

Executive Summary

Claims Committee Meeting, June 12, 2019
Board of Governors Meeting, June 19, 2019

Litigated Claims Update

CLAIMS LITIGATION – 2019 YEAR TO DATE (January 1, 2019 – April 30, 2019)

History

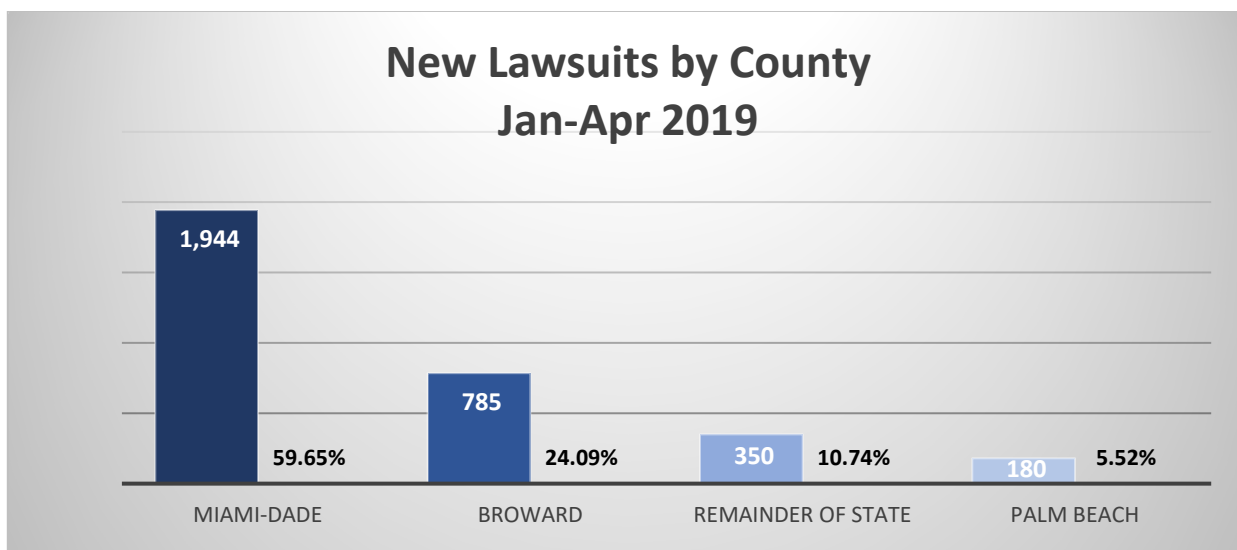
Overview of Incoming Lawsuits and Pending Volume:

From January 2019 through April 2019, Citizens was served with 3,333 lawsuits (3,259 Residential Property) – averaging 833 new lawsuits per month. This reflects a 22% decrease in the number of new incoming suits per month as compared to this same time period last year (2018 average for January through April – 1,071).

As of April 30, 2019, current pending volume totaled 14,091 lawsuits (13,629 Residential Property). This reflects a 14% increase in pending as compared to this same time last year (12,363 pending matters).

89% of the incoming residential property lawsuits arise out of the Tri-County area. This distribution has remained fairly consistent since March 2014:

- Miami-Dade 60%
- Broward 24%
- Palm Beach 5%

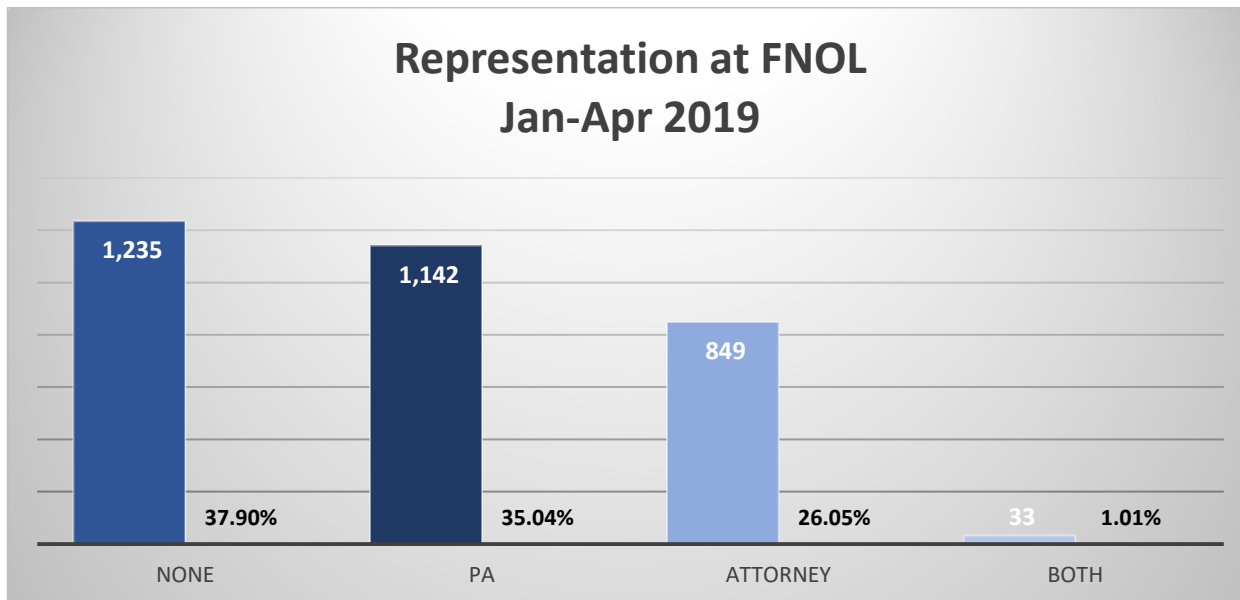


The plaintiff was represented at First Notice of Loss in 62% of incoming residential property lawsuits, which has remained fairly consistent as compared to 2018:

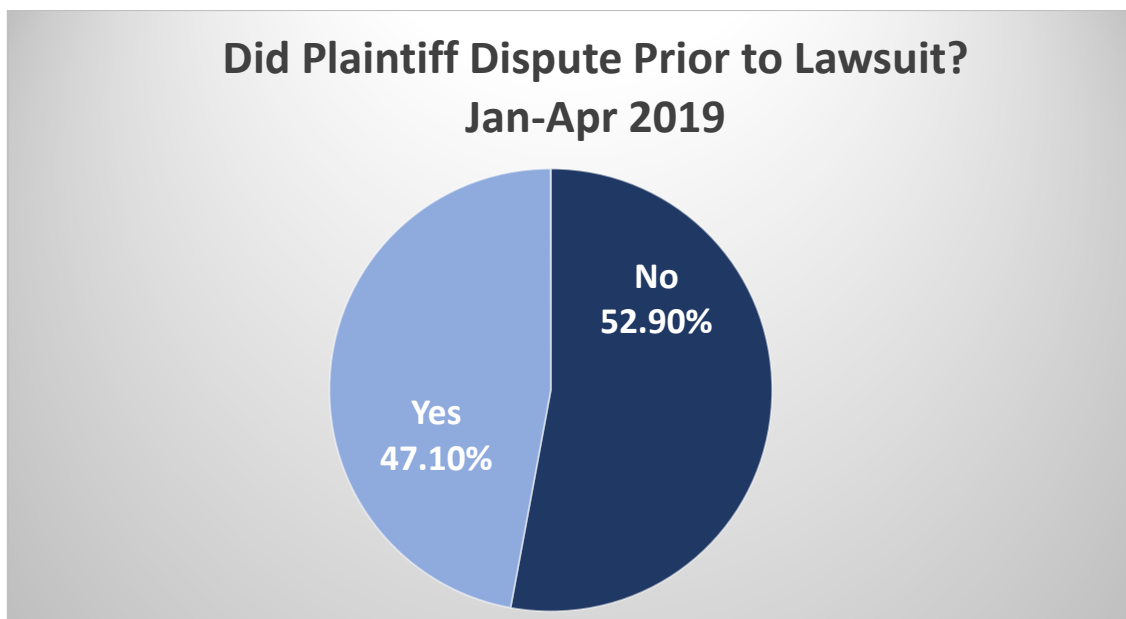
- Public Adjuster 35%
- Attorney 26%
- Both PA & Attorney 1%

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In 53% of the incoming residential property lawsuits the insured did not dispute Citizens' position or adjustment of the claim prior to filing suit.

