pretty stable. But about half of the new business that we are seeing on the personal lines, the new submissions are from the tri-county area.

MR. ZELMAN: Okay, thank you.

MR. GORODETSKY: And Carl, this is Lee Gordodetsky. Do you expect that to continue, because the people I talk to from south Florida, all I hear them say as agents is all those companies are not writing business and I am forced to start looking at Citizens

again, even though they tried hard not to I hope or think. Is that expected to continue? And then you have policy non renewals that are coming.

MR. BITAR: This is Steve Bitar for the record. You know, we have heard this now for the last couple of years quite frankly, but the numbers have not really borne that through thus far.

So we have heard about non renewals, but we have also heard about the ENS market stepping up in specific situations and picking up that business, and there are some companies that are still writing in the tri-county area from what I understand and are picking up business.

So believe it or not, we have not seen it in the Citizens' number per se, but we keep hearing it from agents that there are non-renewals, there is a lot of tightening of appetite and capacity in the tri-county area, especially Miami-Dade.

So, we are expecting to see it at some point. I believe that as we see our rate differential continue to grow at Citizens and we become more and more competitive in the lowest premium in town, that is when we are really going to start seeing it, and it may take a year or two for those differentials to occur.

A lot of the companies that are getting rate increases in the tri-county area are getting double digits. As you know, Citizens is capped at 10. We will be lucky to see an overall average of 8.5. So year over year as those rate increases hit the private market and we get our and capped increases, that differential is going to grow and we do expect to see that from a competition perspective and from a rate comparison perspective, we are probably going to start seeing that growth come our way.

MR. GORODETSKY: And do we have a way to plan for that? I mean, to protect it or to keep it from happening in regard to surcharges or things?

MR. BITAR: Not at this time. And basically, we are capped from a 10 percent perspective and there is nothing that we can really do without legislative action.

CHAIRMAN NEWELL: Go ahead, Greg.

MR. ROKEH: Steve, are you seeing this reflected, is the Clearinghouse catching some of this and diverting it, or is it agents are not even submitting them to Citizens?

MR. BITAR: No, the Clearinghouse is definitely active still and we are seeing on the new business side some of that, the policies that are coming into Citizens being deflected and turned over into the Clearinghouse.

So, the Clearinghouse still is successful for us and is helping to divert risks from coming into Citizens. So that has been helpful.

CHAIRMAN NEWELL: All right, Steve, you threw out the 10 percent cap. Those of us that have been around this table for a while probably know that. Some may be

newer than others. So just explain to us what that really means as far as how Citizens puts that into effect.

MR. BITAR: I will be happy to. There is a statutory requirement that basically states no residential policyholder at Citizens, that includes not only the personal residential, but also the commercial residential, no single policyholder can incur a rate increase of more than 10 percent in a year.

So, what that means for us is when we file our rates and we get our approvals no single policyholder can get 10 percent. Which means in order to have that one or two or however many get the 10 percent, there will be others that average far lower than that in order for us to land at an appropriate rate where no single policyholder gets the 10 percent increase.

So that is why you will find that we will file actuarially sound rates as we are required. The indicated rates get submitted to the Office of Insurance Regulation, but the average that gets approved in order for no single policyholder to get 10 percent will probably be in the eight, 8.5, 8.7 percent range depending on the machinations that the actuaries go through when they finally land where they land.

But that is how the statute works from a glide path perspective. And because of that, you know, if we have got an average of 8.7 percent that is hitting on our personal lines book, but then you have 14.9 percent being taken by many of the private market companies, you are going to find as we get our eight and they get their 14.9, year over year that six point spread is going to add up and Citizens is going to become the lowest premium available to many people, which will then lead to our growth. Which, you know, as you all know we do not want. We have worked very, very hard to depopulate, build out the Clearinghouse. We have had some very successful programs there that have worked well for us and gotten us to, you know, under 421,000 policies which is the lowest Citizens has ever been in our history. So, a lot of hard work from the agents as you know to get to that point and we would hate to see Citizens repopulated. So that is how that works.

CHAIRMAN NEWELL: Thanks, Steve.

MR. BITAR: You are welcome.

CHAIRMAN NEWELL: Anybody on the phone have a question for Steve or Carl on these first two exhibits? Okay.

MR. ROCKMAN: Okay. The next topic as we always do in the committee meetings is bring the committee up to date on the performance programs that we have established with our agencies.

The first program that we like to feature is our performance violation program. I would like to point out to the committee, at the top of the page is where we ended 2018. So, we are going to benchmark our results in 2018. What that top grid represents, if you go to the far right, four percent of the submissions that were made by a Citizens' agent had some type of performance violation on them. And then if you to the left they are

categorized as such. You can see our largest opportunity is around the incorrect credit or missing signature column. But I would also point out ineligible risks and uninsurable risks, those are two very important categories for us to work on correction.

When a risk is submitted to Citizens that is ineligible or uninsurable, it creates tremendous turbulence for the consumer, for third parties like bankers and realtors that may be involved. We pay particular attention to that category to make sure our agents are informed of what risks are ineligible or uninsurable with Citizens and then that we bring that to their attention through this program.

You can see that the month of January numbers we are reporting an overall three percent performance violation figure. We would like to drive that down as low as we possibly can. Agents impacted by the program are featured on the bottom right-hand grid. 54 agents were issued warning notices in the last six months, and only one has gone into a suspension status. So again, once we get the agent's attention through a warning notice, we offer corrective action and support. Typically, that tends to correct the issue and we see great performance after that.

