

Executive Summary

Claims Committee Meeting, June 1, 2020
Board of Governors Meeting, June 24, 2020

Litigated Claims Update

Claims Litigation – 2020 Year to Date (January 1, 2020 – April 30, 2020)

Overview of Incoming Lawsuits and Pending Volume:

From January 2020 through April 2020, Citizens was served with 2,267 lawsuits, averaging 567 new lawsuits per month. This reflects a 32 percent decrease in the number of new incoming lawsuits per month as compared to the same time period in 2019 (average 834 new lawsuits per month).

Breakdown of 2020 Year to Date New Lawsuits:

First Party Residential Property – 2,231 Total (98% of Overall Total)

- Residential CAT	1,055	47%
- Residential Non-CAT	1,171	52%
- Residential Sinkhole	5	<1%

First Party Commercial Property – 27 Total (<2% of Overall Total)

- Commercial CAT	27	100%
- Commercial Non-CAT	0	0%
- Commercial Sinkhole	0	0%

Third Party Liability – 9 Total (<1% of Overall Total)

As of April 30, 2020, pending volume totaled 12,047 lawsuits. This reflects a 15 percent decrease in pending as compared to the same time period in 2019 (14,091 pending matters as of April 30, 2019).

Breakdown of 2020 Year to Date Pending Lawsuit Volume:

First Party Residential Property – 11,733 Total (97% of Overall Total)

- Residential CAT	5,125	44%
- Residential Non-CAT	6,461	55%
- Residential Sinkhole	147	<2%

First Party Commercial Property – 240 Total (2% of Overall Total)

- Commercial CAT	224	93%
- Commercial Non-CAT	12	5%
- Commercial Sinkhole	4	<2%

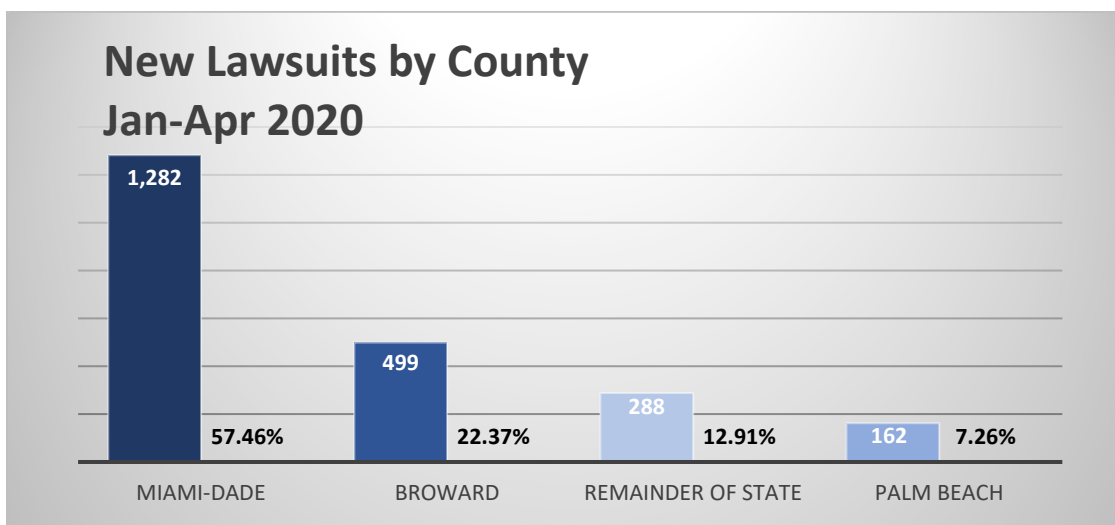
Third Party Liability – 74 Total (<1% of Overall Total)

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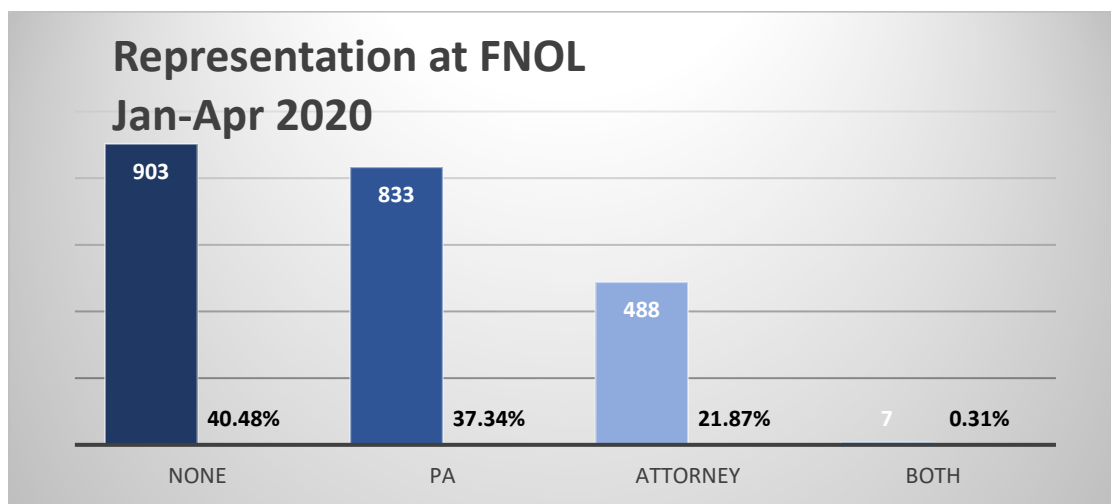
Approximately 86 percent of the incoming Residential Property lawsuits arise out of the Tri-County area. This distribution has remained fairly consistent since March 2014:

- Miami-Dade 57%
- Broward 22%
- Palm Beach 7%



The plaintiff was represented at First Notice of Loss in approximately 59 percent of incoming Residential Property lawsuits, which has decreased slightly from 62 percent as compared to 2019:

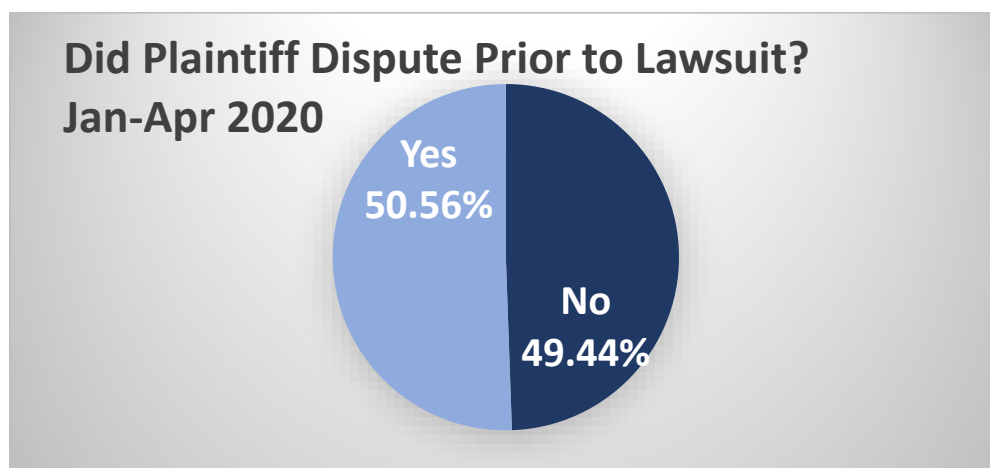
- Public Adjuster 37%
- Attorney 22%
- Both PA & Attorney <1%



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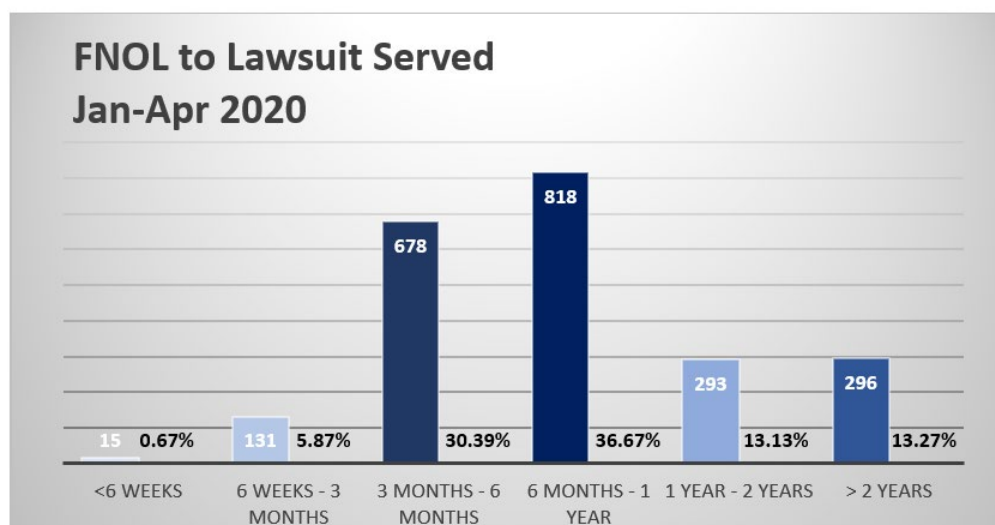
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In 49 percent of the incoming Residential Property lawsuits the insured did not dispute Citizens' position or adjustment of the claim prior to filing suit. This is an 8 percent decrease compared to the same time period in 2019.



A review of the timing of incoming lawsuits reveals that nearly 37 percent of lawsuits are brought within 6 months of the First Notice of Loss (FNOL), with the majority of lawsuits (67 percent) brought 3-12 months after the FNOL. This is consistent as compared to 2019.

- Within 6 weeks of FNOL <1%
- Within 3 months of FNOL 6%
- Within 6 months of FNOL 30%
- Within 1 year of FNOL 37%
- Within 2 years of FNOL 13%
- 2 or more years from FNOL 13%



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Water Loss, Assignment of Benefit (AOB) and CAT:

CAT loss is the leading cause of loss for both new and pending lawsuits as of April 30, 2020. CAT lawsuits represent 47 percent of all new incoming lawsuits and 44 percent of all pending lawsuits.

AOB lawsuits (arising out of all causes of loss) represent 27 percent of new incoming lawsuits, a 13 percent decrease in distribution of incoming lawsuits as compared to January through April 2019. Pending AOB lawsuits now represent 32 percent of total pending, which is consistent with the same time period last year.

Non-Weather Water lawsuits represent 33 percent of new, incoming lawsuits, a 9 percent increase in distribution of incoming suits as compared to January through April 2019. In terms of pending volume, Non-Weather Water lawsuits currently account for 29 percent of total volume which is also consistent with this same time last year.

Conclusion

While lawsuits arising out of Hurricane Irma continue to represent the leading cause of loss in both new incoming and pending lawsuits, the volume has continued to decrease over time. We do, however, anticipate an increasing trend in the future in Irma litigation as we approach Statute of Limitations cut off dates, both statutory and perceived.

We continue to experience a declining trend in new incoming AOB lawsuits which we believe is attributable to the statutory changes.

The distribution of Non-Weather Water lawsuits continues to rise, as expected, in the absence of other intervening CAT losses.

The timing of lawsuits has continued in the normalized pre-CAT pace with the majority of lawsuits brought on average 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 almost half of all lawsuits are filed in the absence of the insured disputing Citizens' position at the time of the adjustment of the claim.