

## CITIZENS PROPERTY INSURANCE CORPORATION

### MINUTES OF THE CLAIMS COMMITTEE MEETING Tuesday, March 19, 2019

The Claims Committee of Citizens Property Insurance Corporation (Citizens) convened telephonically on Tuesday, March 19 at 10:00 a.m. Eastern.

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

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

#### 1. Approval of Prior Meeting's Minutes (December 5, 2018)

A motion was made by Governor Schinz and seconded by Governor Holton to approve the December 5, 2018 minutes. All were in favor. Motion carried.

#### 2. Strategic Update

Jay Adams: For today's strategic update I would like to focus on the following areas, a Non Weather Water update, a Managed Repair update and Hurricane Irma settlement agreements. If you would flip to tab two there is a chart in there that shows some claim statistics that I am going to speak to. So the first topic I would like to provide a brief update on is our non weather water claims for 2018. The 2018 average number of non weather water claims per month was 821, which represents 34 percent of all the first notice of loss claims received. The non weather water claims were diluted by Hurricane Irma and Hurricane Michael receipts of 10,929 new first notices of loss that were also filed during the 2018 time frame. If these catastrophe claims were removed from the total number of first number of losses received, the non weather water percent in new claims would have been 53.5 percent which is similar to what we saw prior to Hurricane Irma. We received 13,064 new litigated matters for 2018, of which 58.9 percent were related to wind or hurricane, and 35.5 percent were related to non weather water losses. All indications are that for 2018, the plaintiff attorneys focused more on hurricane litigation than on the non weather water claims. As we continue to move further out from the original dates of loss from these events, we believe we will see a trend convert back to non weather water litigation.

Jay Adams: The second topic I would like to discuss is to provide a brief update on our Managed Repair results based on the August 1, 2018 product language changes. In order to refresh everyone's memory, I would like to remind the committee that we made a product language change on August 1, 2018 that placed a \$10,000 sublimit on non weather water claims. This sub limit can revert back to the full Coverage A limit if the policyholder chooses to engage in our Managed Repair program. As of February 4, 2019, we had the following statistics for those policies that had renewed with the August 1, 2018 product language changes. And again, just for a reminder, it will take one full year until August 1, 2019 until all those policies have had a chance to renew. So under that new product language we had 679 claims were filed, and of those 112 of them already had an AOB vendor when they called in their claim. 653 claims were offered emergency water

removal services, and of those 303 claims or 46 percent accepted those water removal services. We also have had 61 claims accept our permanent repairs. Each month that passes we continue to see more and more claims that are eligible for the Managed Repair based on the policy renewing with the 08/01 product changes. We continue to average 821 non weather water claims per month, which is the amount we have seen over the last couple of years. It is evident that we still have many policies that have not renewed with the sub limit because only about 31 percent of these claims were eligible for the Managed Repair in January of 2019. Citizens has a dedicated vendor administration manager that closely manages our contracted vendor, Contractor Connection, and provides daily reports to our Directors and Managers for the Managed Repair program. Citizens has a dedicated team of desk adjusters that continue to manage the hand off of the Managed Repair claims once they move over into the permanent repair portion of the program. These staff members reach out to policyholders on a weekly basis throughout the permanent repair process to make sure the repairs are progressing as anticipated and as our policyholders stay informed. The goal is to be prepared to remedy any issues that may arise before they become problematic.