The second piece of our performance program is that on late submissions, this is really the velocity part of the program. It is very, very important that agents submit the paperwork that we need to evaluate the risk on time. What this grid represents is last year on the 90,000 submissions we had, four percent of those submissions came in after the 16th day from the effective date.

Sixteen days after the effective date, paperwork actually was submitted. Not acceptable. We want to work with agents to improve that. You can see for the month of January, we have not moved that number significantly. It still stands at four percent. So, work remains here for us to continue to work with our agency partners to submit the application, the inspection, the wind mitigation, get that up to us so our underwriters can evaluate it in the appropriate period of time. So again, this will be a focal point for us this year to work to improve and the agent performance is featured below with 80 warning notices submitted, but only three agents moved into suspension. I will take a pause there for any questions on the program.

CHAIRMAN NEWELL: Okay, we are going to go Lissette first.

MS. PEREZ: Hi Carl, hi Steve. Is the payment portion considered part of the late submission after the 16th day?

MR. ROCKMAN: It is not. This is purely documents. We know payments can take a while, particularly payments that may be in escrow, payments working with bankers. This is purely what we believe the agent should have in order to evaluate the risk and that is the inspection, the application, other forms necessary to price it.

Underwriters won't look at that until the payment is posted, but we want to make sure that that paperwork is in good order, so when the payment does post, we are not wasting any time.

MR. GORODETSKY: Carl, this is Lee Gordodetsky again. The part that always bothers me the most is the incorrect credits and uninsurable risks that is always a high number. Do you know, is there a way we can start to get repeat offenders, because to see all that stuff and then only see one suspension, no terminations is to me not going to help.

The warning notices do probably get a lot of good people, but the bottom line is there is some people who just want to do it their way.

MR. ROCKMAN: Yes, Lee, and the truth is that this is really reactive. We still have a plan to be more proactive with our agents regarding education and communication around these issues.

The fact that this is part of our performance program does get the agent's attention to say, you are putting your relationship with Citizens in jeopardy if you continue to or try to submit something that is not appropriately priced or doesn't have the right signatures. But I don't want to wait just for this.

This is only one element of our education program. It is really after the fact. Look for us to continue our outreach efforts which I will cover in just a moment and our continuing education with agents to make sure they understand our requirements.

We don't want this to occur. I don't want the first thing to occur. We want to be proactive about it and we intend to be.

MR. BITAR: Lee, this is Steve Bitar for the record. I will tell you especially when it comes to the incorrect credits piece, that is something that has caused a lot of noise in the agent community from some bad actors quite frankly trying to steal business or try to have a quote come in a lot less than a neighboring agent, et cetera.

So, this is something that we work very closely with the agent roundtable on. It has been an issue that has been brought up. And so, we definitely are heightened from an awareness perspective there. We have got it on our radar and we are definitely working to try to address it with those agents that are offending in that area specifically.

CHAIRMAN NEWELL: Go ahead, Phil.

MR. ZELMAN: Thank you. Carl, there was one suspension in the past six months and we already have three suspensions for 2019. Is that a carryover actually from 2018?

MR. ROCKMAN: It would be carryover, Phil. These are going to be numbers that if the agent is currently under suspension, at the time I run these numbers, that is what is reflected here.

The agents will come off of suspension and it really depends on the timing and when we have the meeting in terms of the numbers I am reporting.

MR. ZELMAN: Okay. Well, it is nice to see there is some action happening there. But we still have no terminations.

MR. ROCKMAN: No terminations, because I will tell you particularly in the agencies that were impacted by this, the last thing they want to do is lose their Citizens' relationship as important as it is.

But again, I don't like even having to send warning notices. Our job is to prevent the warning notices at some level. That is where we get proactive with our education and outreach efforts, but at some point, the warning notice does tend to get the attention and we are able to have beyond just an e-mail that we send them. There is a conversation that occurs on every warning notice, a very serious one, particularly when it comes down to the discounting.

We have a very human conversation with these agents letting them know that we are here to police the landscape. We don't like -- we know everyone is under competitive pressure, but it is not acceptable, not acceptable to be discounting policies inappropriately and unfairly competing with your fellow agents.

MR. ZELMAN: And then we know that is reported on a regular basis by agents.

MR. ROCKMAN: Absolutely.

MR. ZELMAN: Thank you.

MR. ROCKMAN: You are welcome.

CHAIRMAN NEWELL: Greg, do you have a question?

MR. ROKEH: Yes, Greg Rokeh. These performance violation percentages have pretty much stabilized and seem to be staying pretty much in the same range month after month. Is this the best you can hope for? Is this where you are at or do you expect better?

MR. BITAR: We always expect better. But I think that there needs to be a balanced approach. From our perspective, we challenge ourselves.

We look at these numbers and we say to ourselves, is there anything else we could possibly do to drive this down. And you will hear from Carl, we have lots of different training education opportunities. We have a lot of resources that we partner with our learning and developing group to publish and to put out there and we are working on that as we speak.

We are not at the point where we feel we have provided the agents every resource possible. And so that is what we are focusing our attention on. We hope that that in affect will drive down some of these numbers even further. But again, in a year from now we may look back and see where those numbers are and maybe we will have arrived at a point where this is where we are and if we want to go after these repeat offenders and bad actors and those that aren't utilizing the resources that we put out there, then we may come back and decide, you know, are we too lenient on when we issue a warning notice, when we suspend, when we terminate.

