Claims Committee Meeting Minutes

☒ **ACTION ITEM**

☐ **New Contract**

☐ **Contract Amendment**

☒ **Other Committee Minutes**

☐ **CONSENT ITEM**

☐ **Contract Amendment**

☐ **Existing Contract Extension**

☐ **Existing Contract Additional Spend**

☐ **Previous Board Approval______________**

☐ **Other_______________________________**

Action Items: Items requiring detailed explanation to the Board. When a requested action item is a day-to-day operational item or unanimously passed through committee it may be moved forward to the board on the Consent Index.

☐ **Move forward as Consent**: This Action item is a day-to-day operational item, unanimously passed through committee or qualifies to be moved forward on the Consent Index.

Consent Items: Items not requiring detailed explanation to the Board of Governors. Consent items are contract extensions, amendments or additional spending authorities for items previously approved by the Board.

Item Description	**Claims Committee Meeting Minutes** March 28, 2024
Purpose/Scope	Review of the March 28, 2024 Claims Committee Meeting Minutes to provide opportunity for corrections and historical accuracy.
Contract ID	N/A
Budgeted Item	☐Yes ☒No – N/A
Procurement Method	N/A
Contract Amount	N/A
Contract Terms	N/A
Committee Recommendation	Staff recommends the review and approval of the March 28, 2024 Claims Committee Meeting minutes.
Contacts	Jay Adams, Chief Insurance Officer

CITIZENS PROPERTY INSURANCE CORPORATION

MINUTES OF THE CLAIMS COMMITTEE MEETING
Thursday, March 28, 2024

The Claims Committee of Citizens Property Insurance Corporation (Citizens) convened on Thursday, March 28, 2024 at 1:00 p.m. Eastern.

The following members of the Claims Committee were present:

Scott Thomas, Chairman
Josh Becksmith
Jason Butts
Jon Palmquist
Jay Adams

1. Approval of Prior Meeting's Minutes (November 16, 2023)

A motion was made by Governor Becksmith and seconded by Governor Butts to approve the November 16, 2023 minutes. All were in favor. Motion carried.

2. Strategic Update

Jay Adams: Good afternoon, Chairman Thomas and committee members. I'd like to take a few minutes today to provide a strategic update on our claims legal billing with respect to how we continue to make requests for $50 million increments against the board-approved contract spend of $500 million. This is a very complex topic, and I would like to dive into the materials to bring additional transparency to our committee. I would like to thank John Cipolla and Christina Maddox for conducting the data retrieval and analysis to make this presentation possible.

What are the claims legal service contract utilized for? Citizens engages outside law firms to provide representation and claims-related pre-suit and litigation matters as Citizens' staff attorneys do not provide legal representation in the defense process. Instead, they act in an advisory role to the claims department, and, therefore, do not appear in court on behalf of Citizens. Citizens receives both first-party and third-party suits from claimants. Our current panel is comprised of 112 outside defense firms with approximately 1,000 attorneys providing legal representation in the following areas: first-party property, third-party liability, subrogation, and appeals.

What is the history of the Claims Legal Services contract? The current Claims Legal Services contract was brought before the Board on December 5, 2021, and the Board provided $500 million contract approval for the initial five-year term. The Board agreed to approve spending authority in $50 million increments as needed during the contract term, as this provided the board with transparency and accountability with regards to the legal spend. This process also helps to establish if any additional increases may be needed over the contract period.

How much authority has been granted by the Board against this $500 million contract approval? As of December 6, 2023, Citizen had requested a spending authorization totaling $300 million. This slide details each date of the additional spending request to the Board since the inception of the contract.

How has Citizens incurred the legal expenses during the contract period? This slide shows on a monthly basis, the continued high volume of the overall amount of pending claims-related litigation, our policy in force counts, and the legal fees paid. As the policy in force count grew to about 1.1 million policies, Citizens reached its peak in pending litigation around 20,900 matters. In January 2021, Citizens had a pending litigation count of 13,143 suits. By August 2022, Citizens had a pending litigation count of 20,053 suits. This was over a 50% increase in suit volume in that 18-month period.

Why are the legal fees increasing at such a fast pace? The answer to this question is multifaceted with no single answer, but there are several contributing factors that we will go into more detail on the coming slides. Those factors include pending litigation increased 25% in the first year of the contract mainly due to the rapid growth in PIF and storm activity, new increased contract rates went into effect during that same period, overall efforts to reduce the number of pending backlogged invoices was occurring, and catastrophe matters were not included in the spend request to the Board. And just as a reminder, we do not forecast catastrophe expenses in any of our contracts due to the uncertainty associated with these events.

What caused the pending litigation matters to increase by 25% in the first year? Citizens saw an increase in the number of new suits filed following the pandemic when the courts reopened. We are not sure if they were holding back suits during the pandemic period or just picked up the activity post-pandemic, but we definitely saw an increase in volume during that timeframe. Senate Bill 76 became law on July 1, 2021, which required the plaintiff to provide the insurance carrier with 10-day advance notice prior to filing any new lawsuit. When the new statute became law, there were carriers in the market that took the position that this applied to all litigation after the effective date, and that drove plaintiffs to file a large number of suits in advance of this becoming law. Weather events continue to play a large part of the increases we see in litigation, and the next slide will provide some additional detail.

What caused the pending litigation matters to increase by 25%? Weather events are a safe place for attorneys to file new suits. It is easily documented what took place during the event from weather reporting services, most named storms have a lasting legacy in their respective geographies, and fraud and abuse are more easily disguised in these events. As you can see from the chart on the right, Citizens continues to receive new suits on older storms, which greatly impacts the overall litigation pending, and received large numbers during the period under question.

What is the impact of these contracts overlapping? We have matters that are currently assigned under the prior and current contracts. Rates are accrued based on the date of the assignment to defense counsel until that matter closes based on the contract in force at the time of that assignment. Prior contract rates apply prior to February 3, 2022, and any matter assigned after that date falls under the new contract rates. The new contracts provide higher rates to stay competitive in the marketplace. The maximum partner rate increase was about 10%, and the maximum associate rate increase was about 15%. The overall rates vary amongst firms based on the discounts that they bid on during the solicitation process.

From the chart below, beginning in February 2022, only 4% of pending assignments were under the new contract, which provided higher rates. As of October 2023, that rate is now showing at 73% of all pending invoices are originating from the new contract with higher rates. The higher cost per case has directly impacted the overall legal spend.

