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Business Development, Government Consulting, Public Relations

Citizens Market Accountability Advisory Committee Conference Call of 11-20-24: (meeting agenda and supporting documents/reports available at <https://www.citizensfla.com/-/20241120-maac>) Meeting started at 9am.

Market Accountability Advisory Committee (MAAC) Members:

- Dave Newell - Chair
- Lori Augustyniak
- Virginia Christy
- Lee Gorodetsky
- Brian Hodgers - Policyholder Representative
- Marshall Martin
- Allen McGlynn
- Lissette Perez
- Greg Rokeh
- Scott Rowe
- Stacey Tomko
- Jeremy Pope - Staff

Approval of Prior Meeting's Minutes

[Previous MAAC Meeting Minutes 9.18.24](#)

APPROVED

Underwriting Market Update (by Jay Adams, Chief Insurance Officer)

[Underwriting Market Update](#) (slide deck that provides details of the below)

Adams shared the following:

- Total policy count as of September 30, 2024 was 1.26 million policies, up 2.8% from year-end 2023, with a total insured value of \$438.5 billion.
- Although Citizens has averaged 37,041 new policies per month over 2024, that number has slowly been declining since June. September saw 29,000 new policies and October 24,100. As of November 15, 2024, Citizens' policy count is 1.04 million policies.

- The largest decrease since June has been in the homeowners insurance line. “The (private) market is taking up more new business than they had in the first part of the year,” said Adams.
- Citizens commercial lines policy count has remained relatively flat since last year’s doubling from 2022, down just less than 1% since the beginning of the year (now 13,400), with a total insured value of \$94.7 billion.
- Citizens forecasts a year-end policy count of around 900,000 policies, which would mark the first time since 2021 that the policy count went below one million. This is mostly due to depopulation efforts by private insurance companies.
- Adams said he doesn’t think the recent storms will “have any significant impact” on the forecasted policy count, as it didn’t impact the November depopulation. “I would venture to guess that Citizens probably is going to be your biggest carrier (for exposure) for all three storms that made landfall.”

Depopulation, CHIPS & FMAP Update (by Jeremy Pope, Chief Administrative Officer and Carl Rockman, VP of Agency & Market Services)

[Depopulation, Clearinghouse and FMAP Update](#) (slide deck)

Pope picked up where Adams left off in crediting a “very strong and successful” fourth quarter Citizens depopulation program in shifting policies back to the private insurance market. “Twelve carriers have participated in this quarter alone, which includes five new entrants to the market,” said Pope. “These are all telling signs of an active market continuing the right path. The market's resilience is especially notable given the active storm season we just recently experienced.”

Pope said October saw the highest number of policies assumed in Citizens’ depopulation history at **237,323 policies**. November has seen another 57,355 policies assumed. He outlined the breakdown of Personal Lines (PL) and Commercial Lines (CL) policies in the chart below for the October, November, December, and January 2025 depopulation takeout periods.