We can have that discussion with all of you and maybe come back and come up with something further, a little bit more punitive. I don't think we are there yet. We have some work to do from a training and education perspective to really make sure the resources are in the marketplace.

But I will tell you my personal instinct is, we have a lot of new players that come into whether they are CSRs in the agencies. You don't have a lot of stability necessarily in all of these 6,000 submissions that we receive.

And so, you are always going to have a level of training and education that is going to be needed.

We want to make sure that that is out there at the forefront and once we feel that that has been done, then we can probably revisit this conversation altogether.

MR. ROKEH: Okay, thank you.

CHAIRMAN NEWELL: Anybody on the phone have any questions for Steve or Carl on this subject? All right. Keep moving.

MR. ROCKMAN: Okay. I would like to update the committee on our agent outreach efforts for 2019. The five elements of that program are outlined on this page. I will cover each of them briefly.

The key components to our agent outreach efforts is getting feedback from our very, very engaged agent roundtable. We have just concluded our meeting with the agent roundtable on the 13th of March, an all-day meeting where the agent roundtable provided again, significant feedback to Citizens on what we can do to improve their experience and the customer experience.

We are very pleased that Barry Gilway was able to update the agent roundtable on the status of Citizens and other critical issues that we needed the agents' engagement on.

The ART provided feedback on three critical initiatives that we are getting ready to launch, including an improved agent education experience for new agents and LCRs.

In fact, when we laid out the curriculum for new agents, the agent roundtable insisted that that not just be for agents, that be for everybody, that touch, a customer. So, we were very, very pleased to get the agent roundtable's endorsement to expand that, to include all folks and we intend to do that with the cooperation from our learning and development partner.

At the next meeting I will profile that process and bring more visibility to the committee on our plans in that space.

The second element is our webinars. We obviously partner with our agent association partners, some of which are represented here on the committee. We have an agent sponsored association webinar basically quarterly with each association.

We did complete, even though it is not check marked on your exhibit, we did complete one, Chairman Newell with your association on March 8th. We have one planned with NAIFA on March 28th.

These -- these webinars are attended by agents that are interested in learning more about Citizens. They are very contemporary. We use these webinars to update the agents on breaking news. Things they can use to service customers better, technology changes, all those types of things.

We continue our outreach efforts with our live town hall events. We just concluded a live town hall event in Broward County with the Latin Agent Association. We are going to continue to use live town hall events at the conventions that are coming up in the summer.

Again, these town halls widely attended. Again, intended to give agency owners and other appointed folks an opportunity to interact with Citizens staff and understand more about what we are doing. Get them in compliance with their agreement, learn more about operational issues that will impact themselves and the customers. All again intended to do what? Make sure we are providing the best experience possible.

The fourth element of our outreach efforts that I want to profile is a specific issue that we had this quarter involving Hurricane Irma and proof of repair. It was a big issue. A significant issue out there in the agency space.

We have a tremendous customer contact campaign thanks to Christine Ashburn and her team putting together one of the most aggressive campaigns you have ever seen in terms of customer awareness and agent awareness.

But we wanted to take it to another level with our agents to make sure that everything in that program was visible, but more importantly ask for their support to get engaged in this process. We have a lot of customers where proof of repair is required. We want to make sure that there are no issues around what is happening and when it is required and that we offer the appropriate support to our agent partners who are critical in getting that proof of repair submitted.

We ran two specific webinars, and you see the attendance figures there, but don't -- the attendance figures may seem a little low, but realize that about 200 agents really control 60 percent of the proof of repair, and the right 200 agents were in this webinar. We continue our outreach efforts with those agents to make sure they are getting the support.

They understand that it is not just about proof of repair, but also about justification for delay and other things that we want to be on receive for to make sure that the customer is not unduly harmed by the requirement, but the requirement is still there. We need to make sure the homes are insurable.

So, hurricane proof of repair webinar was a huge issue for us in Q1 and we are going to continue those outreach efforts as that program evolves.

And then last, but not least, some visibility on Q2 and Q3 and the road ahead. We have two technology changes that are going to impact our agencies. One, PolicyCenter, the main system that our agencies use to interact with Citizens to write and quote policy. We are going to be changing that modestly.

We are going to be going through an upgrade that will change a little bit of the look and feel of the system, but anytime you change the user experience in an agency you cannot underestimate the amount of change that that throws. So, we are not going to

underestimate the amount of communication and education around that. Look for us to have significant outreach efforts around the PolicyCenter upgrade.

And then following on the heels of that are myAgency platform which I will profile for you in just a minute. Raising awareness, what that platform is all about and what it is intended to do to benefit our agency partners. I want to compliment again our communication team and learning and development team who we cannot do this work without. They are essential in helping us spread the news and deliver the knowledge. I will take any questions you might have about our outreach efforts.

MR. GORODETSKY: Carl, it does seem that the webinar did well in regard to Hurricane Irma because it was so critical and important, and I think your numbers are pretty good. I agree with you.

But the webinars seem really poorly attended and I am wondering if these agencies that have these performance violations, if there is a way to tie in to force them into this situation where you have 64 percent of your book, 50 policies or less, if they are the ones doing the performance violations and not coming to the webinars or the live conferences, why are we keeping them on the books?

MR. ROCKMAN: Well, statutorily we are required to keep them on the books. That is another topic, but you are actually right. And Steve eluded to this. A lot of our performance issues are not with our larger agencies.

In fact, when we mention that, our larger agencies have got it. It is the smaller agency that might take Citizens out for a spin once or twice a year that struggles and that is who we owe a lot of the communication and education to.