Jay Adams: And the last topic I would like to discuss briefly is the Hurricane Irma settlement agreements. As I mentioned in our last Claims Committee meeting, Citizens decided to offer a settlement agreement to all policyholders with Hurricane Irma claims through their respective plaintiff attorney that had pending suits that were solely based on scope and/or pricing. The idea was that Citizens had already committed to this being a covered claim, but some dispute has arisen as to the total value of the claim. The basic idea is that if the plaintiff attorney agrees to the settlement agreement, Citizens will handle the dispute through the appraisal process, and in so doing, will pay for all the policyholders' expenses. Citizens provided this option to attempt to reduce the amount of time a suit pends with contracted litigation. On average suits are pending around 400 days in litigation, and as those that move into the appraisal process can typically be concluded within about 120 days on average. This solution places the additional insurance funds in the hands of the policyholder much sooner so that they can affect repairs sooner. Initially we thought we may have as many as 5,000 suits that may be eligible for the settlement agreement. As of January 2019, 34 plaintiff attorney firms had accepted the settlement agreement with a potential of 947 suits being eligible for the program. We have received 216 signed settlement agreements that have been approved and are currently in the appraisal process. There were five plaintiff attorney firms that rejected the settlement agreement which consisted of approximately 334 suits that potentially could have been resolved under the agreement. The vast majority of the suits eligible for the settlement agreement are handled by plaintiff attorney firms with less than 10 cases each. Citizens' defense counsel that are assigned to the eligible Hurricane Irma claims continue to reach out to these plaintiff attorneys in an attempt to engage in a settlement agreement on a case by case basis. And Chairman Aubuchon, that concludes my presentation. Are there any questions?

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

Governor Capps: I have a question, a general question about appraisal. Like as I understand it, when a case goes to appraisal, we kind of lose control over the outcome, like other parties are making the decision and settling the matter. And can you refresh my memory about how many cases we have going to appraisal and whether you guys

generally think that this is a preferred method, and what are the ups and downs of appraisal?

Jay Adams: In the catastrophe presentation we are going to outline some numbers specific to appraisal. So I will save that for then. Generally speaking whenever we have decided that there is coverage for a claim and there is a dispute that the adjuster cannot resolve with the insured or their vendor, what we usually do is invoke the appraisal language within the policy. We can invoke that or the insured or their representative can invoke that. And what typically happens is Citizens chooses an appraisal. The policyholder or their vendor chooses an appraiser. Those two appraisers work to try to remedy what the dispute is. If they are unable to do that, then it goes to an umpire and the two appraisers have to agree on who the umpire is that they hire. Once the umpire rules on that that is the outcome. Typically we feel that the appraisal process is more favorable than potentially going down the path of litigation. In appraisal, we do not incur any defense counsel expense and there are no plaintiff fees and costs associated with the appraisal process. We also believe that the appraisal process is a much faster turnaround for the insured, placing the funds in their hands faster. And we also believe that the insured likely receives more benefit in the appraisal process than they do in the litigation process.

Governor Capps: So I guess the upside is that we avoid the attorney fees, and the down side is that someone else is making the decision about our liability?

Dan Sumner: Jay, can I step in? This is Dan Sumner.

Jay Adams: Sure.

Dan Sumner: We have to understand that once there is a dispute or potential litigation, obviously if it goes to a trial the Judge and the jury will make that decision. So once you have parties in a dispute, obviously under due process you have, you know, some outside party making the decision. Appraisal is a different form of that same dispute resolution, except you are using expert appraisers and umpires to resolve that dispute. It is very similar to arbitration in the sense that rather than having it go into a court that you are having that dispute resolved by these individuals that have been selected, one of these individuals by us, one is selected by the policyholder, and then there is the umpire. So I think it should be looked at as an alternative to a Judge and jury, and not as an alternative to us making any decisions.

Governor Capps: Great, great. Yes, I think that is a good way to look at it then. Well, thank you for that review.

### **3. Catastrophe Update**

Jay Adams: If you could please turn to tab three of your binder. Craig Sakraida, our Senior Director of Catastrophe usually does this. He is out of the office today. So I will give it my best shot. So on slide number two, what we are going to do is kind of give you overall results of where we are with all the catastrophe recently had. So for Hurricane Irma we have received 69,951 total claims. Our average indemnity for those claims has been 24,217, and our closing percentage is 62 percent.

And as I have shown in many of the catastrophe updates we send in the middle of a catastrophe, this closing ratio or closing percentage changes throughout the life of the storm. And some of the reasons that it is down in the 60 percent versus in the 80s and 90s that we reported a year, year and-a-half ago, is we have some large loss structure damage claims where we are holding replacement costs, or we are holding back ordinance of law which is required to be completed and incurred before we can release that payment. There is a certain number of these claims that are in appraisal, and then there is a certain number of these that are in litigation. So any time the claim moves to an open file status, our closing ratio goes in the wrong direction.

