Market Accountability Advisory Committee 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	Market Accountability Advisory Committee Meeting Minutes September 18, 2024
Purpose/Scope	Review of the September 18, 2024, Market Accountability Advisory Committee Meeting Minutes to provide opportunity for corrections and historical accuracy.
Contract ID	N/A
Budgeted Item	☐Yes ☒No - Not applicable
Procurement Method	N/A
Contract Amount	N/A
Contract Terms	N/A
Committee Recommendation	Staff recommends the review and approval of the September 18, 2024, Market Accountability Advisory Committee Meeting minutes.
Contacts	Jeremy Pope, Chief Administrative Officer

CITIZENS PROPERTY INSURANCE CORPORATION

Summary Minutes of the
Market Accountability Advisory Committee Meeting
Wednesday, September 18, 2024

The Market Accountability Advisory Committee (MAAC) of Citizens Property Insurance Corporation (Citizens) convened via Zoom webinar on Wednesday, September 18, 2024, at 10:00 a.m. (ET).

The following members of the Market Accountability Advisory Committee were present telephonically:
Dave Newell, Chair
Brian Hodgers
Greg Rokeh
Lee Gorodetsky
Lissette Perez
Lori Augustyniak
Scott Rowe
Stacey Tomko
Virginia Christy

The following Citizens staff members were present telephonically:
Adam Marmelstein
Alden Mullins
Ariel Shami
Barbara Walker
Bonnie Gilliland
Brian Newman
Carl Rockman
Christine Ashburn
Doug Hageman
Eric Addison
Jay Adams
Jennifer Montero
Jeremy Pope
Ken Tinkham
Joe Martins
Kelly Booten
Raina Harrison
Ray Norris
Sarai Roszelle
Stephen Mostella
Wendy Perry

Call Meeting to Order
Roll was called and a quorum was present. Chairman Newell called the meeting to order.

1. Approval of Prior Meeting's Minutes

CHAIRMAN NEWELL: Thank you. Thank you, members, for being here for today's Market Accountability meeting on September 18, 2024. So, with that in mind, I'll seek approval of the last meeting minutes of June 26, 2024. Do I have a motion to approve?

MR. GORODETSKY: Yes. Lee Gorodetsky. I'll make the motion to approve.

MR. ROWE: I'll second that.

CHAIRMAN NEWELL: All right. Any discussion about the minutes? Hearing none, all those in favor, say "aye."(Chorus of ayes.) All those opposed? All right. The meeting minutes have been approved. Thank you all. Turning to tab 2, Jeremy Pope will lead us in a discussion about the MAAC annual charter review. Those that have been on this committee for a while know that this comes up once a year annually, right, and talks about any changes or anything that we need to address as a committee. So, Jeremy.

2. MAAC Annual Charter Review

MR. POPE: Perfect. Thank you so much, Chair, and good morning to you and the fellow committee members. For the record, Jeremy Pope, Chief Administrative Officer. And as Dave shared, this is an annual exercise, the review of our charter for this committee. It's really to validate the adequacy with the charter and also include any updates that are desired by the committee and, of course, the chair. Chair, we reached out to the committee members last month, Christine and I, to seek any desired changes. No changes were submitted for the MAAC committee charter. So, we do have a recommendation to move forward with this charter, to complete the annual exercise with no changes, and consider the charter active and refreshed, if you will. And happy to answer any questions or read the recommendation as appropriate.

CHAIRMAN NEWELL: Any questions from the committee on the charter? Okay. With that, Jeremy, would you mind reading the item?

MR. POPE: Sure thing. "Staff recommends that the Market Accountability Advisory Committee approve the Citizens Market Accountability Advisory Committee charter as provided." This was an easy one to read.

CHAIRMAN NEWELL: Okay. So how do you want us to proceed?

MR. POPE: If you'd like to -- for the record, I believe we do -- do we need to have a motion to finalize as appropriate?

MR. GORODETSKY: Yeah, this is Lee Gorodetsky again. I'll make the motion to approve.

CHAIRMAN NEWELL: Okay. Do I hear a second?

UNIDENTIFIED SPEAKER: Second.

MS. PEREZ: This is Lisette Perez. I'll second the motion.

CHAIRMAN NEWELL: Okay. Any discussion about the agreement? Okay. I think we're good. All those in favor? (Chorus of ayes.) Those opposed? All right. Jeremy, the charter has been approved.

MR. POPE: Thank you so much.

CHAIRMAN NEWELL: All right. Members let's turn behind tab 3 in our materials and bring in Jay Adams, to talk about underwriting and the current state of the market. Good morning, Jay.

3. Underwriting Market Update

MR. ADAMS: Good morning. Thank you, Chairman Newell and committee members. If we could go to the next slide, please. So, Citizens' policy in force count as of June 2024 was 1.2 million policies, which was a 2.4 percent decrease over the year-end of 2023. Citizens has averaged 38,042 new business policies per month, year-to-date, through the June timeframe. Next slide, please. One more. Thank you. Personal lines, multiperil, and wind-only building counts decreased 1.2 percent as of the end of the second quarter of 2024, and the insured value was $421.2 billion. Next slide. Citizens' total new policy count declined in the second half of 2023, and it continues into June of 2024, ending in 35,931 monthly new policies with a total insured value, again, of $421 billion. Next slide. Citizens' new business trend for personal residential policy types declined 2.9 percent from April through June of '24 as compared to the same timeframe last year, with the largest decrease occurring in the homeowner policy type and the largest increase occurring in the mobile home policy type. Slide number 7 -- or next slide, I'm sorry. Continuing with the new business trends for personal residential policy types, the largest growth in the Coverage A values occurred in the $200,000-to-300,000-dollar range, the largest growth in the age of home in years was in the 31 to 40-year range, and the largest growth for the age of roof was in the zero to two-year range. Next slide. The top three prior insurance carriers for multi-peril new business were Universal P&C, American Integrity, and Slide for the period of April year-to-date. Next slide. And one more. Commercial lines for multi-peril and wind-only policies for the quarter ending June 2024, the commercial policy count increased by 1.1 percent, the building count decreased by a very small percentage, and the total insured value was $99.1 billion, which is down about $10 billion over the prior quarter. Next slide. Commercial residential and non-residential saw an increase of 1.1 percent for the quarter ending 20 June 2024, with a total insured value of $99.1 billion. The majority of the growth occurred from the non-residential with an 8.4 percent increase in policy count and a total insured value increase of 7.3 percent. Next slide. Comparing the period of June 30th of 2023 to the period of June 30, 2024, there's been a gradual slowdown on the monthly new policy count from 1,420 in '23 to 274 in 2024. However, the in-force building count has increased significantly from 38,300 to 45,300, and the insured value from $85 billion to $99.1 billion. Next slide. The commercial new business trend over the period of April '24 to June of '24 was less as compared to the average same month period for the prior year. We were down by about 3,500 policies. Next slide. When compared to the same timeframe over the prior year, Citizens has decreased its overall new business total insured value by about half, with the largest decreases from the commercial residential wind and followed by the commercial residential multi-peril line. Next slide. 37 percent of all commercial new business written was for building coverages between $1 million and $9.9 million, closely followed by 32 percent between the $500,000 and the $1 million range. The A-rated business is slightly down over the period, and the largest category of building age is between 31 to 40 years, closely followed by 51 to 60 years. Next slide. The majority of the commercial new business had a prior carrier of Lloyd's of London and also American Coastal. Next slide. That's it. Carl's going to cover the PIF growth. So that concludes my presentation today.

CHAIRMAN NEWELL: Thanks, Jay. Very, very good, detailed report as usual. Any questions from the committee on some of the numbers Jay just presented? Again, I don't want to throw a curveball -- this is Dave Newell --but I noticed on Slide 7, when it comes to personal residential, of course, the 700,000, there's zero in that bucket. There's 2 percent of the count in that six hundred to seven hundred thousand range, or 699 range. 700, of course, will make them ineligible just by the value. I'm just curious, is there any detailed reporting that you all follow when these policies start, you know, getting out of the 700,000 -- into the $700,000 range? Is there anything you do specifically on those policies, especially with so much depop? Just curious.

MR. ADAMS: Yeah. So, once they exceed the $700,000, they're ineligible. So they'll be flagged for non-renewal, you know, at the next renewal. If the increase takes them into the 700,000 now -- like, say, for example, it's coming up for renewal, and with the policy increase, it takes them to 700, it would be ineligible for Citizens. And the reason that we still have some of those is really because of Hurricane Ian and the emergency orders issued, you know, for non-renewals. We're still trying to kind of wash through that.