How did reducing the pending invoices increase the overall spend? I would like to call your attention to the timeframe from November 2022 through January 2023. This timeframe shows the beginning of sharp increases in the "Amount Paid" column that continues through today. Invoice submissions, both in terms of dollar amount and number of invoices, greatly exceeded the amounts that were paid and reviewed, thus creating a backlog of pending invoices.

For example, if you look at November 2022, we received 19,556 invoices where we were only able to process 15,417, and that pattern repeated again in December 2022. We brought on additional support to catch up the backlog, and this resulted in a significant number of invoices being processed in January 2023, thus causing a spike in the amount paid.

Invoice volume continues to increase over time. We've stabilized our legal review teams and are staying current within about 60 days of all pending invoices submitted, which means we continue to process more invoices than we did in prior years.

What impacts are catastrophe matters having on the total budget? When Citizens takes contracts to the Board for approval, they do not include any expenses for catastrophe claims. We exclude catastrophe expenses as we do not receive a catastrophe event on a yearly basis. And it's really hard to forecast the impact of catastrophe, as we never know where it may make a landfall in relation to where our policy in force counts is located geographically, nor do we know exactly how many policies in force we will have. As you can see from the chart that I have highlighted, 51% of the total spend, which represents $118.5 million, was not budgeted for in our original Board approval process.

What considerations are being utilized to forecast the total legal spend over the remaining contract term? Well, it is really difficult to predict costs too far into the future due to a number of variables, many of which we have no control over. Some of these variables include what will happen to the pending litigation counts, how many new suits will we receive over the forecast period, what impact will the current legislation have on litigation, what impact will we see on continued depopulation requests, will the DOAH process favorably impact our new suits, how will the varying contract rates come into play, and what is the future impact of new storms?

What impact is the pending litigation counts? The most recent trend of litigation pending is that it is slowly decreasing. Over the course of 2023 through November year-to-date, Citizens saw a reduction of 1,858 litigated pending matters. The period of January through November 2022 produced 11,172 new suits. The same period over 2023 produced 8,728 new suits, for a reduction of 2,444 suits. This reduction is a combination of receiving fewer new suits overall and seeing increases in the voluntary withdrawal category, which means that the plaintiff withdrew the suit prior to trial. For 2022 year-to-date, there were 1,867 voluntary withdrawals compared to November 2023 at 2,948.

What will impact the new suit counts? Senate Bill 2A became law effective January 1, 2023, and it repealed the one-way attorney fee statute, and it also abolished the assignment of benefits. Both of these changes will be impactful into the future. As a reminder, Citizens' policies needed to be written as new or renewed post January 1, 2023, for the new statute to be effective. With that being said, we are seeing each month produce additional benefits as we have seen a significant reduction in the number of compliant assignment of benefits, and the suit volume associated with AOB has declined about 25% during 2023. We have not seen the same impact for the first-party suits as the practice continues to be filing suits on claims prior to January 1, 2023, and on older weather events. Citizens continues to be successful in a depopulation program, seeing a reduction of around 180,000 policies through November year-to-date. As the policy in force count continues to reduce, Citizens' exposure to claims and litigation will continue to reduce. Senate Bill 2A codified Citizens' right to create a binding arbitration process as a new alternative dispute resolution methodology, which we refer to as DOAH. Citizens began endorsing policies effective October 1, 2023, to leverage the arbitration process, and it will take a full year for all policies to renew on a new form. Although arbitration still represents a suit, it will be handled within about 100 days, which is significantly less than our protracted litigation, which is then pending in excess of 650 days. The real benefit here is that the defense costs associated with litigation will be much less in arbitration, as it will save around five hundred days of accrued fees, reducing the overall legal spend.

What impact will the varying contract rates have? Well, each month the percentage of invoices submitted under the new rates increases. As discussed earlier, this new contract included rate increases for the partner and associate rates. We naturally expect to see increases in the legal spend per case. More and more of the matters under the old contract are closing, which helped to offset the increases of the new contract. The last challenge is trying to forecast the rate impact for those firms that hold an old and a new contract and trying to determine a percentage rate impact for that scenario.

What impact will the future storms have? Citizens does not include weather events in the contract spend approval process to the Board. The reason is that we do not have significant weather events annually, and if there is an event, it is close to impossible to predict the severity of the storm along with the impacted geography. The closer these weather events are to South Florida, the more litigation we receive. As pointed out many times during this presentation, weather event litigation continues for storms with older dates. We would anticipate that any new weather event would generate similar activity as we have seen in the past with respect to the amount of litigation filed. We recognize that these suits can continue from past events until the breach of contract statute has concluded.

What is our current projection for the budget shortfall under the Board-approved spend? Citizen's current forecast is to have a shortfall of $100 million to $200 million over the contracted five-year term. This forecast is based on all the challenges previously discussed, the new legislative initiatives, and the new Citizens DOAH process. As pointed out earlier, we have incurred $118.5 million in legal spend for weather events that were not included in the request to the Board. We hope that the new legislation and the new DOAH process will create enough impact in the next 18 months that we may be able to bring this in close to our original forecast, of course, absent any new weather events.

And before I close my presentation here, the question came up in the last meeting, what was our average legal spend trend, what did that look like? For 2021 our average legal spend was $9,080 per matter, in 2022 it was $9,775 per matter, and in 2023 it is $10,329 per matter.

And I also want to pre-answer three questions that I think are pertinent to this overall conversation. The first is, where will this overage of $200 million be paid from? Well, all losses and expenses incurred through Citizens come out of our surplus. And what I mean by that is any claim that comes directly out of surplus. So, the $200 million would be paid directly out of surplus, just like any other loss that we may have. Do our rates contemplate legal billing expense? All rate indications consider all expenses incurred or that is expected to incur. This would definitely include our legal billing expenses. And do we specifically budget for legal billing expenses? Legal billing is a component of allocated loss adjustment expense. This is included in the actuarial ratemaking process. And with that, Chairman, that ends this presentation.

Chairman Thomas: Jay, thank you. A lot of information there, very helpful, and I think following up on things we have discussed in prior meetings. Certainly, we will open the floor to the committee for any follow-up questions.

Governor Butts: Jay, thank you for going over that, very detailed update. Obviously, the spend is going to increase with the attorney rates going up. Are we seeing the billable hours the same as what they used to be, is it taking longer, or is it just that we're spending more per claim because of the rate increase to the attorneys?

Jay Adams: I would say it is mainly driven by the rate increase for the latest contract that we did. We do have a legal billing review team that scrubs all those invoices to make sure that any time accrued is appropriate based on our legal billing standards and our guidelines. So, I do not believe that they are putting fluff into those invoices and that is driving the charge. It is all based on rate.