What we debuted at the agent roundtable, again, I am getting a little ahead of my next presentation to you, but what we debuted at the agent roundtable, not only enhanced education platform for new agencies, but also a monthly webinar.

Our learning and development partner feels committed enough to stand up a monthly webinar where agents could voluntarily come in and learn about the system, learn about requirements, all welcome and that would be obviously a target audience lead for any agency that might have a specific need. We wouldn't wait for them to trigger the invitation. We would probably insist that they come at some level.

So, I think there are additional issues that we could bring to bear there to your point about raising awareness on what we require.

MR. BITAR: And Lee, if I may, I think what you are looking at is some prescriptive training to address those specific concerns, and Carl is going to get to that on the next slide. I think you will be happy to see what he is going to present.

MR. GORODETSKY: Okay.

MS. PEREZ: This is Lissette. Carl, my question is, I actually took your webinar for the Hurricane Irma proof of repair. Do you still feel that there is a need to do additional webinars on these proof of repairs?

MR. ROCKMAN: At this point, Lissette, we think that the awareness with agencies that have 25 or more pieces of proof of repair, agencies are aware, they understand the process.

More importantly, they understand we are on receive for exceptions. We are on receive for a customer experience that may need to be addressed. And we do this reporting through our agency management team who engages these folks eyeball to eyeball, do you get it, do you understand, can I help.

So our reporting shows that the agencies that are most impacted by this understand it, but at the request of the committee or if there is something that folks want to bring forward individually, we are more than happy to produce another webinar, too, on this very, very important topic if we feel the need there.

But you folks can bring that forward. But right now, we feel like the message is out, it is now really about execution.

MS. PEREZ: And the fact that you are calling me agencies is a wonderful thing. It shows that you are being proactive. It helps us stay engaged and have to, you know, comply and get the customer to participate. Thank you for the phone calls as well.

MR. ROCKMAN: Thank you.

MS. PEREZ: I have an additional question.

MR. ROCKMAN: Yes.

MS. PEREZ: With regarding the licensed customer service representatives. Going back to his point, could you come up with some kind of training; perhaps to make them when we're appointing them that they have to go through this process?

MR. ROCKMAN: That is exactly what the ART recommended. When they saw the new curriculum that we are going to stand up for newly appointed agents, they said it is not about appointed agents, it is about everybody. Make them take it. I said, it is going to take time.

So, we have got their blessing, their support. I am sure you folks will endorse that because we will make it a requirement. It will either come through you folks, but at the next committee meeting we will profile the curriculum, profile everything we are doing and then it becomes this piece that you can plug your staff in to that gives them the confidence and support to do the submission correctly, avoid the PV and late submission and serve the customer well. So that is absolutely coming.

MS. PEREZ: Thank you.

CHAIRMAN NEWELL: Phil.

MR. ZELMAN: Just as a follow up on that. When you are going to prepare these webinars, are these going to be specific timed webinars, or are these going to be webinars that somebody can go into the system at any time and review?

MR. ROCKMAN: There is only two elements, Phil. There is going to be an element that is self-serve or self-taught, learning management system driven if you will, okay. There will always be this element of take this course at your own pace at your own speed.

Complimentary to that is a monthly webinar where folks can come in and work with our experts live. We will have some demonstration, we will have some things and some Q and A. Those are a little bit of a high wire act, I have to admit, but I think we are committed enough and the response from the ART was enough that they think that they would be widely attended and widely supported.

We see the education element taking on a self-study component, but you also have to have that human follow up component. That ability to touch a Citizens' expert on purpose to get your questions addressed. And then on top of that our agency management team dropping in on new agents and new appointments, making sure they get support is another important element.

MR. ZELMAN: Okay, thank you.

MR. ROKEH: One last.

CHAIRMAN NEWELL: All right, Greg, and then we are going to move on to the last slide.

MR. ROKEH: One quick follow up on the --on the webinar thing. You do comment on here about the policyholder communication side of this. How is that taking place? Is that written communication? Is it online or is there a mix?

MR. BITAR: We have a -- of course, our website is updated and we have all the information out on our website, especially for our agents to access. But we have a series of communications, both e-mail and letters that go out to the customers. I believe seven communications in total go out to the customer throughout the life of our pursuit of this additional information from a proof of repair perspective.

We want to make sure there are no surprises at all whatsoever, and we also want to make sure that our agents and customers know that we are not fully expecting for these repairs to be completed.

We know what is happening in Monroe County. Especially we know about the lack of availability of contractors. That is why we are just looking for justification of that. Have you set up an appointment with a roofer? Can you at least validate that for us so we can note our file and renew you for one more year. That is what this is all about.

When you look at about 300 or so agencies that attended the Irma proof of repair webinars, we have given them all lists for the entire year. We have sorted them by non-renewal dates. They understand, these are the policies that are coming up for non-

renewal starting in April. That is why we did this in January, to prepare the agents and the customers for the first round of non-renewals, and that would only be from people who did not respond at all. If you responded to us and said, yes, I have been in touch with a roofer, but they're not coming until December of 2019, guess what, we are renewing you because you got back to us. You told us what is happening, we have documented the damage.

I know there are probably people passing out behind us, but it is the customer focused thing to do in response to Irma and looking at Monroe County specifically and the landscape there. We have really tried to be customer focused, document the claim to its fullest potential. Understand what the damage is in case another storm comes through and then document and have that conversation. That is what we have pursued throughout this entire course of action.

MR. ROKEH: How many policyholders are we talking about that this applies to?

