

## Exposure Reduction 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.

<b>Item Description</b>	Exposure Reduction Committee Meeting Minutes December 3, 2024.
<b>Purpose/Scope</b>	Review of the December 3, 2024 Exposure Reduction Committee Meeting Minutes to provide opportunity for corrections and historical accuracy.
<b>Contract ID</b>	N/A
<b>Budgeted Item</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No - Not applicable
<b>Procurement Method</b>	N/A
<b>Contract Amount</b>	N/A
<b>Contract Terms</b>	N/A
<b>Committee Recommendation</b>	Staff recommends the review and approval of the December 3, 2024, Exposure Reduction Committee Meeting minutes.
<b>Contacts</b>	Jeremy Pope, Chief Administrative Officer

**CITIZENS PROPERTY INSURANCE CORPORATION**

**Summary Minutes of the  
Exposure Reduction Committee Meeting  
Tuesday, December 3, 2024**

The Exposure Reduction Committee of Citizens Property Insurance Corporation (Citizens) convened at The Westin Lake Mary in Orlando, FL on Tuesday, December 3, 2024.

**The following members of the Exposure Reduction Committee were present:**

Chair Carlos Beruff  
Governor Jason Butts  
Governor LeAnna Cumber  
Governor Robert Spottswood

**The following Board members were present:**

Governor Jamie Shelton  
Governor Scott Thomas  
Governor Erin Knight  
Governor Charlie Lydecker  
Governor Joshua Becksmith

**The following Citizens Staff were present:**

Jay Adams	Eric Addison
Tim Cerio	Carl Rockman
Bonnie Gilliland	Mark Kagy
Jennifer Montero	Jon Schmitt
Brian Newman	Jeremy Pope
Michael Peltier	Barbara Walker
Ken Tinkham	Andrew Woodward
Joe Martins	Raina Harrison
Mathew Carter	Ray Noris
Mike Sills	Michael Wickersheim
Brian Donovan	Sudheer Kondabrolu
Ravi Tadiparthi	Aditya Gavvala

## **Call Meeting to Order**

Roll was called and a quorum was present.

### **1. Approval of Prior Meeting's Minutes**

CHAIR BERUFF: Thank you. All right. We got to do the minutes right now before I forget. Is there a motion to adopt the minutes –

MS. CUMBER: Move to adopt the minutes.

CHAIR BERUFF: -- approve the minutes? you.

MR. BUTTS: Second.

CHAIR BERUFF: A motion. Is there a second?

MR. BUTTS: Second.

CHAIR BERUFF: Minutes are approved. Thank you. All right. You're on, gentlemen.

**Governor LeAnna Cumber made a motion to approve the December 3, 2024, Exposure Reduction Committee Minutes, and Governor Jason Butts seconded the motion. The minutes were approved.**

### **2. Depopulation, CHIPS & FMAP Update**

MR. POPE: All right. Thank you, Chairman, and good afternoon to you and the fellow committee members. For the record, Jeremy Pope, Chief Administrative Officer, and joining me today is Carl Rockman, our Vice President of Agency and Market Services. And today we have no action or consent items for the committee's consideration, but we do have a brief routine update on our depopulation activity this past quarter and our clearinghouse interim program, which is also inclusive of a clearinghouse -- or, I'm sorry, Citizens Reimagined update, which is our eligibility platform we are continuing to roll out. We will close with an update on some follow-up from our last committee meeting that was raised by Governor Butts on insurance scoring. So without further ado, I will jump into the first slide, which are highlights of some of the depop activity over the past couple months, and Q4, as you can see, has proven to be a very strong and extremely successful exchange of depop activity. We have experienced historical records in service volumes assisting customers and agencies -- customers and agents through the depop process. We had a total of 12 carriers that have participated in this quarter alone through our depop program, which also includes five new entrants in the mix which have entered the market this year. These are definitely telling signs of an active market continuing in the right path, and the market's resiliency is especially notable given the active storm season we just recently experienced throughout the state with Debbie, Helene, and Milton. You'll notice October alone, we hit a record-breaking month in the organization's history with depop. We had 237,323 policies from the personal lines book of business that consisted of eight carriers assumed. That totaled \$96.1 billion of exposure removed from Citizens. In addition, we had 1,527 commercial lines policies assumed. There were four carriers in the mix there and that totaled \$9.4 billion. In November, we had six carriers participating for the personal lines assumption. We mailed out over 103 letters to customers, and our final numbers landed at 57,355 personal lines policies assumed. 75 percent of those customers were not eligible to remain with Citizens, which we thought was noteworthy. The numbers just came in, actually, during this meeting, but the total exposure was at \$23.5 billion just in November alone that

