

***Adopted Minutes of November 30, 2005,
Meeting of Task Force on Long-Term Solutions
For Florida's Hurricane Insurance Market***

The Task Force on Long-Term Solutions for Florida's Hurricane Insurance Market convened its fourth meeting on Wednesday, November 30, 2005, at 10:00 a.m. in 110 Senate Office Building, Tallahassee, Florida.

Chair **Kevin M. McCarty**, Commissioner, Office of Insurance Regulation, called the meeting to order and recognized a quorum.

In addition to Chair McCarty, attending were the following Task Force members: **Steve Burgess**, Insurance Consumer Advocate, State of Florida; **Richard Cain**, Vice President, State Farm Insurance Company; **Leslie Chapman-Henderson**, President/CEO, Federal Alliance for Safe Homes, and Vice-Chair of the Task Force; **Dave Cobb**, President, Freedom Insurers, Inc. (via telephone); **Randy Dumm**, Ph.D., Associate Professor of Risk Management and Insurance, Florida State University; **Dan Gilmore**, President, Florida Homebuilders' Association; **Blair Glenn**, Mortgage Banking Executive and Senior Vice President, Wachovia Mortgage Corporation; **George Grawe**, Counsel, Allstate Floridian Insurance Company; **Tony Grippa**, Executive Vice President, Brown & Brown; **Robert P. Hartwig**, Ph.D., Senior Vice President and Chief Economist, Insurance Information Institute; **Harold Humphrey**, Vice Chairman, InSource, Inc.; and **James Wurdeman**, President/CEO, Poe Financial Group.

Chair McCarty welcomed members of the Task Force, staff and members of the public who were attending.

1. Approval of Minutes of November 14, 2005, Task Force Meeting. Task Force members unanimously approved written minutes of the Task Force's third meeting on November 14, 2005, as presented to them in advance.

2. Overview of National Catastrophe Plan Summit. Chair McCarty provided a recap of the National Catastrophe Insurance Summit held in San Francisco on November 15-16. The Summit brought together insurance regulators, industry representatives, catastrophe experts and consumer representatives to develop a national catastrophe insurance program.

The proposed plan calls for a three layer approach that includes the individual private insurance policy/ policyholder, state and regional risk management with structure and funding determined by the states or regions, and a national fund for catastrophic losses sustained by participating insurers and states which would operate like a private reinsurance facility.

Chair McCarty stated that scenarios presented during the Summit indicated that everyone, regardless of where they live in the United States, is at least at moderate risk of being impacted by some type of catastrophe. He also mentioned the need to have a comprehensive plan before such a catastrophe

occurred and the need for leadership, which this Task Force can provide, to develop a plan prior to such an occurrence.

The final product of the Summit will be presented at The National Association of Insurance Commissioners Winter National Meeting in Chicago December 3-6, 2005. A summary of the National Catastrophe Insurance Summit and an overview of the National Catastrophe Insurance Program will be posted as separate documents on this Task Force's web site.

Task Force members asked whether the national plan would apply only in the event of a named storm and whether it would include the residual markets. Chair McCarty indicated that the plan, as now outlined, would be managed by an independent national commission or board (perhaps appointed in a way similar to way the Federal Reserve Board is appointed). The states would choose how to allocate their shares depending on their own structures.

3. Florida Association of Insurance Agents (FAIA) Perspective and Recommendations. Scott Johnson, Executive Vice President of the Florida Association of Insurance Agents (FAIA), presented a proposal for a Windstorm Coverage Fund (WCF) developed by the FAIA. The WCF is designed to cover hurricane losses that are not covered by the Florida Hurricane Catastrophe Fund (Cat Fund). Mr. Johnson noted that the proposal had been submitted to a property/casualty insurance actuary to establish its financial soundness.

Mr. Johnson said that, under the WCF plan, the High Risk Account (HRA) of Citizens Property Insurance Corporation (Citizens) would be converted into a new entity (the WCF) that only performs rate analysis and funding functions. However, as long as rates are adequate and actuarially sound, they are open to someone else determining the wind rate. During a discussion of rates, Chair McCarty suggested that an independent National Commission could set rates, but that would require modeling on earthquakes, hurricane, flood, and other catastrophes. Each state could be charged a premium and then the state could determine how to charge premiums within the state.