Governor Butts: Thank you.

Tim Cerio: First, I want to thank Jay for the good presentation. One of the things that we have struggled with is, and when I was General Counsel, this was an issue, doing insurance defense work, our rates are typically low. They were low even compared to some of the others in the industry. We still had firms that applied to do our work and participated in the competitive process and were selected. On the one hand, we believe our firms know what they are getting into when they accept the rate, but we have tried to focus on getting bills turned around in a timelier fashion and getting them paid for the work while still having a robust review process. And as Jay alluded to, we do have a bill review process. I know for a fact we have just fired a law firm because we thought there was a pattern that we looked at and we thought there was some high billing, and we are going to continue to do that. And, you know, one of the things that we have encountered, and this is something that we talk to the reinsurers and we talk, whenever we are talking about the reforms in Florida, that we are seeing some great results, the bottom line is, again, as Jay alluded to, we do not when we are budgeting, we do not budget for storms. And, also, the Ian-related litigation and the storm-related litigation, for the most part, is not under the new sort of statutory regime for property litigation in Florida. The one-way attorney's fee statute is still present.

Jay Adams: Tim, we are losing your audio. You were cutting in and out.

Tim Cerio: I guess the bottom line is we still see the litigation reforms for non-CAT related litigation, we are seeing downward trends, as Jay alluded to, and we are very encouraged by the data, but the bottom line is that the Ian-related litigation is not under the new statutory scheme that has eliminated AOB and eliminated one-way attorneys' fees. So, I just wanted to make sure that was on the record.

Chairman Thomas: Okay. Thanks.

Jon Palmquist: Jay, nice job covering all the variables and contingencies involved. It was well done. I did have a question, though, and maybe you can help me understand. Citizens is in the catastrophe business, so I'm not sure I understand why you do not budget for weather events, and maybe you can help me understand the reasons for not budgeting or at least building in a contingency because, otherwise, absent that, we will be forever underbudgeting, it would seem.

Jay Adams: So, as I pointed out during the presentation, it is close to impossible to forecast if you are going to have a storm, where that storm may hit, how much damage, and the total losses that it would generate. So, what ends up happening is we do not put that information in the contract request because that would potentially grossly overstate these individual contracts. On the back end, if a catastrophe event occurs, what we do is we go to the Board closely after that event makes landfall, and then we ask for additional spend authority on these contracts to include those catastrophe events. When our actuarial department goes in and does their rate making and so forth, they are using a catastrophe model that is projecting down range what type of losses and things that we may have in our rates, and they obviously get to put all of these expenses into the ratemaking process and all those things go into our rates after the fact. The reason, again, that we don't do it on the front end is I would have no idea what number to put in there because, as an example, in Hurricane Irma, we had a very high litigation rate, and very high, 20 plus percent. You compare that to Idalia or Michael that hit the Panhandle, and it was in the single digits. So, it has to do with geography and there are so many factors involved in it. We just could not ever come up with a rational number to include in the contracting process.

Jon Palmquist: Okay, Jay. Thank you. I am not sure what the accounting goal is in terms of accuracy of budgeting. I know in my past, I have budgeted for and built in variables for just to accommodate, at least close the gap between what is now zero and budgeted and whatever comes up down the road, because, otherwise, then, there could be a case in state of perpetual underbudgeting, but if that is something that is acceptable, again, I am not sure, that's not my bailiwick here.

Jay Adams: These are all allocated loss adjustment expenses. They are tagged to a claim. So, there is no "pre-budget" for these things. So, what we're doing under these contracts is we're just making the Board aware of under this contract, we expect to pay these vendors X amount, but it is all rolling under a claim number, right? And then, from an actuarial perspective, that is baked into the ratemaking process. So, our administrative budget doesn't include these items because they are allocated expenses.

Jon Palmquist: Well, and that was the other point. Again, I am probably digressing too much, but I know it is built into the ratemaking process and, therefore, it didn't seem too much to extrapolate that a budget would be something. You have satisfied my question, Jay. Thank you.

Jay Adams: All right. Thank you.

Chairman Thomas: Yeah, and Jon, I can tell you, from the Board's standpoint, we sort of recognize that we, I guess, to use your phrase, underbudget. But the idea is that we try to make sure we administratively operate in a way that makes sense that's smart business that creates the kind of surplus that's needed, and the surplus is what exists for catastrophic events. We don't carry a surplus because we think it's nice to have extra money or because someday we're going to issue it out as a profit share or to shareholders. The budget is done in order to allow us to create and know what our surplus is, which is there for CAT events. But along your line of question, I do think it is important, Jay, when this comes back to the Board and we are talking about shortfalls, that as long as you can, I was going to ask you during your presentation, to what extent do we allocate as we go along expenses between CAT expenses and others, because unless the statutory changes kick in over the next several years, it seems to me we're going to be well over the $500 million of the five-year budget, and it'll be important, I think, for the Board to understand to the extent we're seeking more because of CAT events versus the extent we're seeking more because of non-CAT events, just the ordinary process here.

Jay Adams: Right. Well, not to get too far in the weeds or off track here, so any storm that is reimbursable under reinsurance, all these expenses are rolling into that as well.

Chairman Thomas: Right. Yes. So, we have some recoupment there.

Jay Adams: Exactly.

Chairman Thomas: But what, unless it's proprietary, I have no idea, can you tell me generally what the hourly rate range is we're talking about for our law firms? Or if that is proprietary that is fine, too.

Jay Adams: I have no idea. We can certainly share that with you as a takeaway.

Chairman Thomas: Okay. Nothing important today. Do you know what percentage of our overall LAE is legal billing?

Jay Adams: No. I would have to get with Brian Donovan, our Chief Actuary, to figure those pieces out.

Chairman Thomas: Okay. The number is big, but it is only big or small, really, in terms of what our overall LAE is, it seems to me.

Jay Adams: Correct.

Chairman Thomas: If we were ensuring worldwide, it wouldn't be a big number at all given number of policies.

Jay Adams: Right.

Chairman Thomas: All right. Well, that is about all I had.