CHAIRMAN NEWELL: Okay. So I guess the next question is, if it's 2 percent of this number, generally, how many policies are we talking about? Because it's going to be an ongoing number, right? Each year, some of these are going to, you know, be deemed ineligible?

MR. ADAMS: Yeah, I don't have that number in front of me. I think we have it, and I think I actually looked at it this morning. I'll look and see if I have that, and if I do, I'll present it at the end.

CHAIRMAN NEWELL: Again, I'm just curious because that is something that is certainly a lot of -- on people's minds, agents' mind now of how those policies will have to be transitioned.

MR. ADAMS: Right.

CHAIRMAN NEWELL: Yep.

MR. ADAMS: Yeah, I will look and try to get that to you.

CHAIRMAN NEWELL: Thank you, sir. Anything else for Jay?

MR. ADAMS: Thank you.

CHAIRMAN NEWELL: Lee, we can always count on you. So what's going on down there?

MR. GORODETSKY: Not yet. Not yet.

CHAIRMAN NEWELL: All right. Well, thank you, sir. Thank you, Jay.

MR. ADAMS: Thank you.

4a. Depopulation, CHIPS & FMAP Update

CHAIRMAN NEWELL: Behind tab 4, let's bring in Jeremy, Adam, and then Christine to kind of walk us through depop, CHIPS and certainly FMAP. And then, probably the hottest topic that maybe will drive some questions is depopulation. There's been a lot of activity and certainly a lot of buzz in and around depop. So, Jeremy, take it away.

MR. POPE: Thank you so much, Chair, and, again, for the record, Jeremy Pope here again, and joining me today is Adam Marmelstein, our Director of Market Services. And, again, we are going to provide an update on our depop program and also our Clearinghouse Interim Program, also known as CHIPS, and also answering any questions around -- there's nothing, I would say -- no major updates with FMAP, but answering any general questions that we have regarding that program. And as the chair alluded to, Christine will also be joining us with some exciting updates we have around depopulation, educational materials for our consumers, and also even our internal audience as well. So I'll get started in our materials today on the next slide. What we plan to do -- and we did this during the last meeting as well -- is cover the highlights, because a lot of this information specific to depop is repetitive. So I want to go over some of the highlights, answer any questions, and then turn it over to Adam. So what's exciting, we have a very, very busy fourth quarter that's planned -- record-breaking, honestly. We have 11 carriers that are looking to participate in our October, November, December depop program. Just this year alone, we've had five new entrants participate with our program, and for October -- and October is currently in flight right now, but we have nine personal lines carriers that are participating, and that total number by the office was 410,008 policies that were approved in October. Policyholders are still making those choices as we decide or as we -- as we speak. They actually have until October 11th to make those decisions, so we don't have those numbers yet. We'll have those more like mid-month as far as to know how everything's shaped out, but some of the preliminary numbers, we are showing around 30 percent of those -- there's about 30,000 policies, I should say, where consumers are receiving at least three or more offers, and, also, 90 percent, a huge majority of the offers that are being made are making policyholders ineligible to be with Citizens. So the market is getting more and more competitive, if you will. That's a sign of a healthy market. And that's exciting for us, obviously, so we can ensure that we're finding a home in the private sector for these policies. For the commercial activity going on in October, we do have a commercial depop. We have four carriers that are participating, and that equates to a little over 4,200 -- 4,250 policies that have been approved by the office. And, again, we'll have the final number with the depop activity mid-month of next year. Next slide, please. Just year-to-date, you know, the exposure that we've removed is around $64.8 billion, and year-to-date commercial removed -- of that $64.8, $5.6 billion of that is for commercial, and that equates to 597 policies. And the remaining portion is from our personal lines book. That equates to $59.2 billion in exposure removed at 131,848 policies. Now, to compare that to 2023, 2023 for the entire year, we removed a little over 275,000 policies, and that was a little over $113 billion in exposure. So because we have the record-breaking numbers that we're expecting in October, November, and December, we absolutely will exceed and supersede the results from 2023. And the forecast that you're seeing at the bottom of the screen here on the left-hand side is, I will say, very conservative. We actually expect, based on what we have for November, the office has approved a little over 235,000 policies in the personal lines sector. We don't have numbers from December, but we expect December to be extremely active. So just that activity that is planned, we feel these estimates and this forecast are extremely -- we will say conservative. And, again, as those numbers pan out in October, we'll continue to update the committee and then also share results that we have for November and December in the coming months. A lot of activity around the depop process on the right side of the screen here. Significant partnership we have with Christine's group in helping to educate consumers and get materials out there. We've made a number of changes to the comparable spreadsheets, both on our website resources for agents, also for -- and consumers, and also for mailings that occur for the consumers as well. Christine's got an exciting update in this space, and following Adam's presentation, she'll be providing this update to the committee. And I'll stop there. Chair, I'll ask if there's any questions around depop as a whole. I can tell you for November, I gave the amount of a little over 235,000 were approved by the office, but that includes eight different carriers for the personal lines assumption. And, again, as details trickle in from October's depop activity, we'll make sure to share those as well. Any questions on the depop activity, what we're seeing so far?

CHAIRMAN NEWELL: Well, Jeremy, thanks for the information, and our friend Lee has already unmuted, so we'll go with him first. Go ahead, Lee.

MR. GOREDETSKY: Yeah, I do. And this is probably more of a South Florida problem, but all these companies -- and I don't know which companies are on the list for depop. I looked at it this morning, but I don't remember which carriers there are, but so many of these companies won't write the new business when we quote it, and then they'll Depop it. It just is such a stupid concept that we have to write the business with Citizens to get it into a carrier so it gets depopulated down the road when the carrier could just open up their markets and write the freaking business and it wouldn't have to go to Citizens in the first place. I don't know, this is nothing you can do, I don't think, unless you tell these companies, "Stop depopping if you're not going to write the business." I mean, I don't know how you do this. It's crazy that we have to go through this process. I mean, we've given out seven quotes this week. Six of them are with Citizens because no carrier will take it or will come in close, and they're all south Florida properties. So this is just a -- it's going to keep happening until that market opens up for writing the new business, not just depops. And I know that's not your field, Jeremy, but just generic question out there because it's kind of stupidity at its peak.

MR. POPE: Yeah. Well, I mean, I guess I'll say this: You know, 1, I'll remind the group, and, Lee, I hear you. I definitely hear you. Point taken. You know, having five new entrants, right, so that throws some unique variables, right? So we've got new entrants that are -- the depop program has been attractive for them, I can tell you. So, obviously, those carriers are picking up these policies that are helping their business model, if you will. And I will say, you know, depops is a snapshot in time, right? So these policies at the time are picked, they're selected by the carriers, and it has to work for the carrier's business model as well. So it's kind of hard for us to give a -- you know, why are certain carriers picking at certain times and not other times? There's reinsurance that's involved as well, not knowing, you know, their complete book of business, if you will, but, obviously, we're driven to move as many of these policies out, and we've never had such an appetite for these policies before. So, again, we may potentially -- and, again, I said these numbers were estimated, but we may be --after the -- the October, November, December, the depop activity for Q4, we may get down as 900,000 policies if everything pans out, right? Now, keep in mind, we're still servicing these policies up until renewal. So we have an in-service policy count that'll carry us in – you know, throughout 2025. But everything to us seems extremely promising for all the new entrants that we've spoken to and, also, the existing carriers in the state. Again, they're showing the extreme concern. We're not seeing the policies come in as quick either. So more of these policies are being kept out in the private market as of right now, but, again, depop's a snapshot in time. But I hear you, I hear your comments and they don't go unheard.

MR. GOREDETSKY: Well, this is probably more of a south Florida problem than other areas, I'm sure ,because we do most of our business in south Florida, so it kind of is what it is, but, I mean, I can't tell you how many clients and realtors say, "Why are we having to go to this company when the company didn't want our business when we were quoting it, why do they want it now?" It's like a question you can't answer, other than the stupidity of the system. And I know it's not a Citizens problem. Maybe the Department of Financial Services can tell these carriers, "If you're going to keep depopping, open up for business as well. Do both. Don't just depop." Because Depop's an incentive for them, I get it, they make a lot of money, we're paying them a ton of money to take the policies but open up for business as well. Why can't we put that on them and ask our board to put that on them?

CHAIRMAN NEWELL: Yeah. This is Dave Newell. You know, Lee, you're preaching to the choir here, I think, for many –

MR. GOREDETSKY: Oh, I know.