MR. BITAR: I believe, do you know, Carl? I think we have about 450 that got non renewed for the month of April. We had no response at all whatsoever. But I think we have had over 70,000 Irma claims altogether, and I think we were pursuing proof of repairs on about 38,000 of those 70. So that is the total population.

MR. ROKEH: Okay, thank you.

CHAIRMAN NEWELL: All right, so last slide on this.

MR. ROCKMAN: I will be very, very brief. I just wanted to bring some visibility to our myAgency platform. You might recall a meeting or so ago we introduced the idea of consolidating some of our agency administration's legacy systems that agents engage with us now to manage their relationship.

We have internally branded this platform, myAgency, but it is essentially powered by Sales Force which is an industry leading software as a service solution.

This is going to give us the ability to retire three legacy systems that agents interface with today. Put the agent relationship into one system which we are very, very excited about.

But I would point the committee out to one particular piece of this system that I am very excited about, and it ties nicely into the education piece, the enforcement piece.

If you look at the slide, you will see agency principles and other staff profiled as a role for this system's usage. You will notice there are six or seven features listed below that the system will deliver.

I will just highlight one, relationship management. The system is really going to give us the ability to display key performance indicators to agency principals. What are key performance indicators? How many performance violations does your agency have? How many late submissions does your agency have? How big is your Citizens' book? Other quality factors.

We have that today, we can send it to them, but agents will say it is another e-mail, it is another report, I am getting lost. This is going to allow us to consolidate the agent's relationship in terms of performance with Citizens in a comprehensive way, in a dynamic way and really help our engagement strategies to get agencies better, make them aware of where their relationship with Citizens stands. More to come on this in future meetings, but I did want to profile this work is in development now and we will be bringing more visibility to it in future meetings.

MR. ZELMAN: Target date. Target date.

MR. ROCKMAN: We are in development now. But we anticipate, we want to get it right, Phil. We do intend on obviously standing it up soon but won't give you a firm date quite yet.

MR. BITAR: Third quarter.

MR. ROCKMAN: Third quarter, Steve says third quarter.

MR. BITAR: Stay tuned. We will update you at the next meeting for sure.

MR. ROCKMAN: And then the last slide is just one that profiles the agency managers. We have talked about them enough and I just want to make sure you folks knew they were out there and engaging agents. So that concludes my reports.

CHAIRMAN NEWELL: All right, well, thanks, Carl. Any questions of those on the phone? All right.

We will move on, Steve, you are already up here. Back in December we were proposed this new charter. There were some questions by some of the committee, both in the room and on the phone. I know we have had some discussions surrounding that and now we are to see a final draft based on those discussions from some of the stakeholders that voiced some concern. I guess let's just talk through that process and we will answer any questions some of the committee may have.

3. MAAC Charter Approval

MR. BITAR: I will be happy to, Mr. Chairman. Basically, after the robust discussion we had at the last meeting, we took all the feedback, went back with our legal counsel and we incorporated the revisions to the last version of the charter that all of you reviewed. This hopefully should be relatively quick. We included a draft version highlighted in yellow everywhere we tweaked language to address the concerns that were raised at the last meeting. We feel we have accomplished that. We would ask for you to simply to review the charter in full.

The version with the yellow highlights shows you where we have made some slight tweaks to language that incorporated all of the feedback we received from all of you at

the last meeting. And we would ask that the MAAC approve this latest version of the charter so we may implement it going forward and then we bring it back annually for review and approval as well.

CHAIRMAN NEWELL: Okay. Well, we will go ahead and open up for some questions. Phil, you are first up.

MR. ZELMAN: Do you want to open up first?

CHAIRMAN NEWELL: No, I think we want to hear a motion to approve and then we will open it up for discussion.

MR. ZELMAN: I would like to make a motion to approve the changes in the charter to the MAAC.

MR. ROKEH: I will second.

CHAIRMAN NEWELL: Okay, now we have a motion and a second for the charter. So now we will open it up for some discussion. Any, any questions, those on the phone or here in the room?

MR. GORODETSKY: Yes, I do.

CHAIRMAN NEWELL: Lee.

MR. GORODETSKY: Lee Gorodetsky. Where it talks about the reporting in each Board meeting, rate and rate competition with the voluntary market, yet we find ourselves capped at a 10 percent level. What good is it if we keep reviewing it if it is not going to change somewhere? Someone has to say that 10 percent unless we want the population to go back to 1.4 million, this is not going to be a good situation for us if we can't do anything about it. Just because we know about it doesn't really help.

MR. BITAR: And we appreciate that feedback and that commentary. From our perspective, you know, it is a legislative mandate and there is really not much that we can do outside of that. Understanding that the MAAC committee would support removal of the glide path is definitely something that we can put on record, but beyond that it would require a statutory change.

So again, if any of the agent associations were to pursue that, we would be happy to weigh in on that topic of discussion. But as it stands right now, it is definitely something we need to at least address and discuss and that is why we have it noted here. Although we may not be able to change it, I do think it is important for us to understand the impact on the market, the fact that it could lead to repopulation of Citizens, and that is something that we all will discuss regularly and plan for accordingly.

CHAIRMAN NEWELL: Anybody else have any questions about the charter and approval of it, anybody on the phone? All right. We have a motion and a second to approve the charter. All those in favor.

(Chorus of ayes.)

CHAIRMAN NEWELL: All those opposed. All right. The charter is approved, Mr. Bitar.

MR. BITAR: Thank you, sir.