was removed throughout the organization. For the December assumption, we have five carriers that are participating, and, again, this is from the personal lines book of business, and those total letters are a little over 82,000 of what we sent out to consumers. Our consumers do have until December 5th to make their choice. So that one is currently in flight as we speak. January, when January -- next month, I should say, our commercial line -- commercial lines depop kicks back in and we have two -- three carriers participating as of right now and the OIR approvals stand at 3,800 policies. And this was just recently in as well. For February, we're showing 11 carriers for personal lines showing interest to participate in depop, and that totals 342,918 policies that have been approved through the office. So we're expecting continued active depop activity over the next couple of months, if you will. Year-to-date on the next slide, these numbers are understated because, again, these numbers just came in that were updated from November, but our year-to-date exposure that has been removed from Citizens stands at \$193.9 billion. We will be well over \$200 billion by end of year. The total number of policies, again, through November stands at 428,650 policies. On this slide right here, this is through the end of October. So these -- I'm giving you fresh numbers right now. And just a reminder, October alone, we pulled -- or we removed over 273,000 policies just in that month. For 2025, we do have -- again, we have nine personal lines depop opportunities for carriers that are planned out already that have been approved through the office and six opportunities for carriers to participate in the depop program with our commercial lines of business. That concludes the depop update, and, Chairman, I'll be happy to answer any questions if there are any from the committee.

CHAIR BERUFF: Please.

MR. SHELTON: Jeremy, did you -- you said something there was -- so many policies were going -- already planned to go away in February? Did I mishear?

MR. POPE: So, Governor Shelton, in February, we have a personal lines assumption that's planned in February, and right now, 11 carriers have expressed interest in that depop. The office has approved between those 11 carriers, a little over three hundred -- almost 343,000 policies that could be assumed and taken out of Citizens.

MR. SHELTON: So if those go away in February, assuming we don't write a bunch of new policies (inaudible), we get below the million way below that, don't we?

MR. POPE: Well, and as it stands right now, Governor Shelton, we're under a million as we speak. We just hit -- I think within the past two weeks, we hit under a million and we're scheduled -- at the end of this year, we'll be at 907,000 policies.

CHAIR BERUFF: What --

UNIDENTIFIED SPEAKER: Hundred -- that puts you at 600.

UNIDENTIFIED SPEAKER: Exactly.

CHAIR BERUFF: What is -- when you -- what was the number again, three hundred and how many policies in February that'll be up?

MR. POPE: 342,918 that have been approved.

CHAIR BERUFF: Typically, what percentage of those policies get successfully taken out?

MR. POPE: We're running right now around 40 -- 50 percent -- 45 to 50 percent of those policies.

CHAIR BERUFF: So we could see ourselves at 750,000 policies?

MR. POPE: In theory, yes.

CHAIR BERUFF: In theory.

MR. POPE: Assuming that they don't select the same policy, and these 11 carriers sometimes --

CHAIR BERUFF: Right, but, I mean, historical data says 40 to 50 percent of the policies that get in this get picked out, right? And, obviously, we'll write some new business. So maybe 800,000 policies when it all cleans out.

MR. POPE: What we a lot of times see also, Chair, is -- these are the initial numbers right now. Some of these carriers may back out last minute. So I think as time goes on, we'll be able to firm those numbers up, but we are averaging about 45 to 50 percent of whatever the total approval is that is actually removed. We may -- we could see these numbers drop a little bit.

CHAIR BERUFF: And what will our exposure be at that rate?

MR. POPE: I'm sorry?

CHAIR BERUFF: What will our total exposure be projected based on whatever policy count you think we're going to have on March 1 of this year, or wherever your cutoff date is?

MR. POPE: I have the -- I have the 2025 forecasted policies in force would be by the end of 2025, 770,000 policies for the year.

CHAIR BERUFF: And what would our projected exposure be in dollars?

MR. POPE: Projected exposure. Jennifer --

MS. MONTERO: (Inaudible).

MR. POPE: Okay.

UNIDENTIFIED SPEAKER: On that spreadsheet.