CHAIRMAN NEWELL: -- (inaudible). Certainly, you know, our organization has had a lot of conversation, as others on this call, about that topic. But as Jeremy pointed out, a lot of this is about timing. It's about how they look at their business model, how they look at their reinsurance buy, how they look at their financial pictures. So, it is a timing thing. We hope that once they depop and get a flow of business and, like you say, a ton of money to fuel -- put gas on the fire, so to speak, that they do open up the spigot for sure from a voluntary basis. So -- but I know many on this call have had these discussions with depop carriers, with the OIR, about the ability to offer beyond just an LSA, because that is a frustrating part of an agency's life where you just have this block of policies and all you concentrate on is depop and you can't grow organically because that portal is not allowing some of those risks to come in. So that's-- but, again, we're preaching to the choir, right, Lee? Like Lisette? I mean, that's what we're doing here.

MS. PEREZ: May I add, Chair?

CHAIRMAN NEWELL: Go ahead.

MS. PEREZ: So to add to these point, right, even if they are open, Lee, and we can get a quote with that carrier, the premiums are so significantly higher that you're also driven back into Citizens. And then they come in and they depop it at the Citizens price or a little bit over, still under what we would have quoted or what we quoted originally, and it's -- it goes -- you know, they're still paying less, and then here we go with the depop process, and it's, again, a vicious cycle that we're going through. So just -- you know, we echo your sentiments, Lee.

MR. HODGERS: Mr. Chair, I have a question.

CHAIRMAN NEWELL: Yes, Brian.

MR. HODGERS: This is Brian. So to echo on Lee and Lisette's comments, I agree with everything they had to say, but taking it one step further, what we're also seeing a lot of is clients that we put into Citizens for specific reason because they might be involved in a trust that regular carriers would not take, or they might have horses or some other item that makes a private carrier not want to take these policies, that we can place it with Citizens. I've been told recently on a couple of occasions that if we're willing to assume it, they have to honor that policy, even though it's something that doesn't fit that carrier's guidelines, and that they have to stay on it for three years. So, I get that and I'm fine with that. I'm not objecting to that issue. But I guess where I'm objecting to is if these carriers are being forced to take that policy, should they select it and keep it for three years, and they might have an issue with, for example, horses on a written policy, but not on a takeout, why are some carriers allowed to eliminate water and/or limit water when Citizens is not, other than, of course, manage repair? So it seems like they're choosing to say, "Hey, yeah, we'll take it and we'll keep it for that three years, even though we wouldn't have normally written that policy, but we'll also go in here and we'll limit water," and I think that that's something that really needs to be addressed.

CHAIRMAN NEWELL: Well, this is Dave Newell again. Brian, you bring up a great point. We certainly have had this discussion. Jeremy knows, as well as Carl, there's been many, many discussions about comparable coverage, about the water exclusions, about how that whole process works, and how the depop policy comes into play versus the voluntary policy. So, yeah, you know, again, we're preaching to the choir here. I get you. I hear you. It's just something, unfortunately, that's got to continue to be put at the forefront and discuss and see how to better navigate that part of this process, because that isa challenge. And for the agents on this call, you know that's an E&O exposure that nobody really wants to take on. And so -- but, again, those conversations are being had. I wish they could -- some result would happen quicker, but they're definitely being discussed among several stakeholders about –

MR. HODGERS: So –

CHAIRMAN NEWELL: -- definitely water. But let's face it, Brian, there could be other -- as you said, there could be other perils that may be also not being considered when a takeout policy is being reviewed, right? I mean, it's just –

MR. HODGERS: Roofs is going to be another issue. But a question on this topic: Some of my clients are getting three and four offers, which is great, because now a customer gets a choice. But some of them are only getting one choice, and if that one choice is limiting the water or not comparable coverage, what is the factor that goes into why that client is only getting one offer versus another client getting three or four? Isit -- is there a possibility that we could look at changing the program to where every client has to get two, three, four offers? That way a client gets a choice of the carriers that are being presented to them instead of just one option.

CHAIRMAN NEWELL: Brian, great question. Certainly, it's -- our friends at Citizens would certainly have to engage in those types of conversations to see how the program would have to be changed to, like you say, require or strongly recommend. I don't know -- Jeremy, I don't know how -- I know everybody gets to look at the files, they get to look at the claim history, they get to look at all the documents. So, everybody --everybody kind of is in the same boat and they pick what they want to pick, so...

MR. POPE: No. No, no. So, it -- I mean, we can obviously take feedback. This is an industry discussion, obviously, and we are here to administer and execute the program, right? So, water is not part of -- considered -- today, at least, considered part of the comparable coverage. So, I hear you. And as far as the selection today, you know, one offer makes the -- that's within the 20 percent of the premium, right, it makes the consumer ineligible. So, I mean, these are discussions, I think, that we -- we get a lot of feedback from various stakeholders, right? So, we always take the feedback, we take the agent feedback as well, but, also, you know, the agent community continues their discussions as well and talks with your stakeholders as well. You know, this is something that, you know, we -- we are here to facilitate the program, and we always have discussions with -- including the office as far as ideas and things like that that have come up, but today, we are required -- how, you know, we're administering the program today in a requirement for citizens. It's not a subjective decision by any means. I think everybody knows that on this call, obviously. And, you know, should and would water be, you know, looked at differently in the future remains unknown. I know there are -- Dave, you're absolutely right -- active discussions around that piece. Not so much discussion around more than one selection, you know, but I know those go hand in hand and how we're defining "comparable coverage" and things like that. There's another side to it. So, yeah, feedback taken, feedback heard, and we can continue those conversations, but, also, I would encourage -- you know, there's industry conversations as well with various stakeholders, too, to talk this through.

CHAIRMAN NEWELL: Yeah, you know -- thanks, Jeremy. And certainly, we have a representative of the OIR. She's listening to these conversations. She certainly can take intel on any of this stuff. So it's good that Virginia is part of this committee and can listen to some of what's happening boots on the ground, so to speak. So that's also good, right?

UNIDENTIFIED SPEAKER: Yeah, because Dave and Jeremy, I think that litigation, if it ever comes from limited water when you had full water, is going to head right up to Citizens, not to agents, because Citizens did the depopping, not the agent. So, it's -- that litigation flies north. There's no question that's going to happen. You know it's going to happen, especially in Florida. Litigation is going to occur. It's just a question of who, when, how, why, and where.

MS. CHRISTY: Chair, this is Virginia. So we are having conversations, especially about comparable coverage. We did add some language in the consent order on the last depop that addressed comparable coverage. So that issue we'll be continually talking about and monitoring at the office.

CHAIRMAN NEWELL: Okay.

MS. ASHBURN: Chairman Newell, it's Christine Ashburn, if I could quickly. Just as a reminder, "comparable coverage" is defined in the statute, so -- right? And so, when the clearinghouse was created in 2012 or '13, I don't know that the water supplement issue was such a large factor. And so, Lee, I hear you and I think -- I appreciate what the office did, I think, in these most recent orders, but as it relates to expanding what comparable coverage is, that would take legislative action. I don't know how much leeway both the office and certainly Citizens have to expand that without the statute being addressed. I'm not, obviously, saying that Citizens would take a position on that, but I just -- for the group, since there's a lot of conversation, it would take a legislative change to -- it's very clear what is comparable coverage in the statute as it was passed way back, I think, what, 11 years ago or so, Chairman Newell, when we created the clearinghouse. So just for education purposes.

CHAIRMAN NEWELL: Yeah. No, thanks for pointing that out, Christine, because you're right. I don't think 11, 12 years ago, anybody considered that this would be something that was really on the uptick of claim activity and what was happening with policies and so on and so forth. Just to echo what Virginia said, Lee, the office is looking at it, they are trying to address it, what they can do in the order, and I think they're going to continue to monitor it. So the more we can have discussions on this topic, I think the better we'll all be. The process will get better. But I think -- you know, if we think back to just a few months ago on some of the depop when some of the rates that were coming out were much higher than the 20 percent, right, they were well higher, Citizens took input, Citizens went to those carriers, and adjustments were made on future Depop. So, I think as long as we continue this dialogue, I think the process will get better. I know it doesn't help us in October or November, but maybe in the future ones.