Jay Adams: On page number 3, Hurricane Michael statistics, we have received 3,466 claims with an average indemnity of 31,671, and our closing ratio there is 82 percent. We have the exact same scenario for reasons why claims are in an open status here. We do not have many claims, if any, in litigation for Hurricane Michael. However, one differentiating factor is, in Hurricane Michael about 50 percent of the claims were mobile homes. So we are still holding some of these claims open awaiting the title which is statutory requirement for Citizens so that we can demolish the mobile homes. So until we receive those, we have to hold those in a pending or an open status.

Jay Adams: On page number 4, we spent a little time already talking about appraisal strategy and what we have done with some of the hurricane claims. Now, as I mentioned in my update, we leverage the appraisal process when we agree that there is coverage for a claim, and then there is a dispute over what those damages might be. And when they are too great that the adjuster is unable to negotiate those, we go ahead and move it into the appraisal process. We pushed about 9,900 Hurricane Irma claims into the appraisal process, and one other advantage of going into the appraisal process is, once the award has been set it is binding. So those 9,900 claims will not move into the litigation process. 7,190 of that 9,900 claims have already been resolved and closed in the appraisal program. 306 claims have been sent through the Irma settlement agreement, which the settlement process was appraisal, and the actual cycle time on these hurricane claims is down as low as 82 days. And again, if these all had moved into litigation, the average pending litigation exceeds 400 days currently.

Jay Adams: On slide number 5, for our 2019 catastrophe preparation, we speak about this every year. We do an Enterprise wide catastrophe plan. What we do is we engage every business functional unit within the organization to produce their own plan respective to what their needs are. Those are all rolled up into a master catastrophe plan and we continue to look for improvements year over year. After Hurricane Irma and after Hurricane Michael we held some post mortems with all of the individual business units to find out what worked well and what did not, and then we made those changes in the program to incorporate what improvements were needed to make the next catastrophe run even smoother. We have done some technology enhancements to further support our field operations. We have a claim service vehicle that has satellite technology and it acts as a mobile claims office. We also have or are working on some software that will help improve estimate qualities for our catastrophe adjusters so that we get a better estimate the first time that file is closed. We did a post mortem after our Fast Track and field inspection programs were executed for Michael. We had our QA team go out and do some re-inspections and we have learned from those re-inspections where we can enhance some training for these teams. We are in the process of putting that together.

And then we simplified some of our alignment of our internal resources, and that gives us the ability to better triage claims and get them assigned to the right teams first.

Jay Adams: On page number 6, each year we go through some catastrophe testing exercises. They will be no different this year. We have already tested our first notice of loss call center stress test. We did that on March 4 in Pennsylvania. We will be deploying our catastrophe response center. That is scheduled for the end of April. Once we get the claim service vehicle ready, we will do some additional testing with that. Each year we do system load and stress testing to our claims system and supporting systems to make sure it can handle the volume. We have completed some adjuster on boarding process changes and we have done some testing in that space. And the last thing that we will be doing this year is we have contacted with Agility Office Solutions through our business continuity program. And what they do is they provide us complete, total office solutions and they are mobile. We are going to deploy those in early April to Tallahassee and test those and make sure that all that functionality works as anticipated if we need mobile offices in the 2019 season.