Mr. Johnson explained that all of Citizens' other functions, such as administration, agent appointment and training, underwriting, policy processing and claims adjustment would be performed by private carriers under the WCF approach. The WCF places Citizens behind private insurance companies instead of in front of them for administration of insurance policies. For their services in administering all of a homeowner's insurance needs, private companies would keep a portion of the wind premium and would pay their agents. In addition, private insurance companies could elect to retain as much of the wind exposure (and related premium) as they wished, passing on the balance to Citizens. Companies could be required to keep a "minimum retention" to provide incentive to handle claims fairly and responsibly. After a storm, an insurance company would access the WCF for reimbursement of losses that exceeded its retention. Finally, private insurance companies would be held harmless by Citizens for their claims adjusting and other administrative services.

Mr. Johnson noted that a rapid cash buildup of the WCF could result from premiums formerly in the Citizens' HRA, savings accomplished by reducing HRA administrative costs, and funding any deficit with monies from the sales tax windfall created by the event(s) that gave rise to any deficit.

He also noted that the WCF proposal offers several suggestions for reducing risk exposure, including charging Florida non-residents with second homes a disproportionately higher premium; using

layering arrangements with voluntary carriers rather than having Citizens assume the entire exposure of every eligible risk; requiring Citizens' policyholders to implement exposure reduction initiatives within a specified time frame; exempting from eligibility in Citizens homes built since 1994 that do not meet new statewide building code requirements; exempting the premiums of the WCF from the premium tax and having such amounts go straight to surplus; charging a disproportionately higher rate for homes over \$1 million or \$500k rather than denying coverage; and restructuring the deficit funding formula by first using "excess general revenue funds", assessing non-resident Citizen policyholders a specified percentage before going to residents, including all Florida policyholders in the next level of assessment, and finally surcharging Citizen policyholders.

Mr. Johnson concluded his presentation by listing some benefits of the WCF approach, including consolidating coverage into one policy, reduced administrative costs, more competition in high risk areas, reduced likelihood of deficit assessments, depopulation without the costs of paying bonuses, and reduced risk exposure. The WCF approach should lower any assessment by spreading the base beyond just property policyholders who are not insured by Citizens and by including more lines than the Cat Fund does.

Several members of the Task Force had questions about the WCF proposal, including the ability to identify additional state and local sales taxes that were generated after a storm and were directly related to the storm. Mr. Johnson and others stated that such funds could be identified. Chair McCarty noted that these funds went to the state's general fund and may be needed for purposes other than insurance that also were storm-related, including emergency relief.

Members also discussed ways to promote upgrading and maintenance of housing as a major way of mitigating storm damage. Chair McCarty noted that in Japan housing stock is rated based on how strong it is in withstanding possible earthquake damage. These ratings become part of the permanent housing records and, as a result, provide incentives for making improvements. He also noted that houses built in the 1970s and 1980s provided a key challenge so that homeowners could retrofit and "harden" them in cost effective ways. Mr. Gilmore observed that he liked the idea of insurance companies and agents periodically inspecting homes to ensure that they are properly maintained and suggested that homeowners who did not maintain homes properly might pay higher premiums. Several Task Force members asked Mr. Johnson if insurance agents should share in the risk of coverages they helped to underwrite so that they would have incentives to inspect properties and to assist homeowners with improvements. Mr. Johnson noted that risk-sharing already is a part of the ways agents relate to their companies.

In addition, members discussed whether private companies should be required to participate in providing wind coverage for high risk properties if they were permitted to cover other perils or whether such coverage should continue to be voluntary. Mr. Johnson suggested that private companies perhaps could be required to retain 1% or 2% of the wind coverage so that they had "some skin in the game". That would amount to about \$4.5 million, using coverage in effect today. Chair McCarty noted that private carriers seemed to be in a "risk reduction mode" rather than showing willingness to participate in additional high risk coverage.

Mr. Johnson was asked if the WCF plan had contemplated a required reduction in the windstorm area in Miami-Dade, Broward and Palm Beach Counties. He responded that the WCF plan had not yet taken that required reduction into consideration.

4. Academy of Florida Trial Lawyers' Perspective and Recommendations. Steven Marino, a trial attorney from Miami, provided the Task Force with the perspective of the Academy of Florida Trial Lawyers on two issues: insurance rates and claims handling.

Mr. Marino noted that his perspective was based on both personal and professional experience. He has three insurance policies because he lives in the flood zone, is a Citizens' wind customer and has a private carrier for non-wind coverage. In addition, he has experience in helping his parents through the hurricane mediation process and providing pro bono services for other homeowners experiencing problems with insurance carriers. He recommended that the windstorm area be reduced.