MR. GORODETSKY: Well, this probably has more to do -- that probably has more to do with the significant rate increase Citizens Insurance finally took last year and will take again this year, that the rates are leveling out because the other carriers have stopped with the big increases. So, Citizens is now just catching up. All the topics of rates are coming down is kind of stupid because just Citizens has caught up to the other carriers so the 20 percent rule will work, so the depops will work. Now it's just the other stuff that goes with it, like water damage. So -- but, anyways, we appreciate it, and whatever you can do, obviously will help.MR. POPE: Well, and Lee, to your point, like I said, the October depop numbers are preliminary, but as of 9/16 of what has come in so far, what we're seeing, 90 percent of those offers are making, you know, policyholders ineligible to remain with Citizens. So, your point is absolutely correct -- but again, I go back to that's a sign -- good signs of a healthy market. So -- and then, consumers at the end of the day are getting-- are receiving more and more choices than they have over the past couple of years, which is great. So, like I said, I hear you on the other side and we're committed to obviously making sure that the depop process for consumers is a simplistic, clear one partnering with the agent community to ensure that consumers are educated to make sure they make the best decision for them and their families, because, again, it can be complex, and especially when you have multiple offers that are being received, and helping consumers and guide them. And that's where, again, Christine's team I know later in this presentation will provide an update to this group of all the wonderful work that we've been doing as an organization to try to make sure that our consumer is as educated as possible, and also to ensure that our agent community is equipped to assist consumers through this process.

CHAIRMAN NEWELL: Yeah. And, Jeremy, thanks for those words, Christine, for sure, and that's why we have this meeting. This is why this committee is built around having these discussions and this is why there's a variety of people on this committee, to hear these discussions, to kind of take some notes and take back -- you know, if there's something that can be done, it's certainly something that everybody will try to work towards, a better solution. So, again, thanks for everybody's input on that. So, Jeremy, I think we're going to get you off the hot seat. Is Adam up next?

MR. POPE: He is. Thank you. Thank you, Chair.

CHAIRMAN NEWELL: All right.

MR. MARMELSTEIN: Yes, sir. Thank you. I'm going to change gears a little bit here. We're going to move from depopulation to SITRI, to the clearinghouse replacement. So that'll take us probably to Slide 4 is where I think we'll probably want to be. It says, "Exposure Reduction Highlights."

CHAIRMAN NEWELL: Slide 4, correct? Yep. I'm sorry. Yep.

MR. MARMELSTEIN: Which is the other direction. We have summary slides at the beginning and then the details behind. Yeah. Thank you. We're not going to -- I'm not going to read all these slides. I'm just going to give you the headlines. Perfect.

CHAIRMAN NEWELL: Darn it. We were looking forward to that.

MR. MARMELSTEIN: Oh, almost. There we go. Excellent. Thank you very much. "Exposure Reduction Highlights," I'll start on the right side of the slide. CHIPS, as you know, is our temporary new business and renewal process as we're in between automated clearinghouses. The top right-hand side talks to the number of new business applications submitted year-to-date, about235,000. 92 percent of those have been verified as eligible, meaning that the agents provided the proper information to demonstrate that the risk meets the eligibility requirements for Citizens. The number to the right of that, the 11,000performance violations, is a reflection of what we're doing the remaining 8 percent of the time to educate agents who haven't provided the appropriate information, that they need to send it in. And those, of course, are being rejected, sent back, and, then, if eligibility information is provided later, then, of course, a Citizens policy can be issued. Just below that, the CHIPS renewal process, we're taking a small group of policies, sending them to agents, and asking them to work those policies. These are policies that carriers have indicated they would be interested in -- I should say assuming in writing. And year-to-date, that's reduced exposure within the book by about $22million.The left-hand side is the what's coming next. So, this is the next version of clearinghouse. Track A, manual eligibility checks, so still not automated, but that is coming soon. The good news here, the highlight, is that the Easy Links platform was successfully rolled out to over 10,000 agents. They all now have access to the Easy Links rating platform and can use that to verify eligibility for the CHIPS program, that 92 percent number in the right-hand side. So that's quite an accomplishment, I think, whenever you're talking about north of 10,000 people. That's pretty good. That wraps up -- that's done. October will be another date where everyone will be required to use that platform to submit proof of eligibility. From there, we'll continue to work on Track B, and sometime in the middle of January 2025, which seemed a long, long ways away just a few months ago, but now seems to be just around the corner, the automated eligibility check will be back in place. So the clearinghouse on the new business side will look like the clearinghouse of old, agents will submit their business, it will be sent to the carriers with whom they're appointed, and offers may be returned that render a risk ineligible for Citizens, in which case the agent will not be able to bridge to Citizens, to write a Citizens policy. So that would be great. Then just a few minutes on Slide 30. It says, "Education and Communication Timeline," at the top.

MR. GORODETSKY: Hey, Adam, just a quick question, if I can. This is Lee.

MR. MARMELSTEIN: Yeah.

MR. GORODETSKY: There is nothing easy about EzLynx. I'm sure -- I know I'm not the only one on that topic. Why was it chosen? Who chose it? And there are so many other choices that -- I think it's making everything way more difficult and complicated. So, Citizens is not making anything easier with using EzLynx, that's for sure, but I don't know who chose it and why and why we think it's better.

MR. MARMELSTEIN: Well, EzLynx -- I'm sorry that you're having –

MR. GORODETSKY: Oh, it's not just me. It's anyone I know in the business right now. I guess we can ask Lisette if she agrees, but it's not easy, but...

MR. MARMELSTEIN: EzLynx was selected as the result of an exhaustive invitation to negotiate process a couple years back. A number of the companies that you're probably referring to participated in that process, and at the end of the process, the decision was made that EzLynx was the best partner. It's done in part because of the interface. They are the largest provider of comparative quote rating for homeowners in the state of Florida. So I think it's fair to say that a lot of agents use it. That was an important –

MR. GORODETSKY: Of course, we disagree, but okay. I mean –

MR. MARMELSTEIN: I think that was probably an important part of the decision. The other was the panel of carriers that EzLynx brought to the table. As you know, one of the shortcomings, aside from the fact that the old bulk clearinghouse platform interface also was not beloved, was that the panel of carriers was shrunk over the years. You know, we started with12 or 13, and over the years, it shrunk. One of the big advantages that EzLynx, through Applied, brought is that they have a much larger panel of carriers, more than 15 at the moment. And that, of course, is of critical importance because the more carriers you have on the platform, the more likely there are to be offers that render the risks ineligible for Citizens. So that was a big part of it. So, at the end of the day, when all the things were weighed according to the ITN process, EzLynx was selected as the winner. So that's the very dry -- that's the very dry history of how we came to have EzLynx.

MS. PEREZ: Chair, I have a question. Adam, hi, it's Lisette Perez. Hi. I have two questions for you. Speaking of the panel of carriers, right, are the panel of carriers in the clearinghouse same carriers as depop?

MR. MARMELSTEIN: There is considerable overlap, but, no, they are not identical. There are some that participate in depop that aren't on clearinghouse, and vice versa.

MS. PEREZ: And some that participate in clearinghouse and not depop?

MR. MARMELSTEIN: Correct. Yeah.

MS. PEREZ: So, supposing that we get a clearinghouse offer from a carrier that we are going to receive an LSA fund, and we are not in agreeance with the LSA that the clearinghouse carrier is providing us as agents, for whatever the reason, what happens?

MR. MARMELSTEIN: Are you asking if -- if on clearinghouse an LSA is offered to you by a carrier that's participating in clearinghouse and the agent chooses not to sign the L-S- -- so I'm taking –

MS. PEREZ: Sorry, Adam –

MR. MARMELSTEIN: No, I disappeared. I just want to make sure. You're talking strictly clearinghouse, right? Because you mentioned –

MS. PEREZ: Strictly clearinghouse.

MR. MARMELSTEIN: -- (inaudible). Okay. In the event that -- in the event that a carrier offers an LSA to an agent, and the agent chooses not to sign that LSA, if the carrier inside of clearinghouse makes an offer that renders that risk ineligible for Citizens, that risk is ineligible for Citizens, and, then, the carrier can choose to attempt to write that risk, and they typically do so, although it wasn't really done in the prior clearinghouse because most carriers didn't want to do it, they don't want to compete with the independent agents out there. They could theoretically write it through an inside salesforce or turn it over to an agent who could pursue it, but according to statute, that risk is ineligible for Citizens.

MS. PEREZ: Okay. I don't think I want to voice my opinion on that right now, but, basically, that carrier can bypass the agent and write it directly with the client once the offer from the clearinghouse is made; is that what I'm understanding?

MR. MARMELSTEIN: Yes, that's correct.

MS. PEREZ: Okay. Clearly -- you know, I'm pretty sure there's things in these LSAs -- in some of them, actually, that we may not agree with, and, you know, I'm voicing my -- and I'll choose my words carefully, right? I will tell you that that's not any good for anyone here.