Jay Adams: On page number 7, we have revised our catastrophe response phases. The phases we have been using, the phases that we had currently been using worked really well for claims, but it was a little bit confusing for some of the other areas of the organization. So we are attempting to bring some additional clarity to these, and we have changed some of the naming conventions. So under phase one, our preparedness, that is what we are doing today and we will do that all the way through the end of March. Our phase number two is our monitor place, and that is anytime an investment or a disturbance has been identified by the National Oceanic and Atmospheric Association. So we will put up into a monitoring phase to see if Citizens needed to go to activation, which is phase number three, and that would be done anytime a tropical storm or a hurricane watch or warning is issued for any part of the state. Phase four is landfall, and we have changed this a little bit to define it to be the first 24 to 48 hours after a named storm makes landfall. And phase five, here is where we made the biggest amount of change in the recovery phase. So we have broken this down as to a first response, and that will be the first 30 days following a landfall. A sustained response would be six months additional and then closing might be as much as two years beyond that. And the reason we do that is, many of the non claim business units only participate in the CAT for the first response. Some may ease over into the sustained response for an additional 30 days, but typically the rest of the organization has shut down their catastrophe response and only claims is left in phase 5. So we attempted to bring some clarification around that so that people better understood their roles.

Jay Adams: On slide number 8, I spoke about the claim service vehicle and our satellite solution. This is a photo of what that vehicle looks like. This will replace our contracted satellite service agreement with Encompass Digital Media. We were currently paying about \$388,000 a year for remote satellite services. Now with this set up, the trailer and equipment cost is about \$194,000, and now it is ours and it is available able to us 24/7. When we were under the old agreement we had to give 72-hour advanced notice before it could be delivered. We have this trailer here in Jacksonville and we have the means to be able to move it wherever the claims department may need that for a response.

Jay Adams: On slide number 9, here are some of the details of that vehicle. There are two satellite dishes on there that can connect multiple providers. We have a wireless networking connectivity for internal and external. We can set this up to be a hot spot for adjusters to come to do their estimate uploads or receive new claims. It can support up to about 20 members on board. So we can have claim team members work there as a remote office, and we can connect this to a building and power up to a maximum of about 100 users if we had some type of physical office space where we needed this communication.

Jay Adams: And on slide number 10, Citizens is Ready. This is the public education campaign for public awareness for which Citizens does during the catastrophe season in our year round response. And some of the channels that we use for this are e-mail, press releases, social media, direct mail, radio, TV, website and then our own internal newsletters and such. And Chairman, that concludes the catastrophe update. I will take any questions that may be out there.

Chairman Aubuchon: Thank you, Jay. Governors, any questions for Jay? Jay, I have just one, and that is regarding our adjuster on boarding processes. I know that, you know, that has been kind of a moving target on how we bring in outside adjusters to help us in a CAT situation. Where are we going into 2019 with that?

Jay Adams: Do you mean as far as number of resources?

Chairman Aubuchon: Yes. And our ability, like last year when Michael hit, or not last year, I guess it was two years ago when Irma hit and a lot of the independent adjusters were in Texas responding to that CAT which was something, you know, we couldn't do anything about and took resources away. And it seemed like we handled a lot more internally than we would have anticipated we could. So where do you see us in terms of our need for independent adjusters, the availability of independent adjusters in the broad marketplace and so forth?

Jay Adams: So I don't believe the need for independent adjusters has changed. We still have all the same independent adjuster contracts in place as we did for Hurricane Irma. Wherever the first landfall in a hurricane occurs will certainly attract the first resources for catastrophe response. We will always be challenged if we are second or third in line to get the resources. But as you recall for 2018, we put out a new solicitation and contract for Fast Track services and field inspection services. And the idea for both of those was to take some of that pressure off of the independent adjusting market and provide a different set of resources to be able to handle the lower severity claims. I don't believe that there will be any more independent adjuster resources in the marketplace for, you know, catastrophe year 2019, than we had in 2018. And just as a pure guess, there may be less. One of the problems in their industry is, there is no great onboarding and training mechanism for catastrophe adjusters that really bring new blood into the system, and the whole industry is facing that same challenge. And really how the industry is responding is trying to look at technology and leverage that as much as possible to reduce the dependence on the independent adjuster.

Chairman Aubuchon: Got you. Thank you very much.