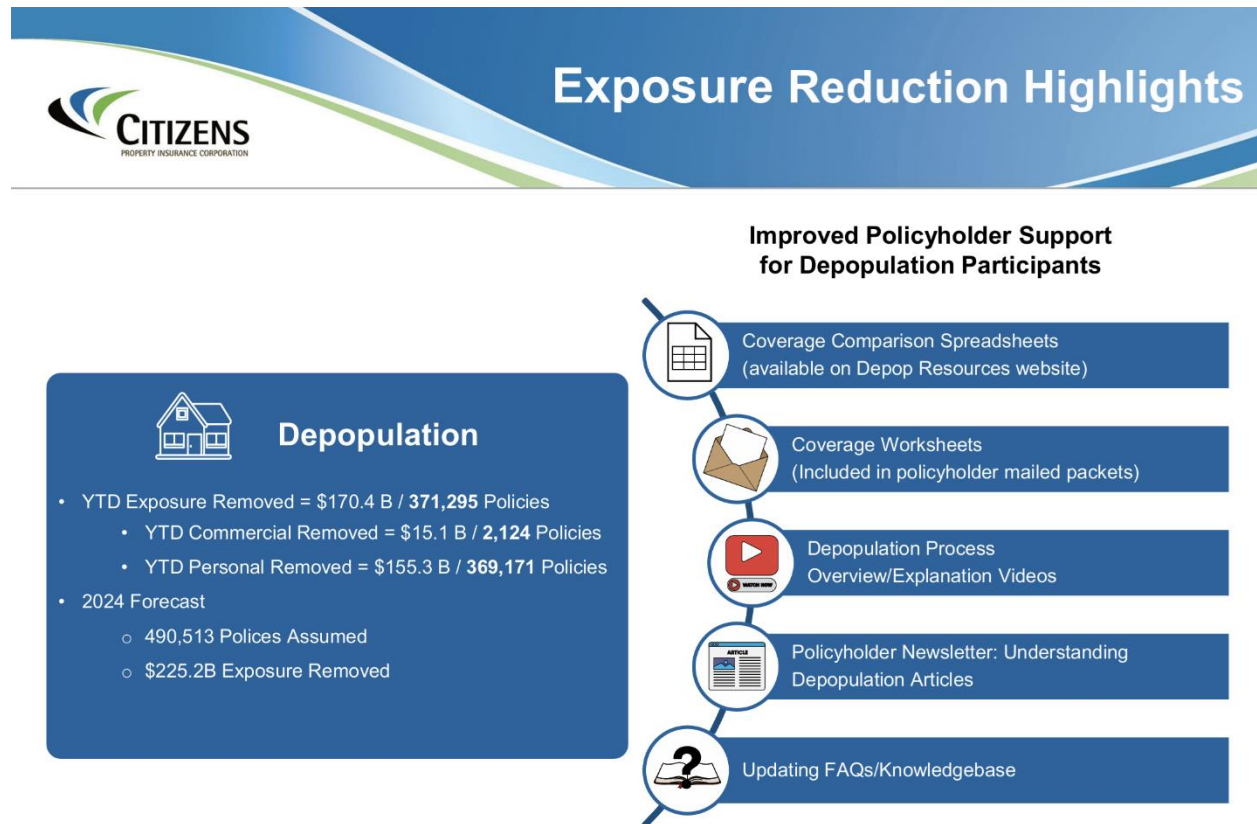


ExRe Newswire

- Total Carriers Participating in Q4 Depop: **12**
- New Entrants for 2024: **5**
- October PL Carriers Participating: **8**
- October PL Policies Assumed: **237,323**
- October CL Carriers Participating: **4**
- October CL Policies Assumed: **1,527**
- November PL Carriers Participating: **6**
- November PL Letters Mailed: **103,248**
- December PL Carriers Participating: **5**
- December PL Letters Mailed: **82,269**
- January CL Carriers Approved: **2**
- January CL OIR Approvals: **3,800**

Source: Citizens Property Insurance Corporation

“You'll notice the we're starting to see a reduction in the letters that we're mailing, because, as this group knows, we send out one comprehensive letter to the consumer with all offers. **So what we're starting to see is more and more carriers are selecting or have interest in the same policy, which means, from a consumer perspective, they're having more and more options, if you will,”** said Pope. He said he expects February 2025 to be “an extremely active month,” as 11 carriers have expressed interest in the 342,918 policies that the Florida Office of Insurance Regulation has just approved for February takeout. **By the end of 2024, Pope said Citizens is forecast to remove more than 490,000 policies and with it, \$225 billion in exposure** for the state-backed insurance company of last resort, per the chart below.



Pope was complimented by committee Chair Newell for the team’s success and in turn, Pope complimented the agents without which, he said, this wouldn’t be possible.

Upon questioning from Brian Hodgers, the policyholder representative on the committee, Adam Marmelstein, Citizens Director of Agency and Market Services confirmed that a private insurance company has 60 days to review the policy when it transfers from Citizens, as it does with any other new business for underwriting.

Hodgers also asked whether progress had been made since the last MAAC meeting in more specifically defining “comparable coverage” by private companies that assume Citizens policies. Carl Rockman, Citizens VP of Agency & Market Services, answered, **“The Office of Insurance Regulation has clarified the**

language in the order that really helps get the comparable coverage a little bit beyond the statute, and really compels the carriers to make sure that if they're offering a Depop policy, that their coverages meet not just the spirit of the statute, but also in the spirit of the coverages that Citizens offers. So (we're) really feeling good about that on future depops, and we definitely heard that from the agents in terms of an improvement to the program."

The slide deck linked above is 29 slides and contains greater detail on depopulation carrier participation and other data.

CHIPS & FMAP Update

Carl Rockman finished the presentation by talking about the interim clearinghouse program (CHIPS) that agents have been using to market and pair Citizens policies with private insurance companies, as well as ongoing progress in premiering the new clearinghouse, called "Citizens Reimagined," by EZLynx. It's designed to divert ineligible applicants and existing policyholders from Citizens into the private (voluntary) insurance market. This will help Citizens reduce its policy count, exposure, the risk for future assessments in bad storms for both Citizens and non-Citizens policyholders, and reduce the risk to Florida taxpayers in this legislatively created and state-backed insurance company.