CHAIR BERUFF: She's got it somewhere in that big file she carries around.

MR. POPE: We can get that.

CHAIR BERUFF: She has everything. It's just a question of where is it? All right. Well, that's all right. We can live without that. Maybe we can get it for tomorrow. Thank you.

MR. POPE: We can pull that, yes, sir.

MR. BECKSMITH: I have two quick questions, Mr. Chair.

CHAIR BERUFF: Please.

MR. BECKSMITH: Out of those policies that have left, do we know how many of them were lower than the actual Citizens premium and how many of those fell within the 20 percent rule?

MR. POPE: We do. So that was for -- let's see. Looking at November, for example, out of those November, we had 57,355 policies that were assumed. 22,974 of those had a premium less than Citizens and 33,331 of those policies had a zero to 20 percent higher than Citizens' rate.

MR. BECKSMITH: Okay. Now, my next part of the question is those rates that they're pulled out at is based on current rates, not rates that we have proposed, correct?

MR. POPE: That is correct.

MR. BECKSMITH: Okay. So, theoretically, if the rates go through as we have proposed to OIR, and we're all waiting on that, we could see even more movement, I would think, in 2025 at the beginning because those rates are going to go up. Would that be a fair statement? I know this is a hypothetical, yes.

MR. POPE: Well, first of all, I mean, how long -- OIR still hasn't given us the rates.

MS. MONTERO: We can talk about that offline.

CHAIR BERUFF: Okay. 'Cause I mean --

UNIDENTIFIED SPEAKER: No, they have not, Mr. Chair.

CHAIR BERUFF: What is it, only 10 or -- it's only 10 or 15 million dollars a month in premiums that we're not collecting.

MR. POPE: It would be pulled out, though, but I guess --

CHAIR BERUFF: (Inaudible), you know, only governments understand how you can throw that money away every month.

UNIDENTIFIED SPEAKER: Right.

MR. BECKSMITH: But my point of this is that it would be -- those letters that would go out would be based on those new filed rates. Therefore, we should -- considering seeing the movement that we've got, if those rates are up, we should see even more movement.

MR. POPE: That is correct. The only -- Governor Becksmith, that is correct. The only question I would ask, not to put Jennifer on the spot, but was this forecast -- When did we bake in when -- were these the new rates for the entire year?

MS. MONTERO: They came in there in February -- end of February?

UNIDENTIFIED SPEAKER: Yeah.

MS. MONTERO: End of February when they're in the budget.

CHAIR BERUFF: Mr. Cerio.

MR. CERIO: I would just want to point out to the board -- and this is a point that Jay and I were just talking about -- you know, remember, as we return to the size of being that true residual insurer, that insurer of last resort, what you would consider the most desirable policies in the portfolio, I mean, those are the ones getting -- and for the most part, those are the first to go, those are the ones getting taken out. So for the takeout that's approved for February, you may see a lot of overlap, a lot of companies looking at the same policies. So the -- I wouldn't be surprised if the rate starts to decrease.

CHAIR BERUFF: (Inaudible) drop --

MR. CERIO: Right.

CHAIR BERUFF: -- forty to 30 years. Okay.

MR. POPE: Good news for the consumer because what we're starting to see, they're receiving more and more offers, not just one offer. So that's, again, more choice for the consumer.

CHAIR BERUFF: Yep.

MS. MONTERO: Your exposure number, the budgeted exposure at the end of 2025 is \$326 billion, and at March 31st is \$360 billion. Today, it's \$411. Or that was actually November 29th, but...

MR. CERIO: And, Mr. Chair, again, that's -- to echo Jeremy, that's good news for the consumer and it's good news for the people of Florida because less of an opportunity to have to face an assessment because we're smaller.

CHAIR BERUFF: That is our job. Thank you. Mr. Rockman, do you have comments, or Mr. Pope, complete?

MR. POPE: Yes, that is -- I am complete. And I'll turn it over to Carl Rockman.