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

Elaina Paskalakis: Good morning, Chairman and committee members. This morning I just want to provide you a very brief update in regards to litigated claims, focusing mainly on an overview of what we experienced in 2018. For 2018, we received a total of just over 13,000 lawsuits which gives an average of over 1,000 lawsuits per month. That is a 73 percent increase in the receipt of new suits as compared to 2017. The end of the year was just under 15,000 lawsuits total, which is a 41 percent increase over the prior year in 2017. In regard to the characteristics of the individual lawsuits, one-third of lawsuits were brought within six months of the date of loss. The vast majority being 91 percent arose out of the tri-county area which has been our experience for the past seven plus years. In 62 percent of the lawsuits that were brought in 2018, in short had representation well before the lawsuit at the time the claim was first reported to Citizens. Almost half of the lawsuits, 48 percent, the insured did not dispute Citizens' position on coverage or damages prior to bringing the suit. So essentially what that means is we adjusted the claim with the insured. We either issued a check or coverage decision, and then the next time we hear from the insured is the lawsuit, itself. They didn't make any attempt to communicate to us that they felt that they had additional damages or in some way did not agree with our assessment.

Elaina Paskalakis: Hurricane Irma lawsuits as Jay indicated earlier represent 59 percent of all the new lawsuits that we received in 2018. And if we look at the active lawsuits in terms of distribution and cause of loss, we see that Hurricane Irma leads with the active lawsuits, meaning those that are pending at the close of 2018. Hurricane Irma is the leading cause of loss representing 35 percent of all of the suits, with non weather water suits being a close second at 27 percent. And then AOB lawsuits represent 28 percent of all of the active pending lawsuits at the close of 2018. The vast majority of those AOB lawsuits are not associated with any CAT loss at all, particularly Irma. These are non weather, for the most part, non weather water AOB lawsuits that we continue to receive and that trend continues to go up. And as we move farther away from the Hurricane Irma event we expect to see the distribution of all pending suits and incoming suits change in that we will see the percentage of Irma suits continue to trend down as the non weather water litigation continues to trend up with a significant portion of that being AOB lawsuits. And with that, that concludes my litigation update, and I am happy to take any questions you may have.

Chairman Aubuchon: Thank you, Elaina. Governors, any questions? Elaina, I have one. And I know this is probably somewhat speculative, but is the expectation that the non weather water losses or lawsuits will go up tempered at all by the fact that between now and in August, we will have all of our policies with our new conditions, our new coverage limits and so forth?

Elaina Paskalakis: For 2019, I would say no just because in 2019, we will be getting a vast majority of lawsuits that predate the new policy language. I would expect to see the effect of the new policy language come in, in the two to three-year mark.

Chairman Aubuchon: Okay, that makes sense. Further questions?

Jay Adams: One of the things that we are starting to see for our non weather water losses although the volume is staying about the same, we are starting to see a longer tail for those claims to get reported from the date of loss.

And what we can deduct from that is that some of these claims may be backdated into the old product language to avoid the \$10,000 settlement.

Chairman Aubuchon: Wow. Okay. Governors, further questions? Hearing none, thank you, Elaina, for your presentation.

### **5. Vendor Update**

Greg Rowe: Thank you, Mr. Chairman, and other committee members. For this action item being presented, Citizens is seeking to upgrade its National Insurance Crime Bureau, which is NICB. Membership to include the NICB's geospatial intelligence center, which I will refer to as GIC. The NICB is a non-profit fraud prevention consortium that aggregates and disseminates data across its members in order to help prevent, detect, and deter insurance fraud. Through this proposed membership upgrade to GIC, Citizens will gain long term access to the GIC repository of aerial imagery data, as well as the pre and post event aerial imagery moving forward.