Mr. Marino stated that insurance companies in California were required to take homeowners' policies if they were going to write other lines of insurance. Chair McCarty noted that California coverage was different because private companies in California are not required to offer earthquake coverage. A state-sponsored fund offers such coverage and few Californians have chosen to participate in it.

Mr. Marino observed that he was happy that Citizens was opening a Miami-Dade County office, that Citizens' biggest problem was lack of good communications, that Citizens failed to make the local adjuster a decision-maker who could resolve matters, and that access by adjusters to ultimate decision-makers was very limited. He hoped that a "change in philosophy" at Citizens, noted in minutes of past meetings of the Task Force, included a change in the ways Citizens hired and managed adjusting staff and a change in its attitude toward "bad faith". He noted that he believes that Citizens regards itself as immune to "good faith" requirements under Florida law and interprets its asserted immunity as an excuse for taking its time in responding to the needs of policyholders. As a result, he believes Citizens' customers have fewer rights than they would have with private carriers.

Mr. Marino thought that quicker claims handling by Citizens would reduce claim costs, that Citizens admits to not serving the needs of its policyholders well, that private carriers should be required to share in high risk coverage, that such a requirement would lead to more competition and lower cost, and that all carriers, including Citizens, should be held to the same high standards.

Vice-Chair Chapman-Henderson asked Mr. Marino if the Academy of Florida Trial Lawyers had a position on homeowners' responsibilities to protect their properties and mitigate against hurricane damage. He responded that the Academy did not have a formal position but supported consumer responsibilities as well as consumer rights. He noted that existing financial credits given by companies for mitigation activities are not sufficient. Vice-Chair Chapman-Henderson observed that such credits were not meant to pay for the entire cost of premiums but could amount to as much as 40% of premiums.

Mr. Hartwig asked Mr. Marino if the Academy believed that the "wind vs. water issue" is settled in Florida. Mr. Marino observed that the Academy did not have a formal position but that he thought the Mierzwa decision in Florida was correct.

5. Task Force Discussion on Issues Related to Citizens Property Insurance Corporation. Rod Petrey, President of the Collins Center for Public Policy, explained that the Collins Center would facilitate the Task Force’s work in determining what recommendations it wanted to make.

Mr. Petrey advised that today’s session would try to prepare the task force to answer eight specific questions raised about the role and operation of Citizens Property Insurance Corporation. He said that the Collins Center would present “Decision Papers” on those eight questions that provided background information and specific recommendations for action by the Task Force. He noted that the information and the recommendations were the work of the Collins Center alone and did not necessarily reflect the opinion of the Department of Financial Services, the Office of Insurance Regulation, Citizens, or any other organization or person. The papers were intended to stimulate discussion and action so that the Task Force could achieve its assigned goals.

Mr. Petrey then provided background information, suggested questions for the Task Force to answer, and suggested responses to those questions so that the Task Force could begin to move beyond presentations and discussions and begin to make actual decisions about recommendations.

Decision Paper #1: “The operation and role of Citizens Property Insurance Corporation, including: 1. How to ensure that the corporation operates as an insurer of last resort which does not compete with insurers in the voluntary market, but which charges rates that are not excessive, inadequate, or unfairly discriminatory.”

Mr. Petrey posed two questions for this issue and suggested responses to those questions as follows:

Is Citizens an insurer of last resort which does not compete with insurers in the voluntary market?
Yes.

Task Force members agreed with the suggested “Yes” response to this question but with substantial comment about the way Citizens structures its rates. Chair McCarty observed that Citizens’ rates must be “actuarially sound” and no lower than rates determined by the “Top 20” method. He noted that the two methods of calculating rates were not fundamentally different because the “Top 20” rates were already actuarially sound and established a floor for Citizens’ rates. Citizens then makes separate calculations to establish “actuarially sound” rates that account for the risks Citizens must cover in its total portfolio of policies. Mr. Burgess noted that Citizens should not charge rates that are higher than those which it establishes as “actuarially sound”; they should not be increased artificially. Task Force members also discussed the nature of the “residual market” and the conflicting roles assigned to Citizens to offer “actuarially sound” rates while not competing with the private market and while ensuring that the rates are not “excessive, inadequate, or unfairly discriminatory”.

