

Executive Summary

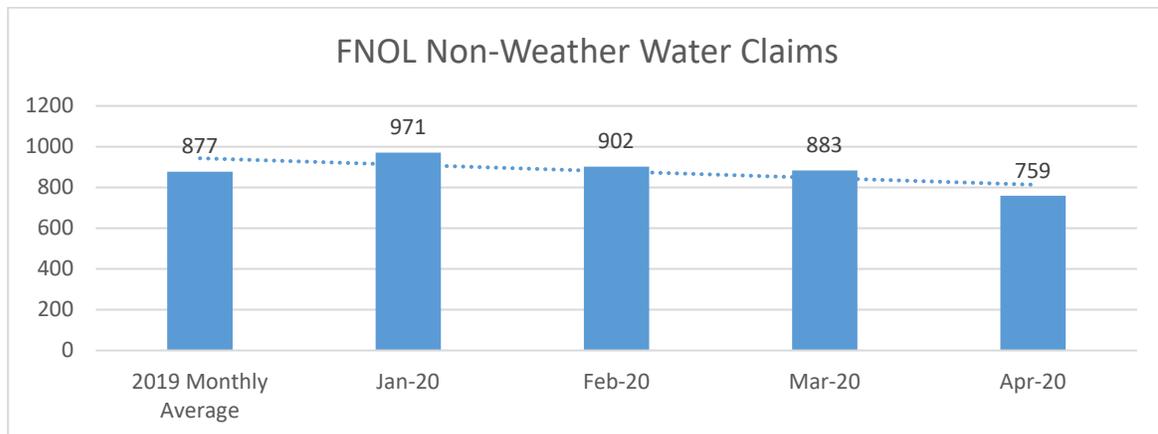
Claims Committee Meeting, June 1, 2020

Board of Governors Meeting, June 24, 2020

Non-Weather Water Claims, Managed Repair Program, and Assignment of Benefits Update

Non-Weather Water Claims

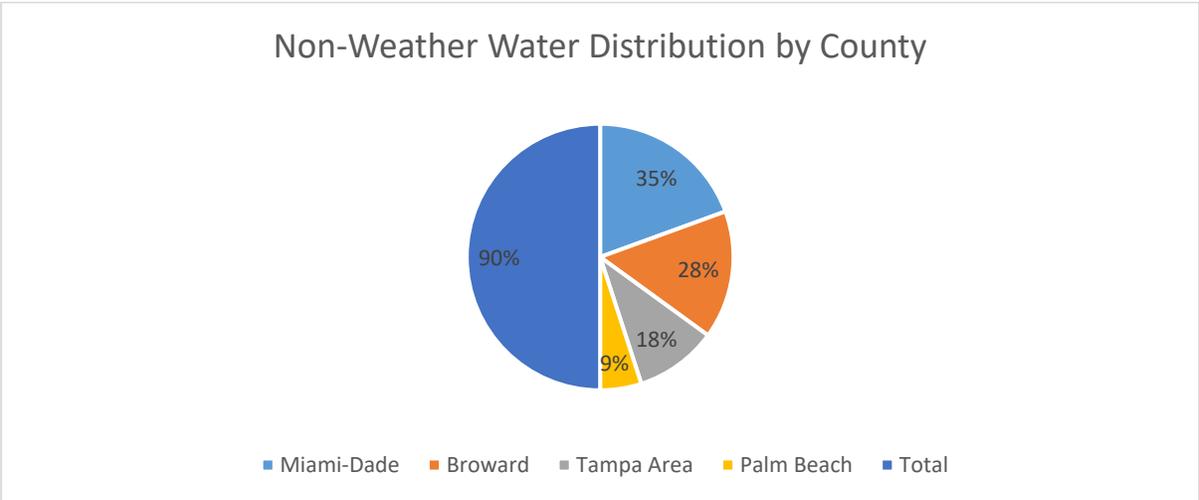
Non-Weather water claims continue to show robust reporting and continues to represent 50 percent of all First Notice of Loss (FNOL) claims at Citizens. As you may recall in previous reports, a product language change placed a \$10,000 sublimit on non-weather water losses which completed a one-year renewal cycle as of August 2019, but we have not realized any significant reduction in FNOL claims as we progress through 2020. In April of this year, we did experience a reduction in FNOL reports, but this is most likely due to COVID-19. The following graph depicts FNOL non-weather water claim history.



FNOL Non-Weather Water claims directly correlate to Citizens' policy distribution with 90 percent of all claims reporting from Miami-Dade, Broward, Palm Beach and the Tampa area. This distribution of claims has remained consistent for quite some time now and is where the bulk of the Citizens field resources are deployed.