Greg Rowe: As this action item states the GIC consortium of high priority users, including FEMA and Red Cross, provides enhanced access for catastrophic event imagery. This ensures the availability of imagery without any delays which is a critical component for us here at citizens. This membership also provides Citizens an opportunity to influence the timing and focus of the GIC's aerial imagery collection. Our current NICB membership provided only temporary access to imagery for Hurricane Irma and Michael. This imagery provided critical data in our catastrophe response adjustments, claims and efforts to reduce fraud. The data the GIC provided aides Citizens in identifying the hardest hit areas for purposes of deploying our emergency operation centers, contacting our policyholders and also memorializing those imagery with a date and time stamp to prevent fraud. This upgraded GIC membership will provide us a direct contribution to the GIC for the cost of the program which are shared across GIC's member insurers. This funding supports the GIC and its mission which serves an important public interest, not only to catastrophe response organizations, but also to those individuals and families directly impacted by catastrophic events. Our procurement method for this action item was a single source, 19-2001, which was publicly posted on March 5th, 2019. And currently an opportunity for vendor inquiry and protests are being provided in accordance with the Citizens' purchasing policy under 287.057. So Mr. Chairman, if there are no questions, I will move to the recommendation.

Chairman Aubuchon: Are there any questions?

Governor Schinz: It says that this thing is not budgeted. Where are we going to get the almost million dollars to go ahead and pay for this since it hasn't been budgeted yet?

Greg Rowe: That is why we are here today to get that. In terms of the relevance, I can't answer where we will get it per se from a budget. It would certainly have to be approved. But I can tell you in terms of SIU, this is a critical component. In speaking to our SIU department, 70 percent of what we see in SIU is old claims being reported as new losses. So the amount of just resources it takes to identify fraud and potentially look at how we

would adjust those claims, this certainly is a critical component in that area. Our current contract which is extremely low, it is roughly \$8,000 per year. It does provide some training material for our SIU investigators. It also allows us to collaborate on any SIU documentation that may be provided out to agents or things along those lines. But this component here is something that is certainly missing from Citizens' standpoint, in that it gives us a library of imagery that we currently don't have. So if we look at 70 percent of claims and we still get 12 new Irma claims every single day, it certainly allows our SIU investigators to look and see what happened from the time Irma hit to today. Has there been a tarp on that roof maybe two or three months after the storm. So that is what this action is for. The cost is certainly up to the committee whether or not they would like to move forward with that or not.

Barry Gilway: Can I comment?

Chairman Aubuchon: Absolutely.

Barry Gilway: Yes. So this is an absolutely critical item from our perspective. It probably was the determining factor behind our ability to respond to Michael and adjust the claims as rapidly as we were able to adjust the claims. Although this item is not budgeted, you know, specifically within the claims arena, Governor Schinz, I think it would be up to the overall organization to find ways to fund this item and establish priorities that include this item in the overall budget. So while it is not budgeted specifically in the claims arena and most definitely not for this item specifically, I think it would be our obligation as an overall organization to bring the overall company under budget and really reestablish priorities so that we can include this item.

Governor Schinz: Thank you, Barry. Thank you guys for your answer. Thank you, Mr. Chairman.

Chairman Aubuchon: Absolutely. Any further questions?

Governor Capps: This is Blake Capps. I have a two part question. Number one, how often is the service used, just how useful is it? And then also if we can have a little more on the procurement method and the single source aspect of it, and I am curious as to why it was a single source. Perhaps this is a unique service that only one company offers. Maybe a little more explanation of what single source means and when we turn to single source as opposed to getting more people bidding the service.

Jay Adams: I would like to respond to your first part of the question and then I will either turn it over to Greg or Dan to respond to the procurement piece. From a standpoint of how often we use it. So this first became available during Hurricane Harvey that hit Texas. They also made it available for Hurricane Irma and they came to Citizens since we had the biggest book of business in the Keys and asked us specifically what they wanted us to fly. They were able to produce the imagery within 72 hours. As a matter of fact before the Lower Keys were even open. They also were able to produce the same imagery for Hurricane Michael within probably 48 hours of landfall. And what we do with this information is, we leverage it for multiple reasons. Number one, do we need a strike force office in the vicinity from a claims operational perspective? What are we looking at from a total loss perspective? And for Hurricane Michael specifically all of those homes that