Are Citizens rates excessive, inadequate, or unfairly discriminatory? **NO.**

Task Force members agreed partially with the suggested “No” response to all three elements of this question. They thought that Citizens rates have not been excessive or unfairly discriminatory but they also thought that, historically, Citizens’ rates have been inadequate for the risks Citizens has assumed. They noted that efforts are underway to correct the adequacy of rates by moving toward an “actuarially sound” rate structure with a “Top 20” floor, but that Citizens’ rates could lag behind

those of private carriers at any point in time despite adjustments in Citizens' rates every six months to try to reflect competitive realities.

Decision Paper #2: "The operation and role of Citizens Property Insurance Corporation, including: 2. Whether the bonuses paid by the corporation to carriers taking policies out of the corporation provide a cost-effective means of reducing the potential liability of the corporation."

Mr. Petrey posed two questions for this issue, and suggested responses to those questions, for the Task Force to consider, as follows:

Does the "take-out" program reduce the potential liability of Citizens? YES, for PLA liability. NO, for HRA liability.

Task Force members agreed partially and thought that the answer for both the PLA and HRA accounts should be "Yes". The members stated that Citizens needs to ensure that bonus levels paid are appropriate to the level of risk of the policy taken out. They reviewed Citizens' actual experience with "take-outs", as explained by Suzanne Murphy, Citizens' Corporate Counsel. She noted that about 300,000 policies were taken out in 2005 with about 75,000 of those from the HRA. She also noted that Citizens is in the process of developing new formulas for determining "take-out" bonuses since current methods are difficult to calculate, are not stable and do not provide sufficient incentives for large numbers of policies. She observed that Citizens constantly needs to review and try to balance the cost effectiveness of the "take-out" program so that risks assumed offset premiums lost and bonus costs.

Chair McCarty reported that new investors seem interested in providing funds for "take-out" programs in Florida. Ms. Murphy noted that Citizens is cautious about companies whose primary interest in the "take-out" process is the bonus. Citizens wishes to focus on companies that will hold "take-out" policies for the long-term.

Mr. Hartwig asked for the reasons that most "take-out" policies were from the PLA and not the HRA account. Ms. Murphy explained that many policies had been taken out from the HRA account but that additional HRA policies were added in large numbers. Sinkhole coverage in the Tampa Bay area, for instance, had increased from 1,200 policies several years ago to 150,000 policies at present. Citizens receives about 5,000 requests each month for mobile home policies and now covers most mobile homes in the state. Older homes and lower value homes also look only to Citizens for coverage. Niche markets that previously covered these kinds of markets have disappeared.

Ms. Murphy noted that many Citizens' policies are undervalued and that Citizens now is requiring more accurate estimates of home values. Agents have been given tools for establishing replacement value and are subject to disciplinary action if they intentionally prepare underinsured policies.

Mr. Grippa noted that under Florida law, Citizens is to provide insurance only when it can't be procured in the private market. He thought that Citizens probably was insuring some homeowners who could be placed in the private market. He observed that Citizens would avoid competition with

the private market if it limited its insurance to high-risk wind only and left all other coverage to private companies.

Decision Paper #3: “The operation and role of Citizens Property Insurance Corporation, including: 3. Whether the “Consumer Choice” law should be repealed or amended to ensure that the corporation serves as the insurer of last resort.”

Mr. Petrey posed three questions for this issue, and suggested responses to those questions, for the Task Force to consider, as follows:

Does “Consumer Choice” reduce Citizens’ ability to serve as an insurer of last resort? YES.

Task Force members agreed with the suggested “Yes” response to the question as posed by the Legislature. The “Consumer Choice” law, in effect, permits a policyholder to insist that Citizens continue to provide coverage even when private market coverage clearly is available as evidenced by a private “take-out” offer. There may be other factors, such as consumer satisfaction, that argue for keeping the “Consumer Choice” law.

Has “Consumer Choice” resulted in greater consumer satisfaction? YES.

Task Force members agreed that “Consumer Choice” appeared to have reduced consumer complaints and policyholder confusion about “take-outs.”

Should “Consumer Choice” be repealed or amended? YES.

Task Force members postponed a decision on this question pending additional study and review.

Decision Paper #4: “The operation and role of Citizens Property Insurance Corporation, including: 4. Whether coverage amounts should be limited.”

Mr. Petrey posed three questions for this issue, and suggested responses to those questions, for the Task Force to consider, as follows:

Should HRA coverage be limited to \$1 million? YES.