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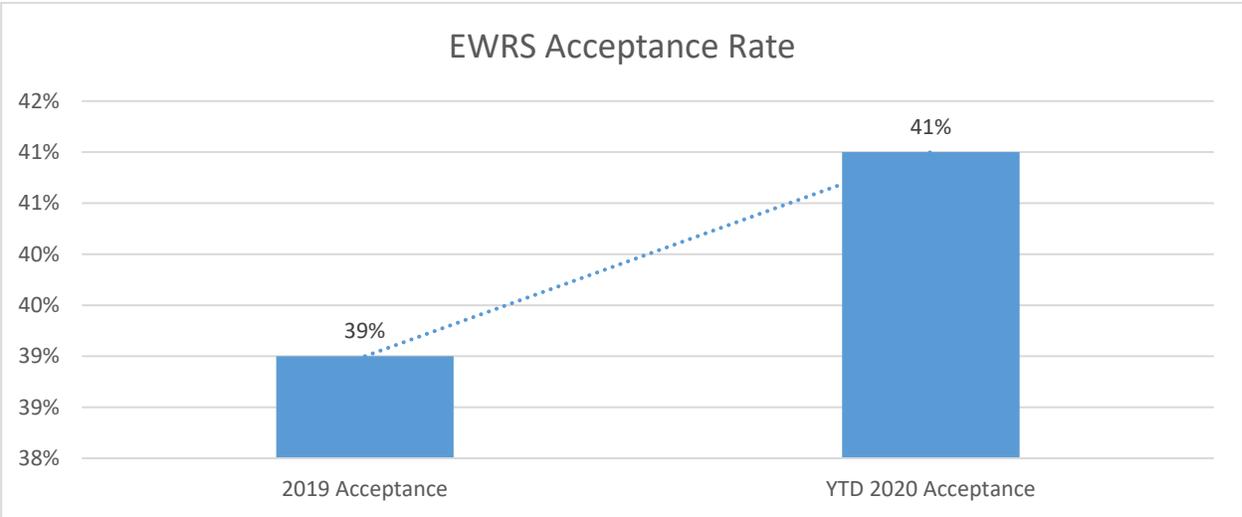
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Emergency Water Removal Service (EWRS) and Managed Repair Program

Both the Emergency Water Removal Service and Managed Repair Program continue to be popular programs for eligible policyholders. The EWRS is offered at First Notice of Loss (FNOL) to policyholders who are insured under a HO-3 or DP- 3 policy form.

As illustrated in the below graph, acceptance rates for EWRS, which is offered at FNOL, continue to increase and has become a popular and sought-out service for customers that have experienced a water loss. This service is not contingent on the loss being covered by the policy and there is no charge to the customer when this service is utilized. The average paid amount for in-program EWRS is \$1,572 compared to \$2,613 for out of program.

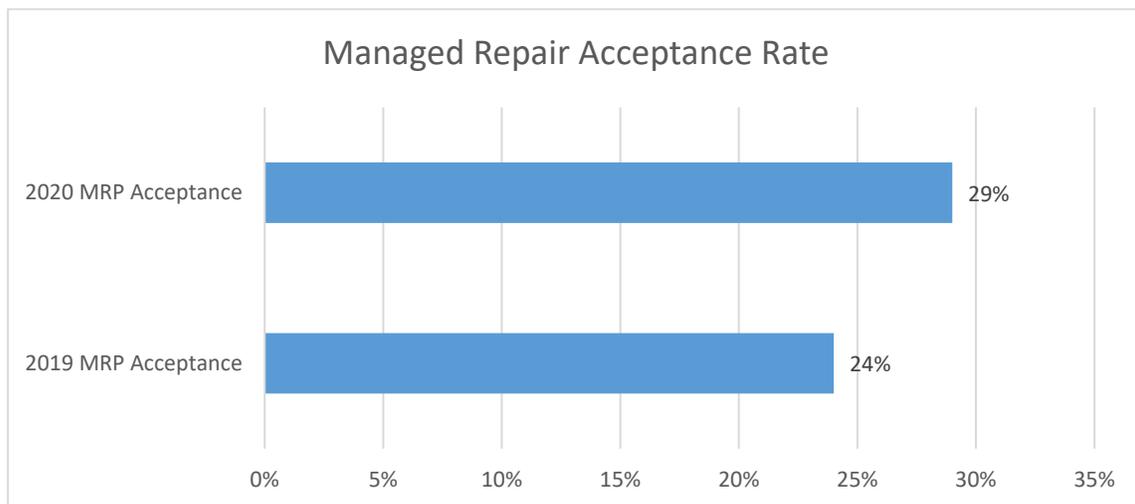


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Regarding the Managed Repair Program, this option is offered to all HO-3 and DP-3 policyholders who choose to have a Contractor Connection network contractor make the repairs in lieu of being indemnified up to the \$10,000 water sublimit. As with the free water removal service that we offer, the Managed Repair Program (for permanent repairs) is also experiencing increased acceptance rates by customers and has proven to be an excellent choice for policyholders who want to be fully indemnified for their covered water loss.