Governor Becksmith: And I think just going in with what you had said earlier. Jay, great presentation. It is important to note, too, that if I remember correctly, Jay, the policy count, so our policies in force has doubled over the last two years, and I think when we as the Board gave the approval on the $500 million, or on the $50 million increments in the spend, and correct me if I'm wrong, that would have been probably three years ago, and so we've got a pretty significant increase in the policy count. I would just ask, I think echoing Chairman Thomas' comment there, do we as the Board in our next meeting need to contemplate raising some of this so that we're not, never going to be within budget, obviously, because of catastrophe and things of that, but recognizing the fact that we've got a policies forced count that has now probably doubled since the last time we really looked at it, is that something that the Board should consider? And if so, maybe you can bring us a presentation or a recommendation at that point.

Jay Adams: Okay. Chairman, I did get a note. So, we're paying the partners a max rate of $200, the associate $165, and $95 an hour for the paralegal. That is our published rate. Some of these firms bid in a discount and so forth, so that would be the max we would pay.

Chairman Thomas: Okay. I have no complaint about our hourly rates. But to pick up on what Josh was saying that, you know, I think normally, Jay, the way we do this is at some point we go back to the Board and we, in essence, say, "We're out of our $500 million", or "we're going to be before we come back for the next Board meeting. We need a supplement." Is there any reason from an administrative standpoint, or just maybe in helping everyone understand what's going on here, does it make sense that even though we may have sufficient remaining funds of that $500 million to fund us for whatever period of time, that we more regularly go back to the Board and say, "We want you to supplement now for the following additional CAT litigation expenses we've had over the last quarter or two quarters" or something like that?

Jay Adams: Right.

Chairman Thomas: So, in essence, we keep what is our budgeted amount for our actual sort of everyday legal billing, and then, when the CAT comes in, instead of waiting to the end of the process, we do it as we go along. It may not make any difference to you guys or to us at all, but it may make for more transparency or clarity in terms of when we need additional legal spend, what the cause of it is.

Jay Adams: Right. So, what we typically do in these situations is once we can kind of lock in on if there's going to be a shortfall, which we don't know for sure that there will be. We might still be able to bring this in if there is no additional catastrophe activity. But when we are certain that we're going to, you know, miss the budgeted or the approved amount by the Board, at that point in time, we would bring an action item to this committee and then to the Board, or consent item to this committee and to the board to increase that spend. I believe the reason that we have not done it yet is we are not 100% sure we are at that place. So, we will continue to monitor that, and what we'll do is we'll do it as a takeaway to try to do a linear forecast between now and the end of this contract, and if need be, we'll bring that back to the July full Board, asking to increase the contract spend.

Chairman Thomas: All right. Thank you. Anything else for Jay?

Governor Butts: Jay, I know you run a tight ship. I was curious if we have any data, and I thought that there was some legislation passed that maybe some other carriers had to be more transparent with their loss stuff, but do you know how we compare in terms of average attorney cost, say per claim, as well as the average loss payout, say per peril, in comparison with other carriers?

Jay Adams: Yeah, I do not have that information. Most of these other carriers are filing trade secrets on any of their specific information. We can certainly see if our, we have a team that looks at those types of things, I can certainly reach out and see if they have that, but I do not know.

Governor Butts: Thank you.

Chairman Thomas: I would think that, you know, private carriers have exposure to bad faith that we don't have. So, I'll be surprised if it's not worse, which is just one more competitive advantage we have. It just underscores the problems of us as a competitor in the marketplace versus an actual residual insurer, but that's not really for us today to worry about.

Jon Palmquist: Jay, I think the best you could get is industry averages there because carriers do not want that information readily disclosed.

Jay Adams: Right.

Chairman Thomas: Okay. Anything else for Jay and his report?

Jay Adams: Chairman, I do have one other presentation I'd like to go through, and I will be as brief as I can be here.

Chairman Thomas: Sure. Perfect.

Jay Adams: Tim did a great job covering this for me, talking about the legislative reform, and I'm not sure that he was aware that I had added this. And we talked about this earlier, but Senate Bill 2A had an effective date of January 1, 2023, that eliminated the one-way attorney statute and the assignment of benefits. One thing that I do not think gets talked about enough but is major here is reducing the timeframe, the statutory claim reporting deadline for a property to one year. And that is for all perils, CAT or non-CAT. And that is huge. We have had significant issues in the past of these old claims continuing to be reported and then filed into litigation, and that is going to be as equally as powerful as the two bullets above.

I wanted to start off by showing what impact the new legislation has had on Citizens' results. This slide represents personal lines, non-CAT, developed losses. And what we are going to look at specifically is water and wind, and then total. We also are going to look at the litigation percentage and the severities and so forth. But you can see across all the perils, that we saw increases across all these metrics starting in 2018 and continuing all the way out through 2022. The majority of our decrease occurred because we made a product language change for non-weather water in 2019 where we instituted a $10,000 sub-limit, or you could go to the Managed Repair Program and get the full Coverage A. And you start to see the impact of those changes in 2020, and they have continued all the way out to today. So, when we talk about first-party losses and looking at this slide, the slight improvement that you've seen really has been through that product language change for non-weather water.

Senate Bill 76 was filed July 1, 2021, and that required the plaintiff to provide the carrier 10-day advance notice prior to filing a lawsuit. And the whole idea here was to give the carrier an opportunity to resolve it, because many times, Citizens had no idea there was a dispute on a claim. So, this significantly opened our eyes to things that were headed towards litigation. And really all I want to point out on the slide is if you look at the bottom of the chart for 2022, there were about 7,000 notices served in that 12-month period. And look what happened in 2023, it just doubled, and nothing else changed other than we received significantly more litigation requests.

This slide represents a rolling 12 months of data from September 2022 to September 2023, and what we're looking at here is litigation received. And what you are seeing here is there is a decrease in the total amount of litigation that is coming in. I will tell you from 2022 to 2023, this represents about a 20% overall decrease, but as I just mentioned, it really is not coming from first-party lawsuits. And I will go into what that is.

I want to switch gears. This is the exact same report, but it is AOB specific. And what, again, becomes interesting is you see all of the information gets worse and worse year over year. Once you get to 2023, you abolish the AOB and guess what happens? The frequency, the severities are wiped out. So, did this work? It absolutely worked. Prior to January 1, 2023, AOB represented about 55% of all lawsuits received by Citizens. It is down to about 25% today. So that is driving the 20% decrease we are seeing here at Citizens.