Should additional coverage limitations be placed on second homes as opposed to primary residences? YES.

Should there be other limits on coverage by Citizens? YES.

The Task Force decided to postpone a decision on all three of these coverage questions until a future meeting. They expressed concerns about policy limits in general, the financial effects on Citizens of losses of premiums caused by policy limits, the types of coverage offered within and above possible limits, the availability and effects of homeowner deductions, and the application of the “actuarially sound” concept to “artificially imposed” policy limits.

Ms. Murphy noted that Citizens offers the same deductibles for windstorm coverage as private insurers offer and is required by law to offer coverage comparable to that offered in the private market.

Decision Paper #5: “The operation and role of Citizens Property Insurance Corporation, including: 5. Whether the corporation has hired an adequate level of permanent claims and adjusting staff in addition to outsourcing its claims-adjusting functions to independent adjusting firms.”

Mr. Petrey posed two questions for this issue, and suggested responses to those questions, for the Task Force to consider, as follows:

Should private insurers be required by law to undertake adjusting tasks and handle all customer inquiries and complaints for Citizens? YES.

Several Task Force members opined that the answer to this question should be “No” because they thought that private companies, if they had no financial interest in the policies they would be required to adjust and otherwise service, would have little incentive to perform the tasks well.

At a minimum, should private insurers who write non-wind coverage for properties for which Citizens writes wind coverage be required to handle all underwriting and adjusting for Citizens as well as for themselves? YES.

Task Force members did not accept this recommended response at this time but agreed that the Task Force should explore possibilities that would require insurers to service the policies and have some incentive to adjust the claims properly. With some “skin in the game” and with a good quality control program, private insurers may be able to perform these services well and more cost effectively because there would only be one entity handling the policy. Ms. Murphy noted that Citizens already has a program that permits private companies with non-wind coverage to adjust Citizens’ wind coverage as well. Such private companies receive a service fee for their work.

Decision Paper #6: “The operation and role of Citizens Property Insurance Corporation, including: 6. The effect of reducing or expanding the areas that are eligible for coverage in the high-risk, wind-only account.”

Mr. Petrey posed two questions for this issue, and suggested responses to those questions, for the Task Force to consider, as follows:

Should Citizens be permitted to write non-wind, as well as wind, coverage in designated high-risk areas to increase its total premiums and spread its risks? YES.

Task Force members chose to defer making a decision on this question. Several Task Force members expressed great concern about Citizens’ writing coverage in any geographic areas that competed with private insurers and thought that Citizens should not provide coverage that a private company was willing to write. One Task Force member noted that Florida law required Citizens to serve “as a

residual market mechanism to provide insurance only when the insurance cannot be procured in the voluntary market”. Others noted that Citizens was required by some provisions of Florida law to provide coverage that private companies were willing to write, such as “Consumer Choice” situations where agents or customers declined to be moved from Citizens to a willing private company. Ms. Murphy noted that Citizens must provide both non-wind and wind coverage for mobile homes, older and low-value homes, sinkholes and other properties that private insurers won’t insure, whether or not they are in “wind-only” zones.

Should “wind-only” zones be reduced to limit Citizens’ exposure? YES.

Task Force members deferred this question and asked for additional information on the possible effects of such a policy.

Decision Paper #7: “The operation and role of Citizens Property Insurance Corporation, including: 7. Whether the corporation should purchase reinsurance or take other actions that reduce the potential for debt refinancing and deficit assessments.”

Mr. Petrey posed two questions for this issue, and suggested responses to those questions, for the Task Force to consider, as follows:

Should Citizens continue to purchase reinsurance? YES.

Task Force members agreed but, as suggested by Mr. Burgess, wanted additional information on the costs to Citizens of reinsurance coverage, including the impact on rates. They also agreed that purchasing reinsurance should be a business decision by the Citizens’ board after reviewing risk exposures, other available resources and costs.

Are there other actions to take to reduce the potential for debt refinancing and deficit assessments? YES.

Task Force members agreed with the suggested “Yes” answer but desired several changes to the explanation that accompanied the recommendation. They agreed that the following additional steps could reduce the potential for debt refinancing and deficit assessments: “substantial mitigation incentives that emphasize homeowner responsibility, strictly enforced building codes and regional and national catastrophe funds.” They asked that proposals suggested by the Florida Association of Insurance Agents earlier in the Task Force meeting be incorporated into the explanation. They rejected the suggestion that a “multi-peril policy that brings additional premiums” be part of the list.