"When we embarked on the journey to put a new platform in front of our agents, we wanted to make sure that we improve their experience, and we made the process faster and a little shorter," explained Rockman. "We also wanted to improve our carrier reach, and we really do believe we've accomplished that with the new platform."

Rockman explained the rollout plan in the chart below.

	Phase 1	Phase 2	Phase 3
When	7/1/24-11/1/24	11/1/24 +	Mid-January
System	Any rater can be used but EZLynx has been made available for early adoption.	EZLynx is required to qualify the risk for Citizens. If EZLynx is not used, a Performance Violation can be issued, and the policy may be cancelled.	EZLynx will be mechanized to invalidate the Citizens quote based on other offers. PolicyCenter will have hard-blocks added in for the four policy types so that they must go through EZLynx.
Proof of Compliance	Proof of 20% rule or no offers of coverage.	EZLynx Detailed Quote Results page	Determined by EZLynx, no proof will be required.
Education	Completed 14 live webinars with 3,286 attendees.	Completed 7 live webinars with 2,623 attendees.	TBD

Rockman said the rollout is currently in Phase 2 and “is the mandatory use of EZLynx to prove validation manually. And then in Phase 3, in mid-January, the checks for eligibility will be mechanized. EZLynx will block agents from bridging to the policy center if a carrier return is within 20% of the Citizens premium,” explained Rockman.

He said Citizens has heard from its agent roundtable using the system that “there are certain things that may come back from EZLynx with the price, but the risk may not be eligible because of the brief questions we answer. We’re working very diligently on what we call an override process where the agents can validate that the carrier won’t take it when they bridge to the carrier, and we’re going to make sure that we put something together that’s rapid and supports the agents in terms of speed, to get that business bridged over to Citizens so they can find it when appropriate,” he said. A “robust education effort” from Citizens to its agents is planned for Phase 3.

Some technical questions followed.

Hodgers Q: “When we do bridge over, it’s bringing us into the field where we have to run background check. Has there been any progress with the discussion that I know a lot of people have brought it up, to bringing it in under the Quick Quote section, so we can still work with the RCE, still work with the quote side of it, because there could be some changes there, instead of having to go through that whole long section of completing the application before we finally get that rate?”

Rockman A: “It’s a fair question and I think we can certainly look at what we can do there.”

Agency Management Services Update (by Carl Rockman, VP of Agency & Market Services and Alden Mullins, Director of Communications & Strategic Services)

[Agency Management Services Update](#) (slide deck)

Rockman told the committee that Citizens is seeing a “shrinkage” in the number of agencies representing Citizens (down 114, from 6,080 in December 2023 to 5,966 in September 2024). “This, I think, reflects some consolidation that we’re feeling in the marketplace....and also some of it is just agencies that may be looking at reducing their exposure with Citizens,” he said. “As depopulation continues to kick in, we would hope that our reduction in premium would also reflect a reduction in the size of agencies with Citizens.”