This is the trajectory over 2023 for AOB, and you can see that it absolutely took care of the problem as far as that is concerned. So, I did not have actuarial data updated for Ian to have this conversation, but what I really want to point out here is this slide is looking at claims that don't have any type of representation at the First Notice of Loss and claims that either have an AOB or a representative, and that is an attorney or a public adjuster, or a combination. So, if you look at that top row, "N_N" means no representation, no AOB. And we receive about 55% of all of our claims for our CAT in the first 14 days. Well, these claims are the ones that came in the first 14 days, and you can see the litigation rate is only 8%. We got

30,000 of the claims from that perspective. And then, look at the three remaining columns. "N_Y" is no AOB, but, yes, representation, and all of a sudden, the litigation rate is 45%. And then, if it's an AOB and no representation, it's 40%. And if they have both, there is 60% chance of litigation. And you see that the severities and all of the financial drivers increase significantly when there's AOB and some kind of attorney. So, when we look at this trajectory and move out to the future, we anticipate we're going to start to see future storms have much less representation. They certainly will not have an AOB, because that is no longer recognized. And that should help us in our overall litigation as we start to move forward.

So, you heard Tim mention that a lot of the litigation that we're receiving even today is being driven by old storms. So, what we're looking at here on the top slide, part of the slide is Hurricane Irma, the bottom is Hurricane Ian. Irma occurred in 2017, and in 2023, we are still getting new lawsuits. Hurricane Ian occurred in 2022, and we will get lawsuits up until September 2024. This particular storm had a two-year tolling statute, so we won't get any new claims after 2024. The litigation could continue on beyond that because of the breach of contract statute.

And this is just another representation that shows that Citizens continues to get significant lawsuit activity from old storms and storms that did no damage. Tropical Storm Eta really was a nuisance storm, there were very low wind speeds and stuff, and we've received a tremendous volume of lawsuits out of South Florida from that event. And you can see on the left-hand side there, all the storms that we have had and the litigation that continues to come in this far down range.

So, in conclusion, did Senate Bill 2A have an impact to Citizens? Heck, yes, it did. We have not seen it so much in first-party, but the reason for that is you are looking at it. They are filing old claims prior to January 1, 2023, they are still holding out on these old tropical storms, hurricanes, and so forth, and that is driving the activity, keeping that from seeing any significant benefit. I showed that the AOB effectively is over. We still have some pending litigation on the AOB realm; however, we have seen the 25-30% drop, which has given us a complete 20% drop in all litigation that has come in. So, I wanted to share this with this committee and thank the Legislature. I do believe that as we continue to move away from these old storms, we are going to start to see some pretty significant benefits. And with that, Chairman, that does conclude my presentations.

Chairman Thomas: Thanks, Jay. Let me just echo that and what Tim said earlier, which is, you know, it can be a little frustrating. You have seen stories about how the Senate Bill hasn't made an effect, hasn't made any changes, and I think the number one thing people have to understand is that until the policy rolls over and you have a new policy in place, it couldn't make any effect. So it is sort of, I think some of, that's not the AOB, that was earlier, but I think we'll see it should be a trailing lagging indicator here, and if we don't see continued improvement, you know, in the calendar year in 2025, that's reason for concern, but the fact we've not seen greater to this point I think is not surprising at all, and I think it's been good given those circumstances, in my view.

Jay Adams: I agree.

Chairman Thomas: Anything else for Jay then?

Governor Butts: We have had some attorneys in the past just pumping a lot of lawsuits out. So, when you look at that, say Tropical Storm Eta, I mean, is it just one attorney that's filing using that same date of loss out of South Florida, or are they coming from different spots?

Jay Adams: The majority of them are coming out of South Florida, and there are multiple attorneys that operate in that space. It is not just a single attorney.

Chairman Thomas: All right. Anything else for Jay? Jay, thanks. Very good presentation, both of them. And thanks for the good work.

Jay Adams: Thank you.

3. Litigated Claims Update & 4. Non-Litigated Claims Update

Chairman Thomas: Moving on with our agenda, we have a pretty full agenda today, especially on our vendor side. So, we certainly have reports in the materials from Craig and Elaina for Non-Litigated Claims and Claims Litigation Vice-president reports. We are going to let those written reports stand unless anyone, they are both here, if anyone has any questions about those, certainly happy to open the floor up and to them, but, otherwise, if not, we are going to move on to our vendor update, Item 5 in the agenda. All right. If that is good with everybody, Greg, you are up. Let us go through the six items we have to cover today.

5.Vendor Update

Greg Rowe: Good afternoon, Mr. Chairman and other committee members. As you mentioned, we have a lot to get through, six items, so I'll abbreviate my comments and present these as expeditiously as I possibly can, but certainly answer any questions as we move through those.

So, I'll jump in first with the Claims Quality Assurance Software Action Item. This item is requesting approval to contract with Inpoint, Inc. for our quality assurance software vendor who was recommended for an award on March 12. This software is used by our QA department to measure audits on all claim types, and certainly it is critical in measuring our performance results and claim-handling accuracy and ultimately making sure that we're focused on continuous quality improvement for our policyholders. This software actually was our prior vendor. They were awarded yet again in this most recent solicitation, so we are very familiar with them. We have utilized this software since 2021. So, at this point, we're seeking approval for a two-year initial term with two one-year renewal options for an amount not to exceed $1.5 million for the life of the contract. So with that, do we have any questions on this Action Item, Mr. Chairman?

A motion was made by Mr. Palmquist and seconded by Governor Butts to recommend the Board of Governors: a) Approve the contract with Inpoint, Inc., including renewal periods, for an amount not to exceed $1,500,000, as set forth in this Claims Quality Assurance Action Item; and b) Authorize staff to take any appropriate or necessary action consistent with this Action Item. All were in favor. Motion carried.

Greg Rowe: All right, moving on. So, these next two surround our Enterprise Litigation Management System (ELMS). The first one will be for our existing platform and the next one will be for our new platform. But for this next item, we are seeking an additional $1 million in spend for the ELMS software that is offered by Mitratech. And as you will recall, Mitratech chose not to participate in the most recent solicitation. And this contract is set to expire on June 18, 2025, and so we are in the process of winding down with them and moving forward to the new build-out with our next vendor. But the additional spend really is contributed back to what Jay was speaking to, the high volume of suits, and also just the associated cost with transitioning from one vendor to the next one. So there is some work there. We have $350k remaining in spend, but we don't think that's going to get us to the end of the contract and we calculated that we would need an additional $1 million to carry us to that contract expiration on June 18, 2025. So, again, at this point, we are seeking the $1 million in increased spend for this contract. And I will pause there for questions.

Chairman Thomas: Greg, just want to make sure I understand. So, we're not paying $ 1 million dollars to our outgoing vendor because they're changing their process, they're charging us something different? We simply have a contract with them that we pay them based on a percentage of our litigation spend, that's gone up, so we owe more money under the existing contract, correct?