Decision Paper #8: “The operation and role of Citizens Property Insurance Corporation, including: 9. An evaluation of the infrastructure and administration of the corporation and how to improve service, claims handling, and communication and the exchange of information with agents of policyholders of the corporation.”

Mr. Petrey posed one question for this issue for the Task Force to consider, as follows:

Does the Task Force wish to conduct an independent management review of Citizens and does it have the paid or voluntary resources, and the time, to do so?

The Task Force asked Citizens to present additional information on this matter at future meetings.

Task Force members agreed that this work should build on the work of others, such as an operational audit of Citizens by the Auditor General, and reports of several task forces that had reviewed Citizens' responses to its policyholders and agents.

The Task Force will also need to address the following question which is part of its legislative charge at one of the future meetings:

A report on the implementation of hurricane-insurance legislation during the 2005 Regular Session .

6. Public Testimony. No public testimony was offered.

7. Meeting Schedule. The Task Force is scheduled to meet on December 14, 2005, in Pensacola, Florida. It also added an additional two-day meeting on February 1 and 2, 2006, in Tallahassee, Florida.

Task Force members requested the following additional information;

Deliverables for Long Term Solutions Task Force

The following questions will be addressed by Citizens unless otherwise noted:

1. Provide depopulation history from 1998 to present. Breakout PLA & HRA take-outs separately.
2. Since 2002, provide the number of policies coming into Citizens in the HRA and PLA compared to those that have been assumed due to the depopulation program. (aggregate data)
3. Provide a map of the PLA and HRA statewide. Policies in force by county? Exposure by county? Indicate population explosions by county and risk.
4. Can it be more profitable for a private carrier to assume policies than to write as new business? [James Wurdeman, Poe Financial Group]
5. How are bonuses calculated? Are takeout bonuses used as an expense item in the actuarial analysis?

Answer: No

6. Is reinsurance used as an expense item in the actuarial analysis?

Answer: Yes

Provide information on reinsurance layering distribution and provide information on the relative cost of reinsurance.

7. Gather data for Task Force on Citizens Policyholder Services and Relations improvements implemented to date including:

- Claims handling
- Communication
- Exchange of information with agents
- Number of claims adjusting staff
- Include information on where office is, what happens if claims office hit by hurricane, etc.
- What type of penalty clauses have been added to adjuster contracts?
- Has Citizens modified its CAT Plan and are they following it?

8. Show the effect on the exposure of Citizens if high value home policies are eliminated (PML effect on the entire book of business). If you look at all the high value policies (>\$1million), do you create more exposure than risk of loss, that is, would elimination of high value homes result in a greater loss in premium than reduction in exposure?

9. Provide information on scenarios listed below:

- If Citizens' current book of business consisted of wind only, what would exposure be? What would premium be?
- If Citizens wrote wind statewide, what would exposure be? What would premium be? [Florida Hurricane Catastrophe Fund]

10. Provide a side by side comparing the Citizens' policy to the voluntary market. [DFS.]

11. What are the limits/coverages/deductibles for mobile homes offered by Citizens and does it differ from the private market now or private market when there was one? [OIR]

12. How many policies have not been assumed? Should Citizens track the refusal of an agent to permit the assumption of the policy so it can be determined where the declinations are coming from? [Decision paper by Collins Center]

13. How do we define "skin in the game" and what incentive does the insurer have to adjust properly? [Decision paper by Collins Center]

14. Provide the following information for the PLA:

PLA	2002	2003	2004	2005
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Premium – Wind (\$ & % of total PLA)

Premium – Non-Wind (\$ & % of total PLA)

Losses – Wind (\$ & % of total PLA)

Losses Non-Wind (\$ & % of total PLA)

Expense Wind (\$ & % of total PLA)

Expense Non-Wind (\$ & % of total PLA)

15. What is the breakdown of Citizens' total operating expenses/allocated loss adjustment expenses per year? Is Citizens operating more efficiently than when it was operating separately from the windpool?

16. Should Citizens charge different rates for second homes? [OIR to do some initial research]

17. What share of the property marketplace does the surplus lines industry have and does it have additional capacity? [Florida Surplus Lines Service Office]
18. What are the checks and balances in the National Flood Insurance Program? [Collins Center]
19. Address the implementation of SB 1486. [OIR will do a presentation on this at a subsequent meeting.]

Vice Chair Chapman-Henderson adjourned the meeting at 4:00 p.m.