MR. ROCKMAN: For the record, Carl Rockman, Vice President of Agency and Market Services. I'd like to present a quick update on our progress in the clearinghouse. In addition to our depopulation programs, which Jeremy covered, our clearinghouse program is intended to contribute to exposure reduction by ensuring that new business submitted to Citizens does not have a qualifying offer within 20 percent of the Citizens premium and that renewals are remarketed as well. Citizens Reimagined is our working title to improve the process, making it better for Citizens, more efficient for agents, and easier for carriers to participate. Page 4 of your package will present our progress to date. The blue box on the left provides a high-level overview of our progress to implement our new clearinghouse platform, which is powered by one of the most widely adopted comparative raters in the marketplace, EZLynx. We're implementing in phases, and I'm pleased to report that Track B, which mechanizes the point-of-sale eligibility check will be delivered to agents on January 17th. In a moment, I'll be providing a high-level overview of the differences between the old and the new platforms. In the absence of a mechanized check, though, we are manually reviewing new business for compliance, and our results under the CHIPS program for new business and renewal are presented to the right. I'll be happy to ask any questions before I move to the overview of the new and old platform.

CHAIR BERUFF: Any questions? Nope. Proceed.



MR. ROCKMAN: Let's move to page 5 then, if we could. Moving to an overview of what Citizens Reimagined is delivering. I'd like to take you to page 5 and let me walk you through the differences. First, the application process. Feedback we've already received from agents indicate that this step is much improved as we are using an already widely adopted system that has been designed with the agent in mind. So the user interface, intuitive, good feedback from the agents that are using it. Next –

CHAIR BERUFF: Carl, can I just stop just a second? So it used to take 45 minutes, now it takes 10?

MR. ROCKMAN: Yes.

CHAIR BERUFF: Okay. We don't need a lot of information to figure that out.

MR. ROCKMAN: Understood. Understood. Obviously, the carrier adoption is big, too. With the old platform, the carriers had a little more of a burden to join it. Now carriers are already on the platform. We actually joined where the carriers already were, so we're able to expand to 21 carriers with visibility on our Citizens quoting and subsequently renewals. The results on the old platform are presented down below. New results will be available to us starting in January when we mechanize, and we'll be pleased to report to the committee what the results are in terms of eligibility and offers to the consumer. On page 5, a simplified overview of the renewal process –

MR. BECKSMITH: I have just a quick question, though, just going back one slide. So if somebody goes on and they input it into the system and the new system says timeout, there's actually a better offer out there for them, does it notify that agent and/or the customer, then, that you're not eligible and this is why?

MR. ROCKMAN: Governor Becksmith, everything in the current platform is really aligned with the agent and who they're appointed with. So the agent is in control of this conversation at this point. The agent's submitting the new business and will also be working the renewal. Carriers will present back offers to that agent, and that's where the interface will happen.

MR. BECKSMITH: So if the agent doesn't have -- let's say, just for argument's sake, this agent only has two carriers, right? But you're linked up to 21 carriers. So the agent can't go out and get an appointment with ABC carrier. Their only option for this client is Citizens. How does this personal lines policy or commercial lines policy not come to Citizens then at that point? Do they have to go and find another agent at that time, assuming that this agent isn't appointed with ABC carrier?

MR. ROCKMAN: Yeah, to be clear, right now the platform is based on the carriers the agent is appointed with. So if that agent only has three or four carriers, that's the only carriers that the policy would be presented to.

MR. BECKSMITH: Okay. Is there an opportunity for us to broaden that to where a potential personal lines or commercial lines client, that maybe they're dealing with an agency that only has a couple carriers, but they could potentially call ABC agency and they have a whole assortment of carriers, is there a way that we can be proactive to notify this potential client that, "Hey, your agent's good, but there might be other options out there in the marketplace and here's what we have seen"?

MR. ROCKMAN: The potential does exist, but it would require potentially some legislative modification to make that happen. But certainly -- we now have the technology, though, to certainly



perform on that platform with the expanded carrier reach.

MR. BECKSMITH: Yeah, absolutely. Thank you.

MR. ROCKMAN: Super. Moving to page 6, a quick overview on the renewals. Renewals did not change that much. The only thing that really changed with the renewals is the number of carriers. So to simplify this, an agent has a book of business with Citizens. That book of business comes up for renewal. We present those renewals to the carriers they're appointed with. Those carriers make offers. If the prices come back, Citizens' policies then non-renewed because of an offer. So no big fundamental change into this process except the expanded number of carriers. That concludes my presentation on simplified version of Reimagined. I'll take any questions that you might have.

MR. SPOTTSWOOD: Chairman, I've got a question.

CHAIR BERUFF: Please.

MR. SPOTTSWOOD: Is there anything that we do to keep track of, once a policy is assumed, what the satisfaction level is of the insured or the performance of the carrier in following years? Do we keep any kind of performance satisfaction kind of results?