Greg Rowe: Precisely. Yes, absolutely. And even if we were to stick with them, if the contract were still going maybe through 2026, we would have to come back and ask for more. There is just not enough remaining spend. But you were absolutely spot on with your comments, Mr. Chairman.

Chairman Thomas: I just wanted to clarify, because I could see someone taking a quick look at this and thinking, wait, why are we paying an outgoing vendor an extra million dollars when we're busy transitioning?

Greg Rowe: Definitely.

Chairman Thomas: Yes. Anything else for Greg on this action item for the additional spend?

A motion was made by Mr. Palmquist and seconded by Governor Becksmith to recommend the Board of Governors: a) Authorize additional spending authority under the Enterprise Litigation Management System Agreement with Trialnet, Inc. D/B/A Acuity Management Solutions, a Subsidiary of Mitratech Holdings, Inc. of $1,000,000 as set forth in this Consent Item which, if approved, would increase the total spend authorized to $2,950,000; and b) Authorize staff to take any appropriate or necessary action consistent with this Consent Item. All were in favor. Motion carried.

Greg Rowe: This one is, again, is for the new vendor, which is Litify, but there's an implementation vendor that goes by the name of CGI, and the implementation vendor is responsible for doing just that, implementing the software on behalf of Litify. So, this is another one where we're seeking an additional $1 million in authorized spend for these implementation services. And, originally, the projected implementation was targeted at $2 million based on our high-level overviews that we gave in the solicitation. After multiple, multiple meetings with CGI and two months of discovery sessions with them, it's been determined by both Citizens and CGI that the implementation is just more complex than we had anticipated. There is a high level of customization to their software that deviates from just their normal, out-of-the-box functionality. So, in order for them to be able to build out and deliver that software to us that meets our needs prior to the expiration of Mitratech, CGI amended their statement of work. Their original budgeted amount was $2 million. They moved that to $2.9 million. We are asking, we moved that to $3 million, we bumped that up from $2.9 million to $3 million, should we have any other change requests or other requirements that may come in throughout the life of this implementation. So, again, we are seeking an additional $1 million to implement the new software, Litify. So, I'll pause there for questions.

Governor Becksmith: So, it sounds like, and I was trying to follow your dates there, Greg, but the Board gave approval on a $2 million spend, which is what the company, and I forget the name you just mentioned, bid, and now they're coming back to us effectively asking for another million dollars? Did I understand that correctly?

Greg Rowe: Yeah, you absolutely did, Governor. And how it works, we go out with the solicitation, and you can't list every single thing in the solicitation, we do as best we can on all of our solicitations to say this is specifically what we need, here's all of our requirements, but it's hard to hit all those. And we have seen that with multiple, I would say, software implementations. Once you really get in and you pop the hood and you say, "This is what we need," their out-of-the-box functionality a lot of times does wonders, it works well for us, but it does not meet all of our needs. So that primarily is the reason, they did bid on that, but I do not think that they had a great understanding based on the solicitation. And that's not being able to provide every single level of detail that we would need down to this is the number of dropdowns we're going to need, we're going to need reporting on this particular field in the system, we're going to need this with our billing. There are a lot of different moving components, but at a high level, what you've stated was accurate.

Governor Becksmith: As a follow-up, then, a general question, how confident if they didn't understand or maybe we didn't give them what they needed, or vice versa, understand what our needs are going to be, how confident are we in that six months down the road or a year down the road that we do not get into a situation where, they did not realize you we were going to need this too? And now the spend is getting exponential, and at what point in time do we pause and maybe go back out for an intent to negotiate?

Jay Adams: Governor Becksmith, I think one thing that we need to make clear is CGI was ready to implement, integrate, build out the technology what is called out of the box, right? Which would have been very vanilla. Citizens by statute is required to have all these different tracking mechanisms and things in the system so that we can report back to the office and other places. So, during that solicitation process, we were not crystal-clear on all that functionality that we were going to need. So, we had a discovery period with them. They went through that discovery. Under the contracted rate, they were absolutely willing to build out the out-of-the-box functionality connected to Citizens and so forth. If we had left it at that, we would have been coming back to the Board year after year, piecemeal building out the rest of this system for a long period of time. So, what we decided internally was in order to get all the functionality we needed and the reporting, we would just bite this off and take care of it while these folks are here. They have the bandwidth and knowledge to get it done. I do not anticipate that they are going to continue to come back and nickel and dime us. I would say this was really a Citizens shortfall in the overall scheme of what we were asking for versus what we presented.

Governor Becksmith: So, is this going to be a, just to make sure I understand, is this a $2 million a year commitment, or is this a $3 million total for implementation and then it's from there going forward?

Greg Rowe: Correct. The implementation is separate. We presented that as a separate item for the awarded contract. So, the total cap on the implementation would be $3 million. And then, of course, it functions very similar to our other system in the sense that, you know, the billing is based upon the number of suits that fall through. So that is a whole separate piece that is handled under the original contract approval. This specifically is just for that implementation phase.

Chairman Thomas: Yes, you know I think what's difficult, and I think this follows up on Governor Becksmith, is we can't micromanage this. I do not know what the details are, nor should I know from my position, but there is a very fundamental difference between we have a competitive process, someone says they will do the implementation, which had to involve some degree of customization, I would assume, for $2 million, and then we need to increase it by 50%, there's a fundamental difference between since we did that, Citizens says, "Oh, fellas, by the way, we'd like, I don't know, an AI component for reviewing the legal bills," and they say, "Okay, that's something new, it's going to cost X to add that to it." That's fundamentally different than when we always ask for an AI component, and they come to us and go, "Oh, we didn't realize. Actually, to do that, it's going to cost us twice what we thought it was going to cost." Well, that is on them. So how do we, I mean, short of, I guess you have told us this, I guess, but how do we affirm that we are paying 50% more for new product versus 50% because they underbid? And I do not remember the bidding process at all. I have no idea if there was a second-place bidder who was at $2.5 million. And so now we're, you know, I just don't know. How, I guess short of your presentation, I guess we do not know, but that is what you are telling us has happened here, correct?

Jay Adams: No, I think we do know. I think initially during the discovery period, when we figured out that they were not going to be able to build out what we wanted, they said, "Here are X number of components that we can do for what we bid for this $2 million." And when we came back and said, "Well, we need X amount more" and I don't know exactly what those were, that is when they came back and put a price tag on the additional. So, we lined item out what was missing, and then they priced up to that amount. And, Greg, we have that detail if this committee needs that, correct?