A motion was made and seconded to approve the MAAC Charter. All were in favor. Motion carried.

CHAIRMAN NEWELL: All right, let's move to tab four and bring up Craig Sakraida to talk about the latest information that we have from Hurricane Michael. And certainly this is something that we talk about and it certainly was addressed throughout Carl and Steve's presentation, but the claim activity, what is going on in the marketplace, of course leads to these updates and discussions of what the private market may do, depending on the area that they are writing business.

Craig, it is always good to see you and welcome to the committee and the floor is yours.

4. 2019 Catastrophe Update

MR. SAKRAIDA: Great, thank you, Chairman Newell, and committee members. I am Craig Sakraida, Senior Director of Claims. My main responsibility is the CAT response at Citizens.

If you turn to the first slide, I want to touch briefly on the Hurricane Michael successes. A lot of these grew out of our Hurricane Irma response, the first major response we have had since Hurricane Wilma back in 2005. We were able to leverage our post event imagery through the NICB to quickly identify total loss structures, not only commercial structures, but mobile homes and residential structures. We were able to test a lot of the things that we put into play from a solicitation as a result of Hurricane Irma.

Some of our other programs here that are listed, Fast Track. That is adjusting claims over the phone. Low severity claims, there is a tree on a fence, tree on a shed, maybe some shingles blown off a roof, siding damage. We had contracted with vendors out of state to have adjusters handle these claims over the phone. We engaged that in Hurricane Michael. Ran about 700 claims through them. During inspection results came back that they were acceptable and we made some changes to the training, but it is one more way that we can be more efficient and effective with the customers and put the adjusters on the ground with the folks that really need them.

We also have an inspector program, and what that is, is less, less experienced people that can go out and look at a low severity loss, something that can't be adjusted over the phone, but doesn't really need an adjuster out there. And what they do is they

leverage technology to help them write the estimate. Okay, so once again, it is more efficient for the customer, it is more efficient for us and it allows the pool of adjusters to focus on the more severely damaged homes.

Once again, we tested this with two different vendors in Hurricane Michael with successful results. We also made changes to the training and to the program based on some of the feedback from the vendor.

We have the other bullet on here, improve call routing to our resolution unit. All of the correspondence that goes out for our Hurricane Michael claims for residential has a resolution unit phone number on there. And what we are trying to do is give the customer a number that they can call and get their claim resolved or get their question resolved, because oftentimes in a CAT response, we have a lot of adjusters on the front end and then they travel away and the people only have that adjuster's name and phone number. This is a way for the people to get in touch with us and resolve their questions. We improved the call routing to make it more efficient and really kind of prove that we can handle multiple events, because we still had a lot of Hurricane Irma claims that we were getting calls on.

If you turn to the next slide, I want to talk a little bit about Xact Analysis. And I will just frame that up a little bit for you. Xactimate is the estimating software that the adjusters utilize to generate an estimate. So, they go out there, put information in. There are different selector codes that generates an estimate. Xact Analysis is the actual management system behind Xactimate. What we learned in Irma was that a lot of the vendors struggled with us because they didn't -- we didn't have our Xact Analysis component put together quite right. We took a step back, worked with the vendor, worked with our IA firm, our independent contractors, to come up with a best solution so everyone is on the same page. We are looking at the same data that they are looking at. We can manage the same aspects of the claim file, same aspects of the claim activity, whether the adjuster has inspected it, whether they have contacted the policyholder, what status the estimate is in across the board, no matter whether it is our inspector program, our task adjusters, our commercial adjusters or the adjusters we have dedicated to working large loss claims.

Once again, we were able to test a lot of these things in Hurricane Michael, because Hurricane Michael although it was a horrific event for the people in the Panhandle, it was manageable for us at Citizens. We had the ability to put in play a lot of these things that we changed or enhanced from Hurricane Irma and we were able to test them and really take a hard look and say, did this work, yes or no, and we were very pleased with the results. And Xact Analysis was a big component of that because the firms are able to see the exact same thing that we see and we can control the claims a lot better.

If you turn to the next slide, I have talked a little bit about some solicitations, and we did several after Hurricane Irma. We did one solicitation with three components that went through post event imagery, aerial imagery, which is historic imagery and then drone services. Because we utilized drones for the first time in Hurricane Irma on a pilot basis, but we realized that it is coming to the forefront of claims. A lot of people are using it. It is a very easy way to get some pictures of the roof and to get some damage assessments

very quickly. We put all of these into a solicitation with different vendors. We were able to engage all of those with our Hurricane Michael response. I touched a little bit about Fast Track and the inspector programs. Once again, they grew out of Hurricane Irma. We are constantly evolving our hurricane catastrophe preparedness and our strategy and trying to leverage technology as much as we can.

If you go to the next slide, the catastrophe preparation. Every year my team and I, we look at our catastrophe plan. Is it effective, is it efficient, does it provide all the resources needed, not only for the policyholders, but for our internal and external customers, our vendors? You know, does it work how we think it should. We have made some revisions to the catastrophe plan to make it more efficient mainly for some of our internal departments. We have looked at technology enhancements to further support field operations. That is the most critical thing that we were able to do in Hurricane Irma and Michael is to have a large field presence to make sure that everything was going the way that we needed to near ground zero.

I mentioned earlier we revised our training for Fast Track and our field inspection programs to better support those vendors and the result that we want, and we simplified the alignment of our internal resources. And what I mean by that is putting people in the right roles. You know, we have trained people. At Citizens we have to expand out. So, we use a lot of front line adjusters, front line managers to expand out and have more span of control in a catastrophe. We have been able to revise the training and get people in the right seats.