were ocean front, like in Mexico Beach and such, where we saw they were slabs, we actually contacted the policyholder and turned a claim in on their behalf. And by the time the policyholder engaged in the process, we had completed their total loss package and were ready to cut them a check. So for us anytime we have an event in the state we are going to leverage this GIC software. A second point that Greg pointed out is today without this agreement, we do not have access to the Hurricane Irma data any longer, nor do we have Hurricane Michael data. As things move through the progress into appraisal or litigation, it is mission critical to be able to identify the image of pre and post event, because a lot of times that is what our defenses are going to be based around. That creates a significant gap in what we do today. If we have an event in 2019, we will be able to provide input on where we want it flown, what the geography is and then we will not only get immediate access to it, we will be given all of the time access to it so we can leverage it in our defenses so on and so forth going forward. And Dan, I don't know if you wanted to provide comment or you want Greg Rowe to provide comment on the procurement methodology.

Dan Sumner: I will be glad to do it. Thank you. And first of all, I think it is important for us to understand that here we are procuring membership, upgraded membership with the NCIB in their GIC program. We had previously competitively procured and have contracts for simple aerial imagery and those are in place. So this is different than just an aerial imagery procurement. What we are really doing here is essentially seeking funds to upgrade our membership on a specific program with NCIB. And therefore, that is something that is unique. Now, under Chapter 287, if there is a unique good or service which can only be procured through one source, then that is a sole source, but you have to post it to confirm that there is no other entity that could provide this service. That since this is a membership and a specific non-profit organization, that was unlikely, but we did do the posting.

Governor Capps: Very good, thank you.

Chairman Aubuchon: Thank you Dan, thank you, Jay. Governors, further questions if not we are going to go ahead and have Greg read the recommendation. Greg, you may proceed.

Greg Rowe: Thank you, Mr. Chairman. Our recommendation is the Citizens Claims Committee approve and recommend to the Board of Governors, approve the NICB contract amendment not to exceed \$912,732.95 for the period of April 1, 2019 to December 31, 2022, for the GIC membership upgrade action item under single source 19-2001, and authorize staff to take any appropriate or necessary action consistent with this action item.

**A motion was made by Governor Capps and seconded by Governor Holton to approve and recommend Board approval of the Geospatial Intelligence Center (GIC) Membership Upgrade Action Item, SS 19-2001. All were in favor. Motion carried.**

## **6. Addendums**

[For information only]

## **7. New Business**

Chairman Aubuchon: And that brings us to the end of our presentation. Is there any new business to come before the committee today?

Governor Holton: I have one quick question as a follow up to a comment made by Jay.

Chairman Aubuchon: Sure.

Governor Holton: Jay, I was concerned to hear this notion that folks might be postdating claims to comply or to avoid the new policy languages and restrictions. And I just wanted to see what, if you suspected that of happening, what the process would be, because that might, and Dan Sumner might want to comment on this, too. That might give rise to a Florida Bar complaint if fraud is involved or it might give rise to criminal activity. So I think Citizens needs to be proactive if you find that that is a reoccurring pattern or an egregious case is spotlighted there. So I just wanted to get a feel on what our processes would be if you suspect kind of a fraudulent backdating of a policy to avoid new language.

Jay Adams: The nature of the non weather water losses these apply to make it very hard from a causation prospective to identify the date the loss occurred. If we go in and we find that there is a loss that has occurred that is covered, the insured is the one that has to provide the date of loss. If it is within the coverage period we really don't have much choice but to take that. If we have anything that we can prove that it was done in a fraudulent matter, we absolutely engage our SIU unit. We make referrals to Department of Financial Services. But we do follow and move all of that stuff forward when we can prove it. My comment was our average days to report a non weather water claim are starting to elongate and that would indicate to me that people are backdating losses. We have no significant hard proof that that is happening.

Governor Holton: Okay, yes, just something to watch I would think definitely if that is a continual pattern or the data spikes up to suggest that that is occurring systemically.

Jay Adams: Right.

Governor Holton: Thank you, Mr. Chairman.

Chairman Aubuchon: Sure. And is there any other new business to come before the committee? Hearing none, I would entertain a motion to adjourn.

**A motion was made by Governor Schinz and seconded by Governor Holton to adjourn. All were in favor. Motion carried.**

[Meeting adjourned]