Greg Rowe: In terms of the requirements?

Jay Adams: Yes.

Greg Rowe: Absolutely.

Governor Butts: Just a question. Did I hear that our ongoing costs are associated to the number of claims that are put through the system?

Greg Rowe: That is how it works today, right? So, it's the amount of work that flows through the system, that's how the billing works in our litigation world.

Governor Butts: So, Greg, I guess my next question to that is, sorry, I was just reading about Litify. I mean, this company and I do not know all the owners of it now, but it appears that it was founded and created by attorneys here in Florida. So, I mean, are we essentially going to be paying a monthly fee to folks who actually own this company?

Greg Rowe: That I do not have the answer to. We could certainly look into it. I know when any of our vendors go through the process, there's a very in-depth process that we go through on our vendor side to ensure that they meet all the credentials and requirements, there's no conflict of interest or anything along those lines that would prohibit them from participating in the solicitation process. So, the fact that they made it through, they made it through that process without there being any red flags or anything that would prevent them from being disqualified.

Chairman Thomas: And this particular Action Item is for the Litify product, but it is for CGI, the third-party implementation company, is that correct? Is that an arm's-length transaction between CGI and Litify?

Greg Rowe: That is correct. Correct.

Governor Butts: It is not a subsidiary; it is not another way for Litify to--

Greg Rowe: Yes.

Governor Butts: Different pocketbook all the way up the chain?

Greg Rowe: And just to clarify my statement, Governor Butts, it's not the amount of claims, it's the amount of users, right? That is how Litify bills theirs. Our old system, Acuity, were paid based off, and they still will be until contract expiration, based on the percentage of the invoices paid. So, the higher the invoice, the more money that gets paid. Litify, and I've got some subject matter experts on the phone, correct me if I am wrong, but it is based on the number of users that are in the system per se. So that is a change, and I need to make sure I have clarified that.

Jay Adams: Your concerns over the ownership of Litify have been highly vetted through Citizens, and so the ownership has changed. I understand your concerns. We had the same concerns. We had that vetted and we have clarification that there is no association there.

Governor Butts: Great. Thanks, Jay.

Jay Adams: Sure.

Jon Palmquist: Greg, there are a lot of numbers flying around, and in the form that we're reading from, it says, "the Board approved an amount not exceeding $25 million." And then it says "$23 million" right after that in parentheses, and now, if I understand this, you're asking for an additional $1 million flat, nothing else changing on top of the $25 million?

Greg Rowe: Correct. We went forward with the full contract amount and separated out the implementation costs. We did not lump those together. So, the implementation for the sake of this Action Item, if we silo that out, that's really what we're looking at. We wanted for transparency's sake to say this is a separate agreement. And we are working with a different company, right? CGI is working on implementing it as a part of Litify, or on behalf of Litify. So, we felt it important that there was awareness to that, but there's not just Litify, there's an implementation vendor that we contract with as well.

Jay Adams: Your question is, are we asking for $1 million that is a one-time transaction to satisfy implementation? And it is. We are not asking you to add any additional monies to the Litify contract. This is a one-time cost, and then we move over to Litify and we'll start accruing those charges as we start opening up that system.

Jon Palmquist: Okay, Jay. Thank you.

Jay Adams: You're welcome.

Chairman Thomas: Anything else regarding the additional $1 million for CGI for the implementation of the Litify litigation management system? Either questions or a motion or whatever the committee's pleasure is.

A motion was made by Governor Butts and seconded by Mr. Palmquist to recommend the Board of Governors: a) Authorize additional spending authority under the Master Services Agreement with CGI Technologies and Solutions Inc. of $1,000,000, as set forth in this Consent Item which, if approved, increases total authorized contract amount with CGI to $3,000,000; and b) Authorize staff to take any appropriate or necessary action consistent with this Consent Item. All were in favor. Motion carried.

Chairman Thomas: I would not come back asking for any more money for CGI. Let us move on. What's next, Greg?

Greg Rowe: Next one is Claims Legal Services. I know we asked for this at the last meeting, and that's one of the reasons I know Jay provided a really in-depth presentation on the state of litigation here at Citizens, and I know some of that was included in Elaina's presentation as well, but this Consent Item is for the, I'd say the next $50 million increment in spend that we were requested to obtain from the Board. To date, we've obtained $300 million in approved spend. And as of February 28, we've incurred approximately $261 million in spend under that approved amount, and likely to exceed $300 prior to the July 2024 Board meeting. So, we're seeking approval for the next $50 million increment in spend at this point.

Chairman Thomas: Thank you, Greg. And we always say this every time, just to clarify, this is not an additional $50 million, this is simply a release of the next tranche of the approved $500 million we have already been talking about, correct?

Greg Rowe: Absolutely. Correct.

Jon Palmquist: So, this is the procedure we usually follow with additional $50 million, but we spent a lot of time earlier talking about this $50 million is not going to be close to at the end of the day hitting, it likely will go over our budgeted amount at the end of the day. I am not sure where we landed on whether we are going to ask that an additional budget amount be prepared for the balance of the existing budget or not.

Jay Adams: What I stated to this committee was let us take a look and sharpen our pencils and what we'll do is we'll bring that back to the July committee, or for the Board, giving us a chance to forecast better what we think the actual numbers might be, and then we'll make that request then.

Jon Palmquist: All right. That would be greatly appreciated. Thank you.

Jay Adams: Thank you.

A motion was made by Governor Becksmith and seconded by Mr. Palmquist to recommend the Board of Governors: a) Authorize up to $50 million in additional spend under the Claims Legal Services contracts as set forth in this Consent Item which, if approved, would make the total spend authorized to-date $350 million; and b) Authorize staff to take any appropriate or necessary action consistent with this Consent Item. All were in favor. Motion carried.

Greg Rowe: Water Mitigation and Mold Remediation, that is our next one. So, this is an existing program we have in place, and we use a vendor that goes by the name of Lynx, and they conduct independent reviews of all the water mitigation invoices that we get, I'd say, from non-contracted water mitigation companies. And what they do is they look at those to ensure that the pricing is accurate based on the work performed, and they provide reports that identify any overcharges based on that work performed as a part of the mitigation process and then recommend an accurate price to Citizens. This one is very beneficial to Citizens, and I would say, you know, the savings we see often exceed $3 million per month. And so, again, due to our high volume of three hurricanes within two years, a high PIF count, the authorized spend that we had that was just over $3 million, it is approaching its max, so we are requesting an additional $2,534,735 to continue services for this contract. And just to let you know where we came up with that number, because it's pretty specific, we took the average monthly spend all the way back from August 2021 through February 2024 and then just calculated that over the remaining months left on this contract, which could get us up to July 2026 if we exercise our renewals. So, again, this particular item is requesting that additional $2,534,735 to continue services with Lynx on this water mitigation review process.