On the next slide, catastrophe testing, each year we evaluate what we should test, because things change, we can't test the same things every year. One thing that is tested almost every year is the first notice of loss call center under Steve Bitar. We just finished that up a couple of weeks ago. We flood them with calls and make sure their training is adequate. We have our people at our CC unit call them and go through a scenario with them and we grade and judge how they input the FNOL to make sure it is accurate. That is always critical.

Our catastrophe response center deployment exercises. I think we have had enough practice with those over the past few years, but we still want to make sure the volunteers are trained. We are always coming up with new ideas, partnering with our IT field services folks to make sure that we get what we need to there.

This year we are doing our Agility office solutions through our business continuity. We already did an offsite test in Jacksonville for what they call brick and mortar. We are doing a portable building set up in Tallahassee next week to see how that vendor is going to perform and provide us resources in case something goes down with our TIAA bank center, or if we need them to set up a strike zone office, something that is similar to what we did in the Keys.

I will touch a little bit later; we just purchased a new claim service vehicle. I will explain what that is about in a couple of minutes. We do system load and stress testing to make sure that our systems can withstand extra users and extra claim volume. We do that every year. And we have gone down from when we were 1.45 million policies when we would expect 400, 450,000 claims. We still test for a 200,000-claim event. That is

the one in 100-year event. We make sure that all of that is lined up and ready to go before storm season.

And then we test our adjuster on boarding process to make sure that we can get people in, get them online, get them handling the customers concerns as soon as possible.

The next slide is the Hurricane Irma statistics, and Steve was right on mark, 69,951 claims. That is as of March 1st, and we still get about 250, 300 claims as of about noon right before I walked in the door, we were at 70,247 claims. We still get some straggling claims, but for the most part 99 percent of those claims have been closed at least once. We still have open claims in our appraisal and litigation naturally as they go through the process of getting everything settled.

Hurricane Michael, a total of about 3,466 claims. We are running about, you know, 30 claims a month that we still get from there. That will tail off pretty quickly. 97 percent of those have been closed at least one time. We still have a small percentage that are still open in our large loss team and commercial that we are working with, you know, the personal property and different things like that. We are closing those things down pretty quickly.

On the next slide, the claim service vehicle. There is a picture of it. It is a 44-foot fifth wheel trailer. And what this does is this replaces our contract with Encompass Digital Media that we had for five years. And that contract was to have on hold two satellites that could support a building. So that contract was up. Our IT field services people came up with an idea to have something that is more efficient for us to use and more cost effective. It is a fraction of the cost over five years after the initial capital purchase, plus it is better satellite connectivity. It is brand new technology.

And if you go to the last, to the next slide, basically there are two dish systems that are connected with multiple providers. With Hurricane Michael, our IT team had some foresight and we had, I was driving around, and I had three different mobile devices going from three different carriers, because Verizon didn't work, AT&T worked sometimes. We had some T-Mobile stuff going on.

It was very -- Michael was challenging for totally different reasons than Hurricane Irma was. We have plans for that. All of our CRC vehicles as well as this claims service vehicle have the ability to connect to multiple different ways so that we can if Verizon is down or this satellite is down, we have ways that our customers can get in touch with us and we can service them. As well as supporting adjusters that are going to be working in this vehicle, because the primary purpose of this is to tow it to a hard-hit area and use it as an adjuster hub. Not necessarily a customer hub, but an adjuster hub. It is not branded the same way, but we want the adjusters to be able to come and connect, be able to ask questions, because that is critical. We were driving sometimes two and-a-half, three hours to get to the damaged area before you could get to any real connectivity. We want to provide them with some ability to do that on the front end as well as if we have to it can power through 1,000 feet of fiber cable. Can power up to about 100 people in a building. If we needed to plug it into a building, like a conference room like this, we could run it through an AC ductor through a window and we could power it up as an office. It is a great, great piece of technology. It is versatile and what we need.

And then the last slide, Citizens is ready. We spent a tremendous amount of effort with consumer outreach programs through Christine Ashburn's team, the agency management group. Steve Bitar's team did a ton of work for us with customer call backs. We have really gotten a very good foothold in making sure that the customer is aware of what is going on with their claim and how to get in touch with us if there a problem. So I am very pleased that that has come about over the past several years. We have been able to test it and get a good handle on it in Irma and we really fine-tuned it in Michael. I think we have got a really good foothold going forward for 2019 and beyond. That concludes my presentation. I will gladly welcome any questions, comments.

CHAIRMAN NEWELL: Well, thanks, Craig. Any questions of the committee?

MR. ZELMAN: I have got one.

CHAIRMAN NEWELL: All right, Phil is up first.

MR. ZELMAN: Are we still using the slogan, Call Citizens First?

MR. SAKRAIDA: Yes.

MR. ZELMAN: That is still going to be a big push when we have these events, because I think that has been somewhat of a huge help.

MR. SAKRAIDA: Yes, we are trying to do that as well as put out other information in the claim package that goes out to people. Not only the claims bill of rights, but there is other information that we are putting in there, some FAQs, some information to help them get a handle on what is going on with their claim, because we can't control everything that happens over the phone with people, but we need to give them multiple avenues, not only with the mailers that we send to them, but on our website, too. We are really trying to drive people. If you need something, call Citizens first, but there is a website there with a vast amount of information on it, but then have different avenues, because people look at things differently. Some people read; some people want things online. Some people want to talk to somebody.

