

Executive Summary

Claims Committee Meeting, September 8, 2020

Board of Governors Meeting, September 23, 2020

Litigated Claims Update

CLAIMS LITIGATION – 2020 YEAR TO DATE (January 1, 2020 – July 31, 2020)

Overview of Incoming Lawsuits and Pending Volume:

From January 2020 through July 2020, Citizens was served with 4,120 lawsuits, averaging 589 new lawsuits per month. This reflects a 35% decrease in the number of new incoming lawsuits per month as compared to the same time period in 2019, averaging 902 new lawsuits per month.

Breakdown of 2020 YTD New Lawsuits:

First Party Residential Property – 4,050 Total (98% of Overall Total)

- Residential CAT	2,005	49.5%
- Residential Non-CAT	2,036	50%
- Residential Sinkhole	9	<1%

First Party Commercial Property – 42 Total (1% of Overall Total)

- Commercial CAT	39	93%
- Commercial Non-CAT	3	7%
- Commercial Sinkhole	0	0%

Third Party Liability – 28 Total (<1% of Overall Total)

As of July 31, 2020, pending volume totaled 11,904 lawsuits. This reflects a 15% decrease in pending as compared to the same time period in 2019 (14,024 pending matters as of July 31, 2019).

Breakdown of 2020 year-to-date Pending Lawsuit Volume:

First Party Residential Property – 11,603 Total (97% of Overall Total)

- Residential CAT	5,230	45%
- Residential Non-CAT	6,243	54%
- Residential Sinkhole	130	<1%

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

- Commercial CAT	226	94%
- Commercial Non-CAT	10	4%
- Commercial Sinkhole	4	<2%

Third Party Liability – 75 Total (<1% of Overall Total)