MR. MARMELSTEIN: Well, let me clarify we're talking strictly about new business. I don't know that that's necessarily going to make you feel any better, but we're talking about new business. Of course, if that business has already been written in Citizens by the agent because clearinghouse does cover renewals, there is still that consideration. But on the new business side, that risk is available. And that was -- I'm sure Christine knows the exact dates. That was written into statute, I think, better than a decade -- better than a decade ago.

MR. HODGERS: Mr. Chair, I have a question.

CHAIRMAN NEWELL: Go ahead, Brian.

MR. HODGERS: So if we choose not to sign an LSA because we've seen quite a few companies that have come along and said, "Oh, yeah, we're going to voluntarily write, but down the road, but we're going to start out by doing depop," and, of course, they never voluntarily write, or they pick a small handful of agencies that they know and want to write with, and they leave the rest of the agents out, so they're telling you, "Hey, we won't let you write," but they're going to come to Citizens and say, "Hey, we're going to participate in the clearinghouse," so we have to give them the business that they wouldn't otherwise voluntarily write with us, but they can take it through clearinghouse?

MR. GORODETSKY: Which means we're not appointed with that carrier, which is terrible. And this leads back to the question I asked before, Dave, in regard to the whole depop process. It presents issues for agents when this happens because carriers won't appoint agents. They just depop. It's -- and then, we run into all kinds of issues and complications.

MS. PEREZ: Well, the issue, also, is that some of these LSAs, you have to read them. You know, sometimes as agents you want this process to work and you sign these LSAs, but there's a lot of -- you know, we have to be very careful when we read these things, what they're saying, because a lot of them, you know, is not necessarily letting you keep your own business. And so that's a problem, that's a big problem for agents, you know. We're trying to do the right thing and doing the clearinghouse and giving these carriers all this information, it's making it available to them, and then they're giving us these funny LSAs and then we lose our policy counts. And so how is that working other than depopping it or getting rid of it from Citizens?

CHAIRMAN NEWELL: Yeah, Adam, this is Dave Newell. I don't know if -- again, this is great discussion. There's certainly some frustration out there. And I think what's happening, as we all know, there's just so much depop going on, so there's new contracts, there's new appointment agreements, there's a lot of activity, and so it is creating some angst among agents of trying to do the right thing, as Lisette said, but also balancing that with a carrier that will only Depop versus write in the voluntary market. So, it does create some balancing here, and the agent's got to make sometimes, as Lisette said, a tough decision. They want to do the right thing. They want to depop. They want to be part of the solution and not part of the problem. But it does create a little imbalance sometimes when it comes to this, the way they're looking at it. And, again, we're kind of blending the two, right? We're talking about clearinghouse, and then we're talking about depop, and I know there's some different nuances to both of those, but it is a challenging time, and I know you guys are doing your level best to educate, to provide information, to provide -- but at the end of the day, it's still -- you know, the agent is put in somewhat ofan awkward situation at times on this stuff. So, again, this is a (inaudible) conversation, right? It's great that everybody hears some of these concerns, and hopefully some stakeholderswill take some of that back to say, "Hey, maybe we need to take a harder look at this process."

MR. MARMELSTEIN: Yeah, yeah. Thank you for that, and you're right. Sometimes -- they say the only constant is change, and we've seen an awful lot of change in this last year, both within the markets, the number of carriers, the new clearinghouse, the CHIPS process, the renewed interest in depopulation. But I think the other change is just that carriers are doing new and different things. We've seen new carriers come to the market and right away participate in depopulation, which was something that we saw 10years ago. Companies would start and they'd try to build their book. So, the other saying, of course, is everything old is new again, and I think we're seeing that, to Mr. Gorodetsky's point. They weren't offering full appointments then to write organic business, but they were filling their books with citizens' business. I think we're seeing that play out with some of these new carriers. Again, that can be to the greater good because they're depopulating Citizens and hopefully they're building their book sin a good and stable way. Clearinghouse is another piece that has changed. It's going to be a new interface. The nice thing about clearinghouse is when it's fully rolled out, it will remind you -- the process will remind you very much of the old clearinghouse. And then, just a couple kind of points of information because we were talking about different things, on the -- as Mr. Hodgers asked, the LSA issue if -- I'm sorry, Lisette. That was you. That is strictly for -- for clearinghouse. No LSA and the agent, and the carrier can still have it written somewhere else. On the depop side, though, it is still very much the case that limited servicing agreements must be in place before policy selections are made by the carrier. So, again, since we've had this kind of broad conversation, I just want to make sure that that's strictly a clearinghouse piece and not (inaudible)piece.

MS. PEREZ: I understand. I understand. Yes. Yes. The LSAs on the depops are still -- and why is that different, Adam? Why is there a requirement on LSAs in the depop portion, but not one in clearinghouse? Can you elaborate on that a little bit?

MR. MARMELSTEIN: I can tell you for sure the reason why. I can't tell you why that is the case because it's the way the statutes are written. The statute requires an LSA in place for depopulation, but the statute for clearinghouse is specifically written to say that if an offer is made that renders a risk ineligible and the agent chooses not to participate with that carrier, that risk is still rendered ineligible. And they were passed years -- years apart.

MS. PEREZ: Yeah. So I think maybe because we started with this depop process, and so the legis--- you know, the statutes caught up to that, and, then, clearinghouse started years later, and it still hasn't caught up to that. Is that kind of how we're looking?

MR. MARMELSTEIN: I won't attempt to speak of the minds of the legislature.

MS. PEREZ: Right. Okay. Got it. Thank you, Adam. Appreciate that.

MR. MARMELSTEIN: No problem.

CHAIRMAN NEWELL: Adam, good call on that, but-- yeah, I -- again, this is great discussion --this is Dave Newell again -- but I also know that, just like we talked about comparable coverage, we talked about water, you know, the process of depop, What's happening now was never contemplated years ago, right? So, I think these are great discussions to have to try to see if there is some availability to improve the process, to make some of this angst go away and so more agents will feel more comfortable with the process. But, again, doesn't help us for October, doesn't help us for November, and potentially December, I get that, but I think this discussion certainly helps maybe in future iterations, so...

MR. MARMELSTEIN: Gotcha. Gotcha.

CHAIRMAN NEWELL: Adam, I know we sidetracked you a little bit. Any –

MR. MARMELSTEIN: No, that's okay. I appreciate it. But in the interest of time, I will skip this last slide, and it's all in your packets, lots of information, and I'll turn it right over to Christine Ashburn. Thank you all very much. Appreciate it.

CHAIRMAN NEWELL: Thanks, Adam.

4b. Depopulation Marketing/Education Update

MS. ASHBURN: Good morning. So, I have a quick and hopefully positive update. So as, obviously, tons of discussion around Depop, it's great that we are having so much interest. I know it sounds like there are some kinks with the volume and what we're seeing and what you all are seeing, but in doing our part, as Jeremy referenced, we know there's a lot of confusion. I think Jeremy and Carl -- I believe we had at least one person get seven offers this round for October. And so, working with Adam's team, we actually were asked to develop a series of consumer-focused videos to try to help demystify, I will say, what can be a complicated and confusing process. There are a series of four videos explaining different steps in the depop process that can be found on our website. There is a tile on the homepage of our website. They're easy to find. We also have so far in our most recent policyholder newsletter an article -- that went out in September had an article about depopulation and links to these videos. I'm excited to tell you that without us having amended the letters yet, the letters go through the system. That is going to take us some time, but it is a future action. And without the reminder emails going out yet, that we'll also reference and link them to the page of the emails. With just social media and the new policy in our newsletter, we've had 240 views already with those being out for less than a month. A number of agencies have shared our Facebook posts on it for their clients. I would encourage all of you to do that. So, we're very excited about this. These probably aren't perfect because you guys all know that when you're in the weeds and you understand the process so well, sometimes it's hard to step back enough and think about it from the consumer's perspective. I think we've done a great job. But we are looking forward to using these to help demystify depop for our consumers as they go through this process, starting with the October Depop, and then, we would like to work with Jeremy's team to get some consumer feedback following a couple of depops, using them so we can retool them, what did we miss, what could we do better. But with that, I didn't want to have you all sit through all four videos, but I thought I wanted to give you a -- they're about four minutes for the first one and maybe two and a half for the second -- let you watch two of the four videos that go through different steps in the process to see what we are doing to hopefully help consumers better understand what to do, how to handle it, and what to expect as they go through this process. So if we could go ahead and launch Video 1, please.