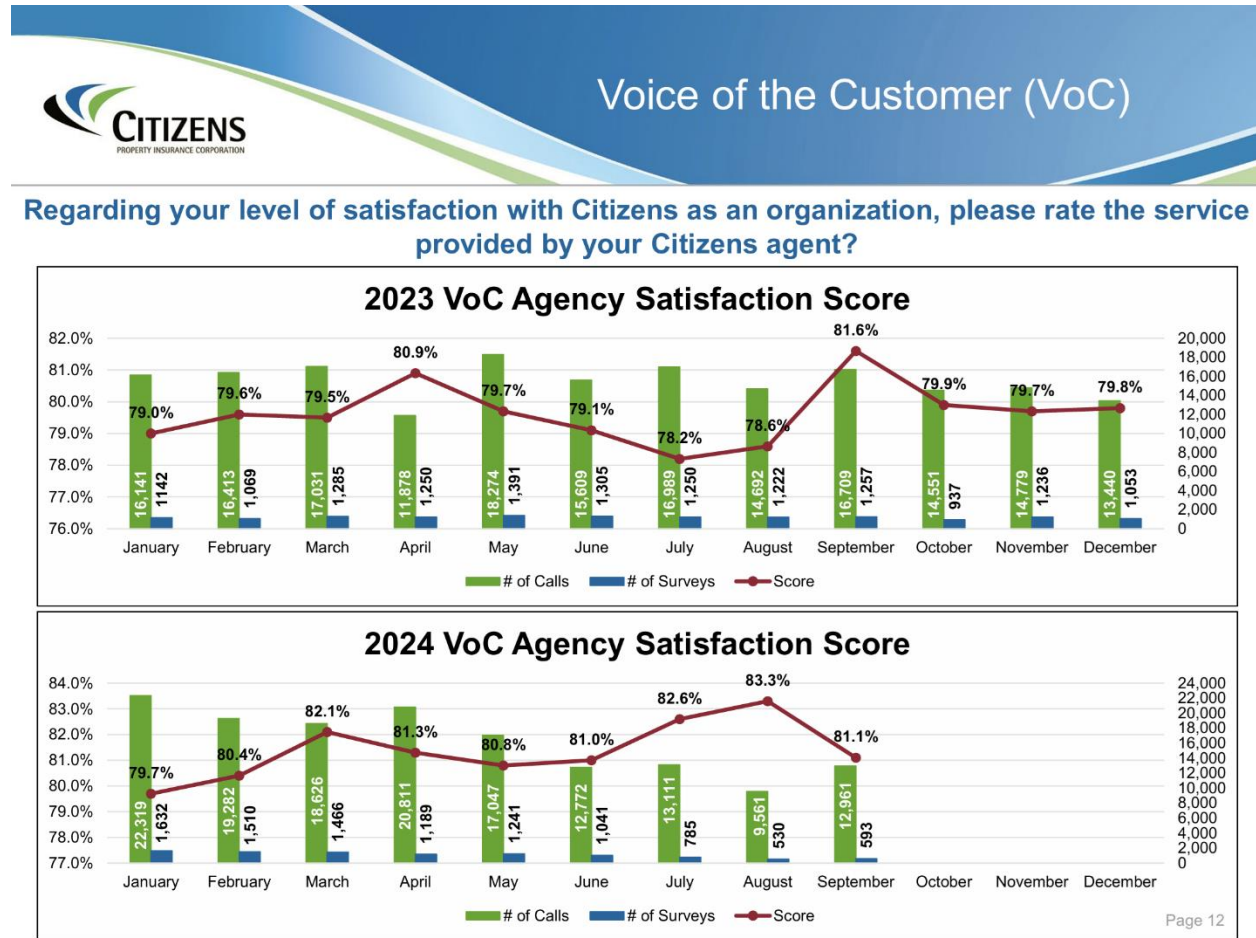
He said performance violations are stable and “reflects good agency performance and good agent compliance to our underwriting standards.” He noted an increase in September in the percentage of agent late submission violations “but we’re not going to get too alarmed with that number quite yet, as we did have some shutdowns with storms and things.”

Agency and Agent Appointment Agreement Changes

Rockman announced important updates on Citizens agency and agent appointment agreements. The Citizens Board of Governors recently approved significant changes to the two agreements (beginning on page 11 [here](#)) and Rockman said the new agreements will be implemented beginning February 15, 2025. “Obviously, the agency principals have an agreement, and individual appointed agents have an agreement with us. Both will need to execute a new agreement,” said Rockman. Those who don’t, he said, will no longer be able to write business for Citizens “and we’d need to move that book elsewhere to another agent in the agency or another agency,” he added.

Voice of the Customer

Rockman also provided the latest update to Citizens ongoing “Voice of the Customer” survey, administered to customers who choose to participate when they call the Citizens call center for assistance. “You can see that we pretty much run in the mid-80’s,” Rockman said, noting the chart below.



“If a customer tells us that they're not satisfied with the service provided for their agent, we look at that as a signal to go work with that agency to help them understand the results and help them improve. But we're going to keep our eye on these numbers, and we think it's a bellwether indicator of the service and support we provide to agents, and we want to make sure that they're equipped to do all they can to serve the customers that we mutually serve,” said Rockman. In answer to a question from a committee member, he said there is no outbound calling for surveys being performed.

Citizens has a new Director of Communications & Strategic Services, Ms. Alden Mullins. She spent a few minutes introducing a new format being used by Citizens to communicate to its agents. The Agent Advisor is scheduled to premier on December 12 and will replace the current bulletin to agents. It will be accessible via the News tab on the Citizens website, under Agent Bulletins.

New Business (by Chairman Newell) - NONE

Meeting Adjourned at 9:47am