MR. POPE: Governor Spottswood, we don't necessarily track overall satisfaction from the consumer's perspective. The office, obviously, regulates the actual carriers. The only thing that we do track is repop, how many of those policies are coming back into the organization, and it really is negligible when you look at the numbers, and we do track all that just to make sure these carriers are keeping to their commitments and keeping the policy, but not necessarily to those metrics that you referenced.

MR. SPOTTSWOOD: So what are the circumstances that would result in a repop?

MR. POPE: So you could have a carrier -- you could have a customer potentially get canceled for -- could be claim activity, could be -- there's a number of things.

MR. ROCKMAN: Could be -- there's a small window where a carrier could make a change to try to return it to us, but Governor Spottswood, is your question more around after the assumption and then coming back and what would the conditions be? It's typically, and more importantly, driven by the price that's offered when the actual renewal happens. So a reminder that when the eligibility decision is made, it's made on those estimated premiums that Governor Becksmith mentioned. That triggers the depopulation event, the assumption, but then four, five, six months later is when a consumer will actually get the renewal from that carrier. Now, that carrier might have gone through a rate modification or a rate adjustment, as might we have. At that point, the agent can recalculate, and if that offered premium is higher, the agent can re-bring them back into the marketplace through EZLynx, and if they qualify, they can come back to Citizens, but they have to be remarketed and that other renewal offer has to be presented to us for confirmation.

MR. POPE: And that return rate on average for the past 10, 12 months, is -- it's less than 1 and a half percent. So it's extremely low.

CHAIR BERUFF: Okay.

UNIDENTIFIED SPEAKER: Any questions?

CHAIR BERUFF: Any further questions? Nope. We're good. Insurance scoring.

### **3. Insurance Scoring**

MR. POPE: All right. Chair Beruff, this topic came up from -- Governor Butts during the last committee just asked for us to really look into the topic of insurance scoring, and this has come up internally over the years. So he didn't necessarily -- we met with Governor Butts ahead of the board meeting and the committee meetings today, but we looked at this topic from a comprehensive perspective internally. And much credit to -- I know Jennifer Montero's team with Brian Donovan and March Fisher, they really are the rock stars and the data scientists that really helped us with this. And a lot of this, again, has been looked at over the past couple of years, this topic. The first thing we looked at is the Citizens' use of insurance score to develop our premium. We do -- you know, Brian Donovan and March, Jennifer's team, have indicated that we don't really see a need for that at this time. There's pros and cons with insurance scoring. For purposes of Citizens, has not been deemed beneficial. We also looked at Citizens' ability to order, which means we also would pay for an insurance score and pass it along to carriers, in particular for depop activity. It's been determined that we cannot order the insurance score and actually share the exact score. The only thing that we're allowed to do is share a range, and that range we don't think would be very beneficial to carriers, and to be honest with you, we don't have a very high demand. I think to date two carriers have actually asked if we could do this. We also looked at Citizens' ability to insert language into the new business application and renewal packages that would essentially solicit permission for a carrier, if they were assumed, that the insurance score could be pulled. We're continuing discussions with the office with this. We don't have a definite yes or no, and we're going to continue that dialogue to see if that is possible, and then I'll turn it over to Carl to see on any opportunities that we have with insurance scoring with the clearinghouse.

MR. ROCKMAN: On the clearinghouse, we have recognized that after that initial eligibility check is done, a carrier may order an insurance score once the agent bridges over, and that may change the pricing dynamic when it comes to eligibility. We're building a very robust override process for the agent. If they do see a price change or a price swing due to insurance score, they can present that to us, we can confirm that for compliance purposes, and then allow them to bridge into Citizens. But we do acknowledge that insurance scores are used by carriers and we're building in a very good process to support the agents to close business with Citizens if appropriately documented that it qualifies. And then we'll be building that into our renewal process, we'll be expanding the renewal process on EZLynx in Q3 of next year, we're going to contemplate the use of credit at that point or not, and we'll be bringing those recommendations forward and give you more visibility when that's ready.

MR. POPE: That concludes our update.

CHAIR BERUFF: Any questions? Thank you, gentlemen.

MR. POPE: Thank you.

CHAIR BERUFF: New business? Motion -- entertain motion to adjourn. We're done. Thank you. (End of proceedings.)