Chairman Thomas: And am I reading this correctly, that additional spend equates to about half of what we think we save per month by the use of this program?

Greg Rowe: Absolutely, yes. We save $3 million a month. So, we can't ever predict what's going to happen from month to month in terms of claim volume, but if it stays like it is, theoretically, I'd say it would pay itself back in a month.

Chairman Thomas: Okay. Any questions?

Jon Palmquist: Greg, this additional $2.5+ million dollars, is that going to be sufficient for the balance of the term of the contract through, I believe, February 2027, or will you be coming back again?

Greg Rowe: We think it will, right? I mean, again, if PIF count goes down, the biggest piece, and it was one of your questions earlier, that we just don't know, we don't know what a storm introduces, because a massive event rolls through, certainly a lot of people have these water remediation companies come out to their home and do services. That certainly could bring us back to asking for more because we just don't know. Short of that, we feel confident that if there is no storm, it would be sufficient. But one of the reasons we are having to come back now is because we have had, you know, three hurricanes in the past couple of years, and that is really driven up the overall utilization of these services. So, I would love to say we think it will, but, you know, Mother Nature sometimes can throw a wrench into those plans.

A motion was made by Governor Butts and seconded by Mr. Palmquist to recommend the Board of Governors: a) Approve the recommended increase of the total contract authority by $2,534,735 for the remaining two (2) years of the five (5) year total agreement, from $3,026,180 to a total amount not to exceed $5,560,915 as set forth in this Water Mitigation and Mold Remediation Estimate Review Services Consent Item; and b) Authorize staff to take any appropriate or necessary action consistent with this Consent Item. All were in favor. Motion carried.

Chairman Thomas: Motion carries. Okay. Greg, that brings us to the last item, which I believe is sort of for our discussion or information purposes given calendar realities, is that right?

Greg Rowe: That is absolutely it. So, it's certainly unique in that we don't have an Action or Consent Item for the committee at this time, but we did want to make the committee aware that we are in the final stages of a solicitation process for what we are calling Comprehensive Adjusting Services. And this is basically to contract the independent firms to handle all of our non-catastrophe and catastrophe work. Because we are in the solicitation process as we speak, I would say the procurement rules really do not allow us to discuss too many details, but we do anticipate concluding with a public award on April 16, 2024. What I will tell you, the plan as of now is for Jay to take this recommended award and present an Action Item at the next Board meeting in May. So, we wanted the committee to be aware of this plan and really just be aware that we have six contracts in place today to handle all of our non-catastrophe and catastrophe work, and the combined approved spend for those is just over $600 million. So, we wanted the committee to be aware that it's highly likely that this next contract for the Comprehensive Adjusting Services will exceed that, but we are in the process of determining that literally as we speak. So, as I mentioned, the procurement rules really don't allow us to discuss a whole lot, but I will pause there for any comments or questions before we move forward. Again, we are not really, I would say, asking for anything other than the ability for Jay to present this in detail at the next Board meeting.

Jay Adams: I would like to just add that this is a transactional contract, meaning we only pay for what we use. And this is also considered allocated loss adjustment expense, so there are no budget items, so to speak. It is just part of the claim handling process. It gets folded into the actuarial ratemaking process and all those types of things.

Chairman Thomas: All right. So other than if we have any questions, is there anything that you need or are looking for from us as a committee today with respect to this?

Greg Rowe: That's it, other than just to be aware that, you know, that public award meeting is set to take place as of today on April 16, and like I said, Jay will have that ready to go, that Action Item, for the next board meeting in May.

Chairman Thomas: I'd say not this upcoming board meeting, which I think is that next week? But next week, right? Yes.

Jay Adams: Right. It will be the telephonic meeting.

Chairman Thomas: Oh, okay. We are going to add it on to the extra meeting we have.

Greg Rowe: Correct.

Chairman Thomas: That makes sense. That is why it cannot come back to us, because it is not going to wait for the next full board, I should not say "full board meeting" or the next regularly scheduled quarterly Board meeting.

Greg Rowe: Correct.

Chairman Thomas: We're going to do it with the reinsurance meeting.

Jay Adams: Correct. And because catastrophe season starts in June, we obviously want to, you know, get this underway so that we can start leveraging this for this year's catastrophe events, if we have them.

Chairman Thomas: All right. Appreciate the heads-up on that. Greg, thanks for the heavy lift there. Let us try to give us a break asking for more money for a while, especially if we could go to a claims meeting without having to talk about the litigation management system, that would be great. That is all I have heard about for three years now.

6. Addendums & 7. New business

Chairman Thomas: There are a couple items if anyone's interested. Obviously, the Recovery Case of Interest and the Special Investigation Units addendums, any comments or questions about that? Oh, I did have a question, by the way, about subrogation when you mentioned it earlier, Jay. Do we participate in any sort of, I know there are a lot of inter-insurance agreements for subrogation where they agree if there's two insurance carriers involved, they submit it to arbitration or some form of ADR. Do we participate in any sort of deals like that with other insurers?

Jay Adams: No, we do not. We do not have any agreements in place. I am having an issue with my machine. It is giving me the spinning wheel. But, you know, if there is a claim where we believe subrogation is eligible, we have a subrogation department and we make the referral to that group, they do the research, and then they figure out, you know, who's liable and where those funds would be returned to Citizens from.

Chairman Thomas: Okay. Yeah, I've just seen several sorts of cooperative agreements where, hypothetically, let's say it's Progressive and another insurer, State Farm, and they're both insured and it's a pretty efficient process that allows really an adjuster to adjust a resolution. That is all. I was just curious, but okay. Thanks for that.

Jon Palmquist: A lot of times that is used more frequently in the auto insurance context, than it is the homeowner.

Chairman Thomas: Yes, that's probably primarily where I've seen it. I do not do that kind of work, so I was not terribly familiar with it, but thanks. All right. I do not have any new business, but I always like to end with opening the floor. If there are any questions, comments, or anything people would like to address, I am happy to hear it. And if not, I appreciate everyone's time, the staff's preparation and all the work they do, and everyone on the committee for participating today. We will be adjourned.

(Whereupon, the meeting was adjourned.)