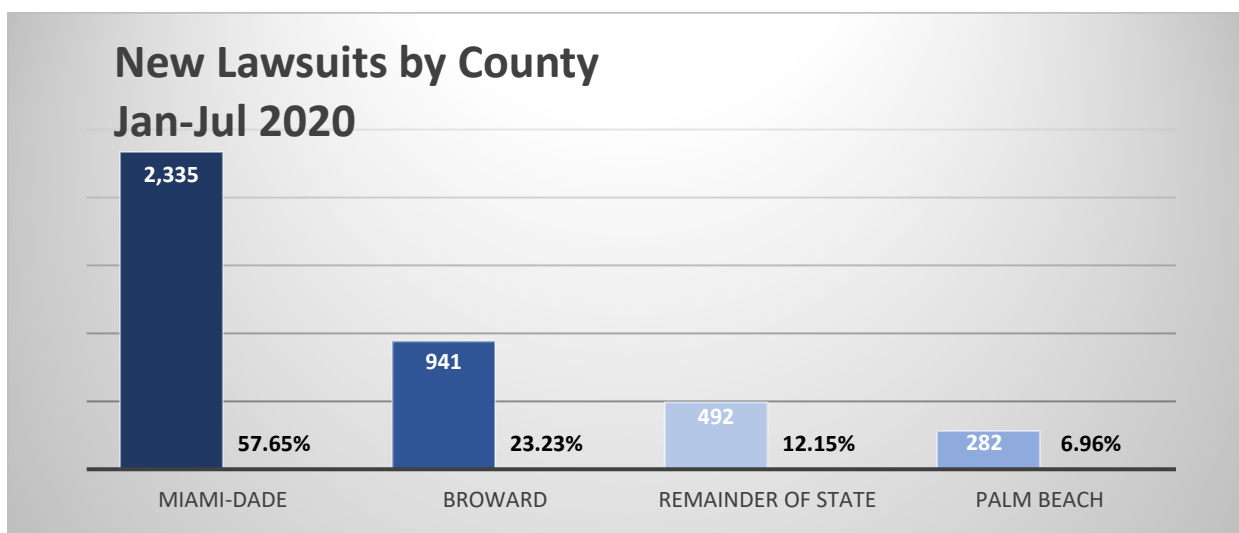
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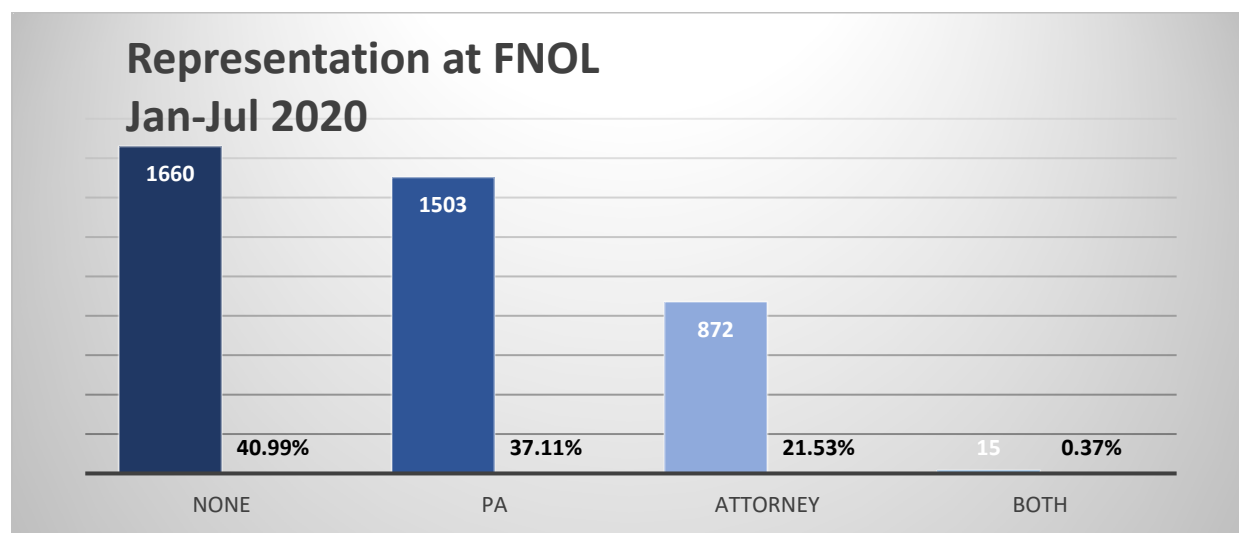
88% of the incoming residential property lawsuits arise out of the Tri-County area. This distribution has remained fairly consistent since March 2014:

- Miami-Dade 57%
- Broward 23%
- Palm Beach 7%



The plaintiff was represented at First Notice of Loss in 59% of incoming residential property lawsuits, which has increased slightly from 55% as compared to 2019:

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

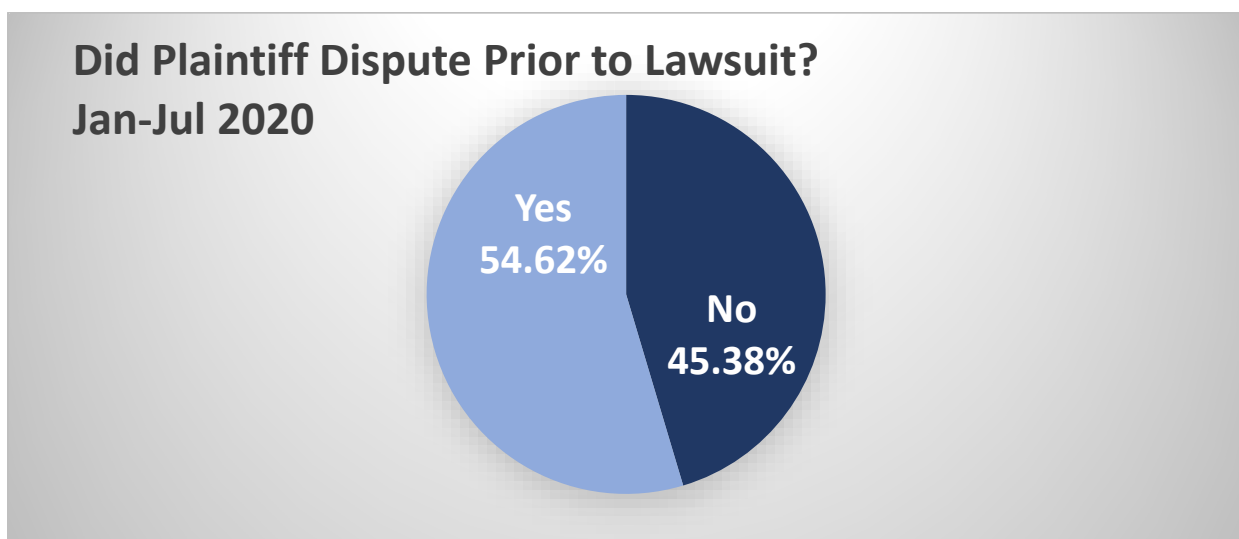


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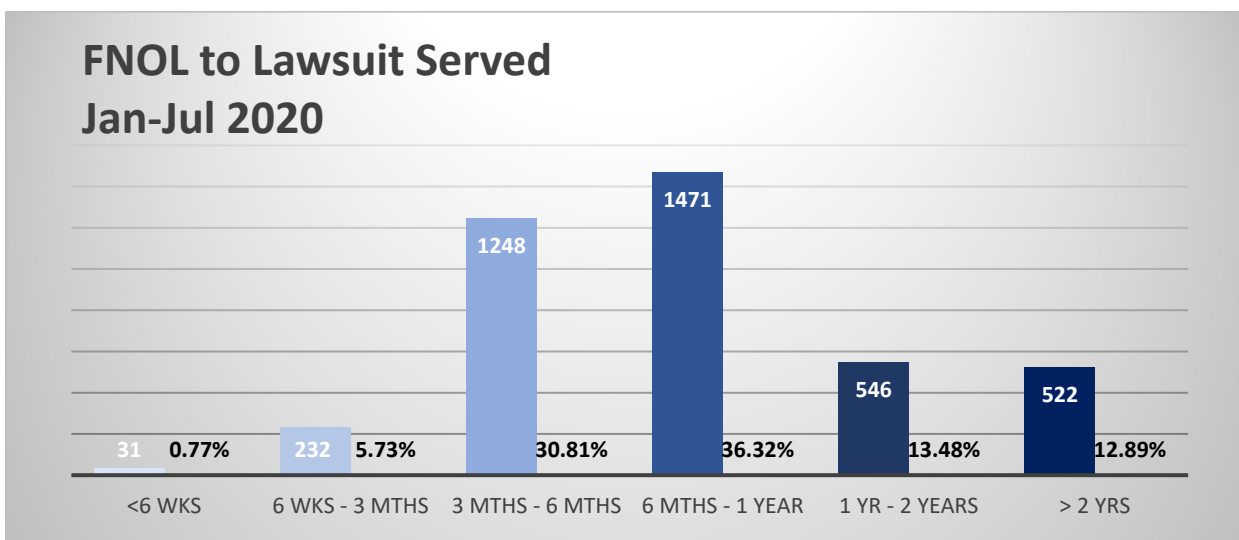
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In 45% of the incoming residential property lawsuits the insured did not dispute Citizens' position or adjustment of the claim prior to filing suit.



A review of the timing of incoming lawsuits reveals that 62% of lawsuits are brought more than 6 months after the First Notice of Loss (FNOL).

- Within 6 weeks of FNOL <1%
- Within 3 months of FNOL 6%
- Within 6 months of FNOL 31%
- Within 1 year of FNOL 36%
- Within 2 years of FNOL 13%
- 2 or more years from FNOL 13%



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Water Loss, AOB and CAT:

CAT loss (primarily Hurricane Irma) remains the leading cause of loss for both new and pending lawsuits as of July 31, 2020. CAT lawsuits represent 50 percent of all new incoming lawsuits and 45 percent of all pending lawsuits.