MR. ZELMAN: Right. And we certainly need to keep the agent force engaged.

MR. SAKRAIDA: Yes.

MR. ZELMAN: Coming into hurricane season.

MR. BITAR: And this is Steve Bitar for the record. Phil, just to your point, we still do use Call Citizens First, but understand this last hurricane season we were actually able to implement online electronic filing of claims. So now customers can actually file their own claim electronically at myPolicy. So that was a great enhancement. So, you don't

always have to just call us first. You can also file your own claim electronically. So, the Citizens is Ready piece really captures the fact that we are ready. Multi-channel, multimedia, call us, e-mail us, file your own claim online. We have a variety of methods to get through to us and we are ready for it.

CHAIRMAN NEWELL: Greg.

MR. ROKEH: Yes, on this high-tech RV you have got, does this have -- does this take an auxiliary power unit to operate?

MR. SAKRAIDA: We have got a built-in generator.

MR. ROKEH: It is got a built-in generator?

MR. SAKRAIDA: It has got a built-in generator. It is self-sufficient.

MR. ROKEH: Self-sufficient. Well, at some point you can't rely on a generator for day after day after day if there is -- will it run on 50-amp service or does it take something more than that? I am just trying to get an idea of how practical is this thing to use day after day after day. I mean, it is a monster. I don't know what you are going to pull it with. I imagine you have got a tractor or something you have got to tow it around with.

MR. SAKRAIDA: We have got a contract with the hauling service that tows it where we need to, anywhere in the state. So, a couple of things.

One, there is shore power available, so it can be plugged in. The other thing is we do have a contract with a diesel fuel company to fill it up. We know what the run time is on it. And we had, I believe, Steve, during Irma, the FSVs were out for the customer service centers, were out for 21 days. If we have to have this thing out for a month on end, you know, we know that there is roughly about a two and-a-half day run time on the fuel for it if we are going full tilt. We can have a contracted vendor come by and they provided great service for us during Irma and Michael.

MR. BITAR: Citizens is ready.

MR. SAKRAIDA: It stays right there, Greg.

CHAIRMAN NEWELL: All right, any other questions of Craig? All right, thank you, sir.

MR. SAKRAIDA: Great, thank you.

CHAIRMAN NEWELL: All right. Tab five is for informational purposes only. So certainly, read that and if you have any questions you can follow up with Carl or Steve on

that. And then our last item is any new business before the committee as we wind this thing down. Apparently, Mr. Zelman has a question.

MR. ZELMAN: No, I really have a comment more so than a question. We are starting to see clients having issues with policies being non renewed, and I am not specifically talking about Citizens' policies. I am talking about policies in general, HO-3, wind-only policies being non renewed where they are still in a battle with their insurance company. They have unrepaired damage. They now have no wind policy or no homeowner's policy and they have no place to go. I just wanted to bring this up and put it on the record that, and I know that Citizens at this point has no mechanism to handle situations of this nature.

And I don't have -- I don't have the magic answer as to how to handle it. But I just wanted to bring it up. We are finding more and more clients with this situation and a lot of them came, they were policies that were de-popped from Citizens, went to various companies and they are now running into problems after basically Hurricane Irma.

MR. BITAR: Phil, in those situations you are saying that there is unrepaired damage. Has the private carrier closed the claim and made payments on the damage?

MR. ZELMAN: Closed and reopened the claim. In a number of cases I have reopened claims, but there is nothing in place to say to the insurance company that you have to stay on that policy. They have just reopened the claim and most of it is by way of a third-party. You know, they are hiring attorneys because the claims weren't satisfied.

MR. BITAR: Understood.

CHAIRMAN NEWELL: That is your comment.

MR. ZELMAN: New business or a comment.

CHAIRMAN NEWELL: Thank you. All right, anything else from the committee?

MR. GORODETSKY: I just have one last thing. In regard to the new Citizens four point inspection, at some point will we get an update as to how that is working, if it is working, and if it is going to be utilized more to control things within people who aren't having claims?

MR. BITAR: I am sorry, Lee, the new four-point inspection.

MR. GORODETSKY: Can we at some point get updates? Is it working?

MR. BITAR: Sure.

MR. GORODETSKY: How is it working? Is it going to be used for in-force policies as well, because a lot of people are with Citizens for many, many years may have had issues and their homes may not be in good condition, kind of the opposite of Phil's scenario. They are not taking care of their home. So therefore, they need to be dealt with on that level.

MR. BITAR: What I can do at the next meeting if it is all right with the Chairman, if I can have someone from our underwriting department come and give you some kind of brief overview of the four-point inspection. We also have some great tools that we have debuted recently to our agents to help them understand what is required on a four point with the latest round of changes, if you will, on how we do that. If it is okay with you, I will put that on the agenda for the next one and we will do a little four point overview. Will that work? Wonderful.

CHAIRMAN NEWELL: Okay. Anything else?

MS. MURPHY: Mr. Chairman, this is Susanne Murphy just registering that I have been here, but had difficulty in connecting, but I am here.

CHAIRMAN NEWELL: Okay, thank you, Susanne.

MS. MURPHY: Okay.

CHAIRMAN NEWELL: Well, okay, without...yeah motion to adjourn.

MR. ZELMAN: This is Phil, I make a motion to adjourn.

MR. GORODETSKY: And a second.

CHAIRMAN NEWELL: We have a motion and a second. Meeting adjourned. Thank you everyone.

(Whereupon, the meeting was adjourned.)