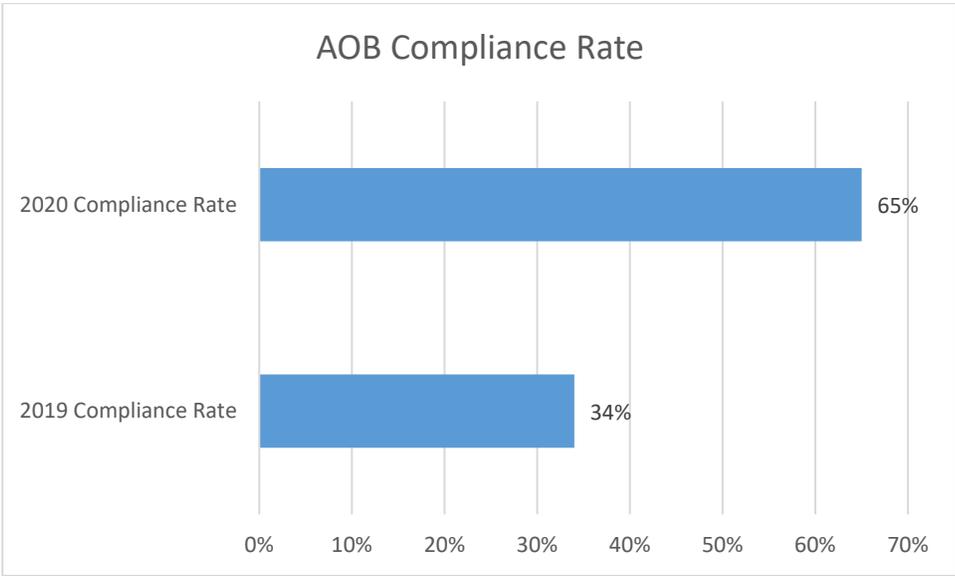
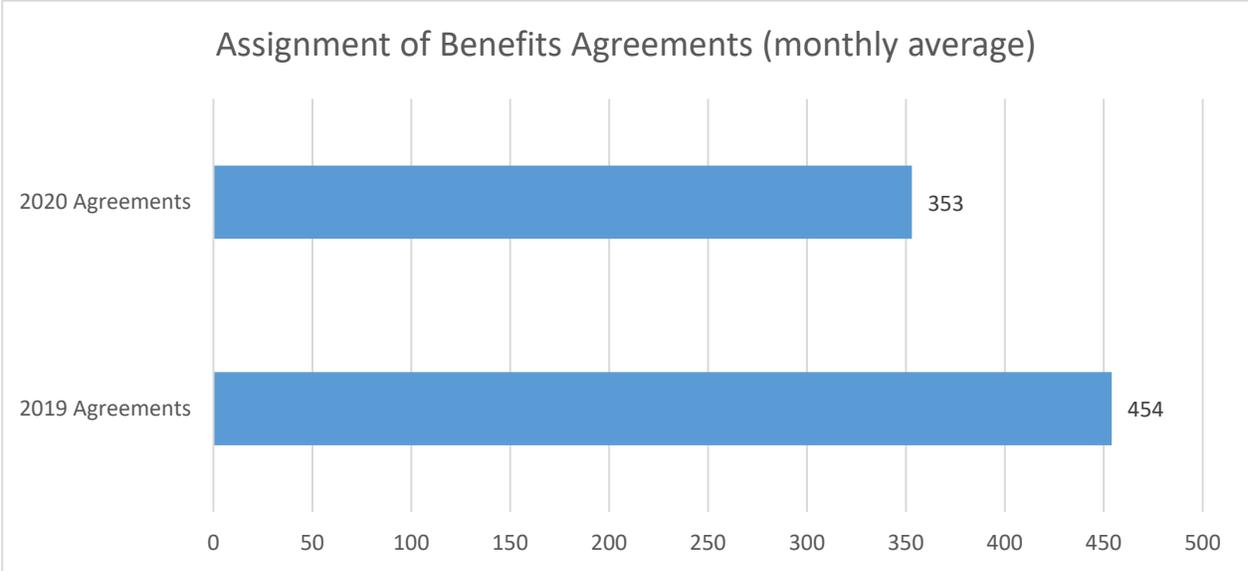
Assignment of Benefits (AOB)

As previously reported to the committee, several steps have been taken at Citizens to respond to the Assignment of Benefits Legislation (HB7065) that became effective on July 1, 2019. Since the passing of this bill, we have diligently worked to determine impacts of this new legislation and to help curb assignment of benefits abuse in the marketplace. Since the passing of HB7065, we have experienced a reduction in the number of assignment agreements with wind representing 47 percent, non-weather water representing 44 percent, and weather-related water representing 7 percent of all assignment agreements received. In addition, the assignment agreement compliance rate has significantly increased since the July 1, 2019 effective date of HB7065.

Part of the new legislation also included a requirement to give insurance companies an advance Notice of Intent (NOI) to litigate. From July 1, 2019 to December 31, 2019, Citizens received 334 NOI's. Year to date through April 2020, 182 NOI's have been received with the majority of those not resulting in any additional indemnity payments being made.

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