(Beginning of video being played.)"So you've received a letter letting you know about an offer from a private market insurer as part of the Citizens depopulation program. You're probably wondering what is depopulation and how did I get picked? "Let's start from the beginning. The Florida Legislature created Citizens Property Insurance in2002 as a not-for-profit government entity. Although created by the State of Florida, Citizens is financially backed by policyholder premiums. From the very start, Citizens was created to be the insurer of last resort, which means Citizens, unlike other insurance companies, does not try to get bigger by writing new policies. Rather, it writes policies only for those properties and owners who could not find insurance coverage in the private market. "Because Citizens is the insurer of last resort, a policy written with Citizens should be temporary. Your property should only be insured by Citizens when private insurance companies cannot provide coverage. "In a healthy insurance market, regular insurance companies generally provide broader insurance coverage for your property over the long term, often at prices lower than Citizens'. "To help Citizens fulfill its mission of being the insurer of last resort, Florida law requires that Citizens work with private insurers to replace Citizens' policies with private insurance policies. This is done by facilitating offers of replacement policies from private insurance companies to policyholders multiple times throughout the year. This process is called depopulation. "The depopulation process starts when a private insurer requests that the Florida Office of Insurance Regulation, or OIR, grant them permission to participate in an upcoming depopulation. The OIR carefully reviews and determines if the insurer can participate. If approved, the insurer identifies the policies they would like to depopulate from Citizens and provides this list to Citizens. Citizens combines the offers from all the insurance companies, along with the premium and coverage details, and sends the information to you. This is the depopulation packet you recently received in the mail." The depopulation process occurs multiple times per year, and it is possible to receive multiple packets over the course of the year. "Your policy is eligible to be depopulated immediately upon becoming a Citizens policyholder and remains eligible for as long as you have the Citizens policy. We encourage you to review the offers with your insurance agent to help determine the best choice. "In some instances, there will be only one offer to consider. However, it is still important that you speak with your insurance agent to understand any differences in coverage between your Citizens policy and the private insurer's policy. Often, a policy offered by the private market can include coverage such as screened enclosure protection, increased liability limits, golf cart coverage, and other valuable enhancements. In many cases, you can customize your policy and select the coverages not offered by Citizens. These coverages5may even be available at a lower premium than a Citizens policy. "Now that we've explained what depopulation is and how it works, let's answer the question: Why did I get picked? Simply put, you were not picked. Your property was picked. And for a very simple reason. The insurer believes the characteristics of your property make it a good risk to insure. “Every insurer uses a different formula to determine whether they want to insure your home. They analyzed many variables to make this determination; among them, the location of your home, construction features, and its age. One or more participating insurers selected your home because of these desirable characteristics. “To recap, depopulation is a process of removing policies from Citizens and placing them in the private market. Depopulating Citizens ‘policies help ensure Citizens meets its legislatively mandated role of providing insurance only to those properties that cannot find coverage in the private market. Your policy is among thousands selected based on the characteristics of your home. Offers of coverage can come throughout the year as long as you are a Citizens policyholder. “Thanks for watching. Be sure to check out the next video in our series explaining the depopulation packet to continue learning about the depopulation process. If you have any questions, contact your agent or visit our website atwww.citizensfla.com/depopulation. Stay tuned for more videos to learn about your Citizens policy and insurance information."(End of video.)

MS. ASHBURN: Okay. So that's Video 1, and then we'll show -- like I said, there are four, and would encourage you, if you haven't gone out to our site, and watch all four, but the second one is just, I think, about two and a half minutes I want to share with you all, so when they're ready. And it is a little slow just because I think we’re sharing through another app, but they run very smoothly if you watch them directly from our site. Give Bonnie a quick minute to pull up the second one.

CHAIRMAN NEWELL: And, Christine, this is Dave Newell. So, agents can be sharing these, right? You said something –

MS. ASHBURN: Absolutely.

CHAIRMAN NEWELL: -- (inaudible) you can point people to that website -- okay.

MS. ASHBURN: Yes. And like I said, with the reminder emails for those who got offers on the23rd of this month, we will be encouraging customers with that email to go review these. So that’ll be -- I think we'll see a big uptick and we will be able to -- go ahead, play the video, and I’ll share this when we finish. Go ahead. Thankyou.

(Beginning of video being played.)"In our previous video, we introduced you to Citizens' depopulation program and explained how private insurers select and remove policies from Citizens. During this video, we'll dive deeper into the process where you, the Citizens customer, first receive notification about a new offer of coverage in the depopulation packet. The packet contains an overview letter, instructions, a list of replacement policy offers, and coverage worksheets from interested private insurers. “The coverage worksheets are a detailed list of standard coverages for each insurer's policy. These worksheets allow you to compare the insurers’ offered coverages to each other and to your existing Citizens policy. Review these worksheets carefully to understand coverage variations between the insurers. “You will likely have questions about the coverages and how they apply to you. We encourage you to contact your Citizens insurance agent for more information and to help you select the policy that best meets your needs. “Let’s talk more about the offer letters. There are two versions of the letter, and you received one of them. One version explains that although you received offers from insurers, you can still choose to remain with Citizens. This is because the estimated premium offered by the insurer is more than 20 percent higher than Citizens' premium. “The other version of the letter explains that you are not eligible to remain with Citizens. This means that your existing Citizens policy will end on the expiration date because an insurer has offered a policy with a premium that is not more than 20 percent higher than Citizens'. You will need to select one of the offers sent to you or work with your agent to find alternate coverage. It is very important for you to register your choice by the date indicated on the offer form. Visit www.citizensfla.com/online-choice to register your choice or contact your agent, and they can submit it for you. “Be certain to register your choice by the date shown on the letter. You don't Select one of the offers by the date shown, Citizens will assign your policy to the private market insurer that offers the lowest estimated premium. At any time throughout the process, if you have questions, your agent is your best resource for information. They can help you understand your coverage needs, compare the options to select the best offer, and help you look elsewhere for coverage if needed. “Thanks for watching. Be sure to check out the next video in our series, 'Registering Your Company Choice,' to continue learning about the depopulation process. If you have any questions, contact your agent or visit our website atwww.citizensfla.com/depopulation. Stay tuned for more videos to learn about your Citizens policy and insurance information."(End of video.)

MS. ASHBURN: And that's it. So those are two of the four, and I'm happy to answer any questions. Love your feedback; if not today, would love to get this group's feedback on what you think we've done right. But what I wanted to share was -- so we do expect a significant uptick in usage of these once the reminder emails go out for the October Depop next week, and we are going to be able to, and we’ll share with you, all of the viewership and the statistics from the avenues. Where are the(inaudible) coming from? Are they coming from the newsletter? Are they coming from the email? And like I said, we do have future plans to include encouragement and adding these into the physical letters to encourage folks to go to our website to view them. But we're hopeful. And I think one of the things that came up when we were going through our internal review, just so you all know -- and I know we're out of time -- is the goal of these is to keep them at a very high level. You guys know admiring into detail. There's so much detail in this. But you give a broad, high-level best practice view and videos of the concept and the process, and then encourage folks to go see more information, whether it’s calling us, going to our website, or, of course, reaching out to you all as their agent to make sure they're making an informed decision. So, we're hopeful that this will help demystify this, I know, very complicated process, at least at some level, as we move into volumes, we've candidly never seen in Depop. So, any questions or feedback, I'd love to hear it now, or if you want to reach out to me separately.

CHAIRMAN NEWELL: Well, thanks, Christine. I thought they were great, and certainly the constant reminder to contact your agent is always that first line of defense, so I think that's certainly good. Any other comments from the committee on the videos? And certainly, I am definitely going to blog on this because I think –

MS. ASHBURN: Good.

CHAIRMAN NEWELL: -- (inaudible) help a lot of what's going on, not only for the agent, but certainly presenting some of this information to the consumer. So...

MS. ASHBURN: Yeah, and for all of you involved with your associations and different groups, we did do a policyholder newsletter article on this. There's no pride of authorship. If you would like for us to ghostwrite or give you some content that you could drop into your blog, Dave, or into a Facebook post -- you certainly can share our posts, but please let us know how we can help you. I know everyone's very busy.

CHAIRMAN NEWELL: Yeah. Thanks. Anything else for Christine on this? But I thought they were good, and I'll certainly watch all four of them for sure, so...

MS. ASHBURN: Thank you. I appreciate -- and I just would say our team, this was a heavy lift to try to -- we knew we wanted to make sure we had these for October, and so the timeline on these was expedited to say the least. So, kudos to the digital coms team and Adam's team for dropping everything to help us get these done. So...