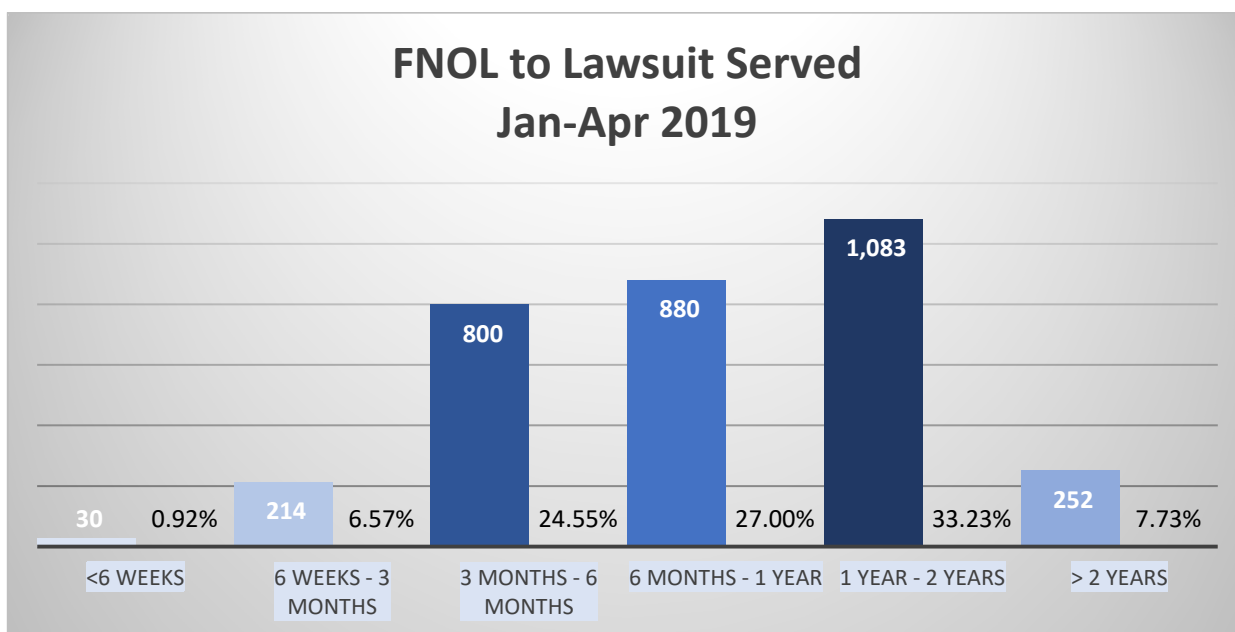


A review of the timing of incoming lawsuits reveals that 32% of lawsuits are brought within 6 months of the First Notice of Loss (FNOL). This is a significant change as compared to 2018 (53%) as lawsuits are historically brought earlier following a catastrophic event. We now see the majority of new lawsuits, 51%, brought 6 months to 1 year after FNOL, with 41% brought more than one year after FNOL:

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- Within 6 weeks of FNOL 1%
- Within 3 months of FNOL 7%
- Within 6 months of FNOL 24%
- Within 1 year of FNOL 27%
- Within 2 years of FNOL 33%
- 2 or more years from FNOL 8%



Water Loss, AOB and CAT:

The leading cause of loss for new incoming residential property lawsuits remains CAT losses which now represent 48% of incoming lawsuits (down from 58% at the end of 2018). 32% of the CAT lawsuits were brought by the Insured, with 16% brought by AOB Vendors. As we move farther away from Hurricane Irma, we see a return to pre-Irma levels of AOB litigation that now represent 40% of new incoming residential property lawsuits, as compared to 26% for this same time period in 2018, and 40% in 2017. Water loss litigation also continues to rise and currently represents 24% of new incoming lawsuits (18% for this time period in 2018).

CAT losses also remain the leading cause of loss in pending volume, representing 43% of the pending for residential property lawsuits (compared to 41% in 2018). The overall percentage of pending AOB lawsuits has increased 4% as compared to 2018 and now represents 31% of the pending residential property lawsuits. Pending Water loss lawsuits have decreased to 27% as compared to 36% in 2018.

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CONCLUSION

The majority of new incoming lawsuits continue to arise out of Hurricane Irma but are trending down as we move farther away from the event. We are experiencing a rising trend in AOB lawsuits that have reached pre-Irma levels of litigation. This is an expected trend as Hurricane Irma claims have been trending down and Non-Weather Water claims have been trending up.

The timing of lawsuits is also returning to a pre-Irma pace with the vast majority of lawsuits brought more than six months after the claim was first reported to Citizens. The majority of lawsuits continue to involve insureds that were represented at the time the loss was first reported and filed in the absence of the insured disputing Citizens' position at the time of the adjustment of the claim.

In light of the new legislation concerning AOB claims and litigation, the Claims Litigation department, in conjunction with in-house counsel, is developing litigation strategies to address AOB claims subject to the new statutory requirements and obligations.