CHAIRMAN NEWELL: Okay. I know we're a little off our time, but I want to ask okay if we extend the meeting another 10 minutes. Because we still have Carl and a couple other things. So, do I have a motion to extend the meeting at this point?

UNIDENTIFIED SPEAKER: Yeah, I'll motion to extend.

UNIDENTIFIED SPEAKER: Second.

CHAIRMAN NEWELL: All right. All those in favor? (Chorus of ayes.)

CHAIRMAN NEWELL: Those that can stay on, please do so because we got certainly Carl and then any other discussion under new business. So, with that, Carl, let's welcome you in to kind of give us an update of agency management services for sure. Welcome, Carl.

5. Agency Management Services Update

MR. ROCKMAN: Thank you, Chairman Newell. For the record, Carl Rockman, vice president of agency and market services. In the interest of time, I'm going to ask to advance the slide to Slide 7. I'll skip my traditional update on performance violations and agent counts and move right into two important topics. One is our implementation of the three plus appointment requirements. This year, legislation passed that increased the number of admitted carrier property appointments required to have a Citizens appointment. The next slide will present the impact on our current agent population. The vast majority of agents were not impacted. And this is the statute, I apologize. The next slide will present the impact on our current agent population. Vast majority of agents were not impacted by this change. We have a manageable number of agents that do not have underlying appointments and we're working with impacted agents to find solutions, and at this time have not had to move any policies away from an agency the agent is connected to. The next slide will outline our implementation strategy where we placed heavy emphasis on early awareness and engagement, making sure agents were aware of the change and, again, outreach to impacted agents to make sure that they had and could be presented with solutions either to move that book inside the agency or get the underlying required appointments. With that, I will pause, Mr. Chairman, for any questions on this important topic.

CHAIRMAN NEWELL: Well, again, thanks, Carl, and I'll just say -- this is Dave Newell -- for one that gets involved in some of these activities, Citizens has done yeoman's work, working with agents. There's always those one-off, right, Carl? There's always this one particular agency or agent that seems to fall into a separate category. And so, I know your team has worked diligently on the examples that I've brought you to try to find a solution. You already mentioned it. So, I certainly encourage everybody on this call that finds themselves in maybe an awkward situation on one of their team members to reach out to Carl and his team because I can tell you they are working diligently to try to find a solution for that person. So, anything else from the committee on the three appointment? Okay, Carl, next.

MR. ROCKMAN: Okay. Then moving on to the last topic, and that are changes that we are proposing to make to our agent and agency appointment agreements. I want to take a moment to present these proposed changes as we are going to present these to our board of governors for approval next week. We reviewed these proposed changes with the agent roundtable and with the agent associations represented on the MAAC and did incorporate feedback from those groups into the final proposal. First, a reminder on how the agreements are currently structured. The next slide will lay this out. A reminder that we have two agreements. an agency agreement that establishes relationship executed by the person who is in charge of the agency. We pay commissions to agencies, et cetera. We also have an agent appointment agreement, which establishes a secondary relationship with the producing agent, okay? Establishes standards for compliance for that agent. It's also required by DFS. So, there's really two agreements that we're proposing to change, and I want to walk you through the details on what we're thinking of doing. Okay. Next slide. The next slide will present high-level bullets, okay? These are the bullets, and

I'm going to highlight these, but I think I'll just take the remaining time and walk you through very systematically what are the changes, and more importantly, the why we're making them, okay? But high level, we want to strengthen the agent and agent adherence to performance standards and remove the VOG approval process for standards, strengthen requirements to remarket, strengthen language on requirements to transfer the book, strengthen prohibition on credential sharing, establish requirements for trust accounts -- I'll comment on that very quickly in more detail -- and prohibit the assignment of that transfer of a trust account. Next slide. Again, high level. Establish the ability to offset, deny, or recover commissions. Right now, we only have the ability to withhold, and we want to be able to establish another opportunity to potentially do something with commissions should a need arise. Establish reasons for administrative terms and modified grounds for term for cause. These go hand in hand, and I'll cover that in just a second. Eliminate certified mail, which is a very easy one, and we got great feedback from the associations and ART on this one. Establish requirements to compel agent cooperation with inquiries and investigations. This is an important thing that we have uncovered over the years, and we think it's important enough to put into the agreement and the governing document. Define rules on policy transfers if they have to come to Citizens Insurance Services. And we want to move all of our agency disputes to DOAH, okay. The last piece on the bullet, we've actually made a modification and are not going to include these based on feedback. So, I won't be covering the indemnification between agents and agencies. Before I get into this, Chairman Newell, I know we've had some conversation. I know the association -- some members were exposed. Were there any high-level questions or anything from the MAAC that really piqued your interest that you want me to make sure I cover? Or if not, I'll just move quickly through the slides at hand. Any questions or comments on high-level direction and what we're up to?

CHAIRMAN NEWELL: Yeah. This is Dave Newell. Any questions from the committee thus far, or let Carl just move on? All right. Go ahead, Carl.

MR. ROCKMAN: Okay. I'm going to walk you through these slides. I've got a slide for each one of these. I'll be very brief, but I'm going to focus on the why, okay? So, the first change we want to make is really changing how the agents' performance standards are displayed. Agents are required to adhere to underwriting guidelines bulletin. Over the past years, these bulletins have been housed indifferent places. We're going to commit to consolidate all of those different governing documents into one place, but we're also going to be making sure that the agents are required to review that place regularly in order to stay within our performance standards. So, both this slide, the agent discipline and performance pay portal, and the next slide that talk about us establishing it and the agents' requirement to comply really go hand in hand. So, look for us to enhance visibility on what the agents are required to do, and then, also, make sure that the agents are obligated to refer to it on a regular basis. So, no one can say, "I didn't understand this rule, I can't be held accountable." We want to say that "No, the rule is clearly stated here, we've communicated it, we've educated to it," and it'll have one source of truth, okay? Next slide. Okay. Here we want to remove the approval process to have to go to our board of governors for virtually any change to our performance programs. We want to allow Citizens' staff to respond to market product and legislative changes by appropriately adjusting standards to ensure agents are complying with new requirements or standards. We will continue and have committed to continue work with the agent roundtable and the MAAC on any changes. We are not going to be arbitrary in this space, but we do want the flexibility to put in new standards of performance should things require that, and we want the ability to execute and do that at our staff level, and this agreement would emphasize that -- this change of the agreement would emphasize that. Next slide. This is remarketing, okay? You can see the language changes, but why we're doing this is the prior language implied that presentation of the clearinghouse was all that was required to meet there marketing standard. And as the clearinghouse has evolved, and a lot of you know, not all forms are on the clearinghouse, and, clearly, our commercial lines have not been on clearinghouse. This restatement of the agreement obligates the agent to work on appropriate remarketing of their book. Inno way, shape, or form, are we talking about 100percent here. We know that there's going to be always a segment of business that will be Citizens, but we want the ability to expand our ability to work with agents to remarket their book outside of clearinghouse where forms may not be on clearinghouse, and more importantly, on new business where a new business form may not be on the clearinghouse. All this does is establish and broaden that requirement. Okay. Next slide. Transfer of policies. Currently -- and a lot of you have -- some of you may have encountered this. Currently, we have a structure, an agency level, and there are agents underneath it. These agents are also on agreements and those agents can build books of business over time. When that agent departs, you can only imagine the disputes that can come up, who owns the book and who gets to take it. These changes to the agreement clearly establish that the agency principal, okay, is the one that can effectuate a book transfer in our eyes. So, we are going to take direction from the agency principal. Any disputes on ownership are between the agency principal and the producing agent. Weare going to establish governance of those book transfers at the AP level. This will certainly smooth things out and make it clear to everybody involved who has the authority to move that book and why, okay? Next slide. This one goes hand in hand as well, just strengthens the language in regard to transfer policies when they separate. Again, this reinforces the AP is the one decision-maker. So, these two changes go hand in hand. Okay. Next slide. Credential sharing. We have been beating this drum for many years. A lot of you know that we take information, security, and privacy very seriously, and one of the primary things that we want to do is make sure that agents understand in no uncertain terms you cannot share your Citizens credential. We've offered guidance on this, we've bulletined this, but we are now making it part of the agency agreement, so it is very clear to agents what our standards are when it comes to this practice, and we want our agents to govern themselves accordingly. So, by putting it in the agreement, we believe this will help us enforce that very, very important security standard. Next slide. This defines the requirement for an agent to establish a segregation of funds. Most agents, we believe, are segregating customer funds that they remit for customer purposes, but there are agents out there that may commingle funds. This new agreement establishes the requirement that an agent segregate those funds. We've got the word "trust account" in here. That's going to remain. We did get feedback from the associations and from you that this practice and this requirement may seem a little foreign to some agents, so we want to make sure that we -- certainly implement this with some due care. What we're looking for is an account that's separate. What it's called and how it's called, right, we'll figure that out, but right now we need these funds segregated if they're going to be remitted and subsequently sent over to Citizens for that purpose. Okay. And this is involved because if we have gotten in situations where funds have been missing or there's been other things, oftentimes it's because the agent is commingling, and this will clear that up. I talked about commissions. This change will allow us to not just withhold commissions, but it would give us the ability to recover or claw back commissions if we have cause to do so. This would only come up in circumstances where there is a practice or a behavior in the agency that would be fairly egregious and perhaps the agent wasn't able -- shouldn't have earned those commissions over time. This gives us the ability to look at that definitively and then take action with due process, obviously. Okay. Next slide. These next two go hand in hand as well: Terminations for administrative reasons and terminations for cause. We take terminating an agent very seriously, but the current agreement requires for-cause terminations for reasons that are administrative in nature. If we have an administrative termination, like an agent didn't pay the renewal, an agent didn't do something administratively that would end their relationship, right now we have a lot of due process we have to go through. We want to shrink that. We certainly want to notice, we don't want to catch agents off guard, but we don't want to go through all of the diligence necessary on what's simply an easy thing to remedy and not a hard thing to prove. On the next agreement change, where we were talking about making changes for cause, the current agreement establishes a very high burden, which limits our ability to take action against agents or agencies where there is evidence of consumer harm or unethical activity. Okay. These changes would give us a bit more strength in being able to work with agencies where we believe there is consumer harm being done and being able to move and take action on those agencies, again, with appropriate due process, appeals, and all the other things. Okay. Couple more and then we're almost done. Remove the requirement to notify the agency termination via certified mail. We are going to get out the certified mail piece. We are going to do a courtesy letter. This was great feedback from the associations and from the ART. It's always good to notify an agent a second way, not just an email, because of some different email issues that might be going on in the agency. We'll notify an agent via paper mail as a courtesy, but if an agent has reached the level of suspension or term, we will notify them via email with a complimentary paper piece of mail. And I will tell you that terminating an agent is also something that we take very seriously. A lot of contact, a lot of communication from our internal staff should that be happening or occurring. Okay. A couple more. Requiring agent to respond to requests for information. Currently, agents and agencies are not compelled to respond to Citizens outside of a formal investigation or allegation of misconduct. These changes expand the agent's ability or duty to respond to our requests, and clarifies that Citizens is entitled to see the records in their original form. It also requires sworn recorded statement upon request. You can only imagine when we get involved in things, we want to talk to agents, get them on the record, talk about what happened. This is part of the process, but these changes in the agreement are going to clearly state that the agent needs to be compelled at the earliest stages of this. Okay. We're just trying to get to the truth, and we would require or respect that the agent, you know, cooperate with us should we reach out for basic information on something that we think is causing the consumer harm or risk to Citizens. And next slide. Transfers to Citizens Insurance Services. Okay. Big picture here, this allows for Citizens to appoint a new agent in lieu of a policy being transferred to Citizens Insurance Services when the agent has walked away from their business, is terminated and can't sell their business. There are a couple different reasons why this happens. Now, should we embark on this post-agreement, we will have a very transparent and a very defined process on how a book would move from a terminated agent to another agent. That will be completely defined and transparent. This, though, gives us the authority, okay, to say to an agent should you not find a buyer, should you not have a place for that book of business that you no longer have the ability to keep, we now have the ability through defined process to find a home for it in an agency versus our internal agency, okay? So that's all this particular change is about. Okay. Next slide. And, lastly, moving our disputes to DOAH. Should an agent have any problem with Citizens taking action on them from a suspension standpoint, a termination standpoint, there's still due process for the agents. We're just going to move that to the Division of Administrative Hearings, okay, versus an arbitrator. We think this is a better platform, a fairer process, one that we work with frequently in other parts of our business. And in talking to the associations and the ART, they didn't have really any objection to moving any agent due process disputes to the DOAH process. So, we want to put that in the agreement and make sure everyone's governed by that. With that, Chairman Newell, I appreciate the extra time. I know it was a lot to go through, but if I sparked a question or two, be happy to take one here in the few minutes we have remaining. And, again, our intention is to take this to outboard next week for their approval. Any questions comments?

CHAIRMAN NEWELL: Yeah. Anything from the committee? I know many of y'all have seen it, but, Greg, do you have a question?

MR. ROKEH: Yeah, just really quick, Carl. On the trust accounts -- and I guess I'm not sure on the office practices that may be something that a lot of offices may have already. Does that new account, does that have to be a trust account setup solely for Citizens, or can it be a trust account that contains monies for various different customers and different -- ultimately bound for different insurers?

MR. ROCKMAN: Yes, Greg, it's the second. We're not looking for a separate account just for us. We believe it's a business practice that agents should adhere to. We're going to hold them to account for the policies they service with us, and, again, our experience is the vast majority of agents have these set up. There's a small segment of agents, though, that have a different business practice, and they'll have to address that upon signing this agreement.

MR. ROKEH: Thank you.

MR. HODGERS: Mr. Chair, I have a question about the trust account as well.

CHAIRMAN NEWELL: Go ahead, Brian.

MR. HODGERS: So if inadvertently a customer sends in a payment to our office and sends it to --payable to our agency instead of payable to Citizens, which normally our practice is we just forward those payments on in the name of Citizens, if they make the mistake and we have to deposit their payment and we have to write a check, you're saying that if we send in that check from our agency's account, you will deny it, it has to come from a bank account that specifically says "trust" on it?

MR. ROCKMAN: No, I'm not saying that at all, Brian. What we're saying is we want the agents to govern themselves accordingly with appropriate segregation of funds. We will still accept an electronic transfer from policy center like we do today. If you've deposited those funds, right, we will take those funds electronically like we do today. And if there's a practice where you forwarded the check successfully, then I would say that would still work as well if it's worked in the past.

MR. HODGERS: Okay.

CHAIRMAN NEWELL: Anything else for Carl?

MS. PEREZ: I do. Hi, Carl. It's Lisette. And so, my question goes to the portion of the residual market where we -- I mean, I guess the wording is different, but is there proof that needs to be sent that it's been remarketed? Like how is this portion going to be –

MR. ROCKMAN: We will establish that, Lisette. We wanted to get the wording in that gives us the authority to look at it differently, and then, we're going to establish through the ART and with MAAC visibility what that proof of remarketing process would be. Clearly, the new clearinghouse is going to do a bulk of the renewal marketing. We know that for sure. But particularly in commercial lines where we've grown a lot, okay, and there are some better pieces of business in commercial, you could see us work with agents to say, "Hey, on these better risks, are you doing something," okay? And then, clearly there's going to be some policy forms that won't be on the renewal clearinghouse. We want to work, again, appropriately to work with agents to remarket, similar to what we're doing today with renewal CHIPS, this is the better business. More of a reminder to the agent that they should be quoting and remarketing is how we envision it, but right now, we're a little stuck with just the presentation of the clearinghouse. And, clearly, we wanted to make sure agents were, you know, informed and aligned in the agreement that remarketing is their responsibility, but with reasonableness. We understand completely that not all risk is going to fit the private market. The last thing we want to do is establish a program that doesn't acknowledge that. But we do want some support, and we'll establish programs that will require remarketing to make sure that agents are appropriately presenting that business to the private market. But work remains in that, and we'll make (inaudible) and the ART all have visibility on what that process would look like.

MS. PEREZ: Understood. Thank you, Carl.

MR. ROCKMAN: You're welcome.

CHAIRMAN NEWELL: Anything else? Thank you, Carl. I know we're getting along here.

Any new business? Any thoughts that anybody had? I know we had a great couple discussions, but anything else top of mind for anybody they want to bring before the committee today?

UNIDENTIFIED SPEAKER: Nope.

CHAIRMAN NEWELL: So, you're good? All right. So, with that in mind, I'll take a motion to adjourn the meeting.

UNIDENTIFIED SPEAKER: I'll make the motion to close the meeting.

UNIDENTIFIED SPEAKER: I'll second.

CHAIRMAN NEWELL: All right. Meeting adjourned. So, thanks, everybody. Have a great rest of your day and see some of you guys soon. Take care.