AOB lawsuits (arising out of all causes of loss) represent 28 percent of new incoming lawsuits, a 17 percent decrease in distribution of incoming lawsuits as compared to this same time period in 2019. Pending AOB lawsuits now represent 31 percent of total pending, which is consistent with the same time period last year.

Non-Weather Water lawsuits represent 30 percent of new, incoming lawsuits, a 7 percent increase in distribution of incoming suits as compared to this same time period in 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-Irma pace with the 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 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.

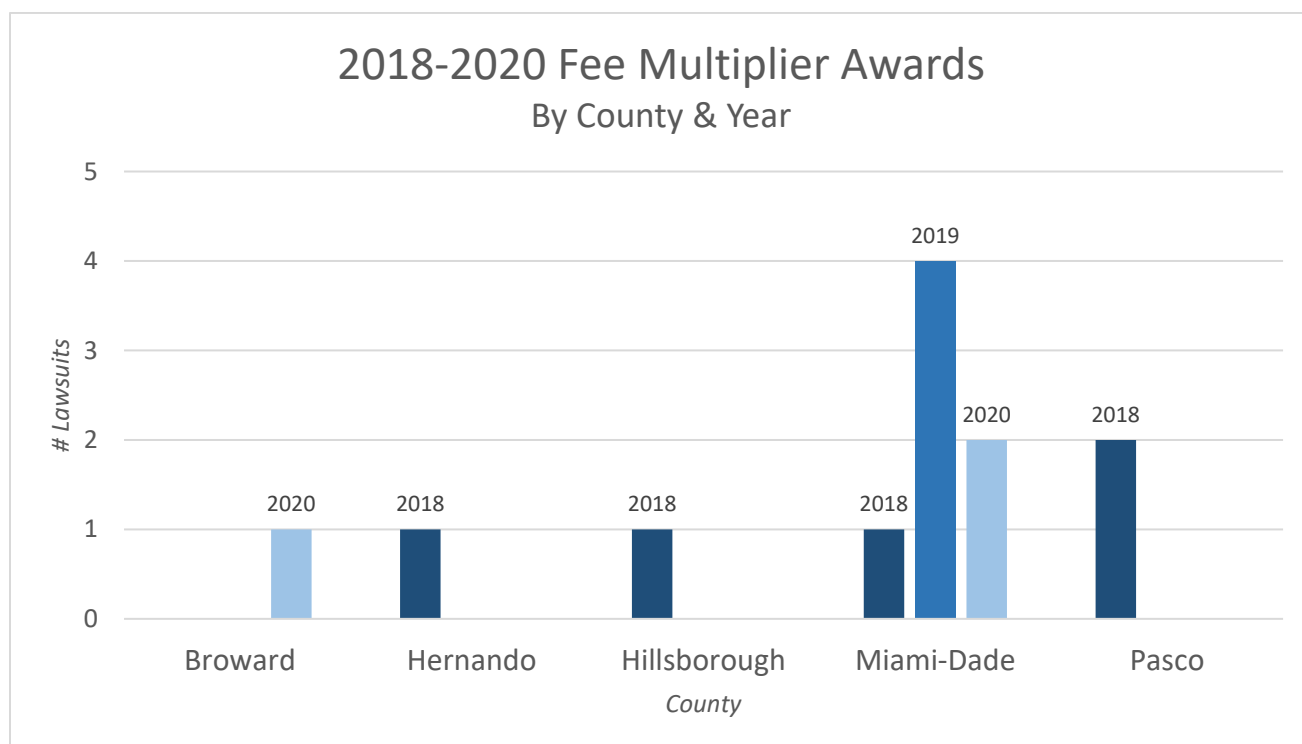
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Addendum to Litigated Claims Update

Fee Multipliers Awarded 2018-2020 (based on Fee Order Date)

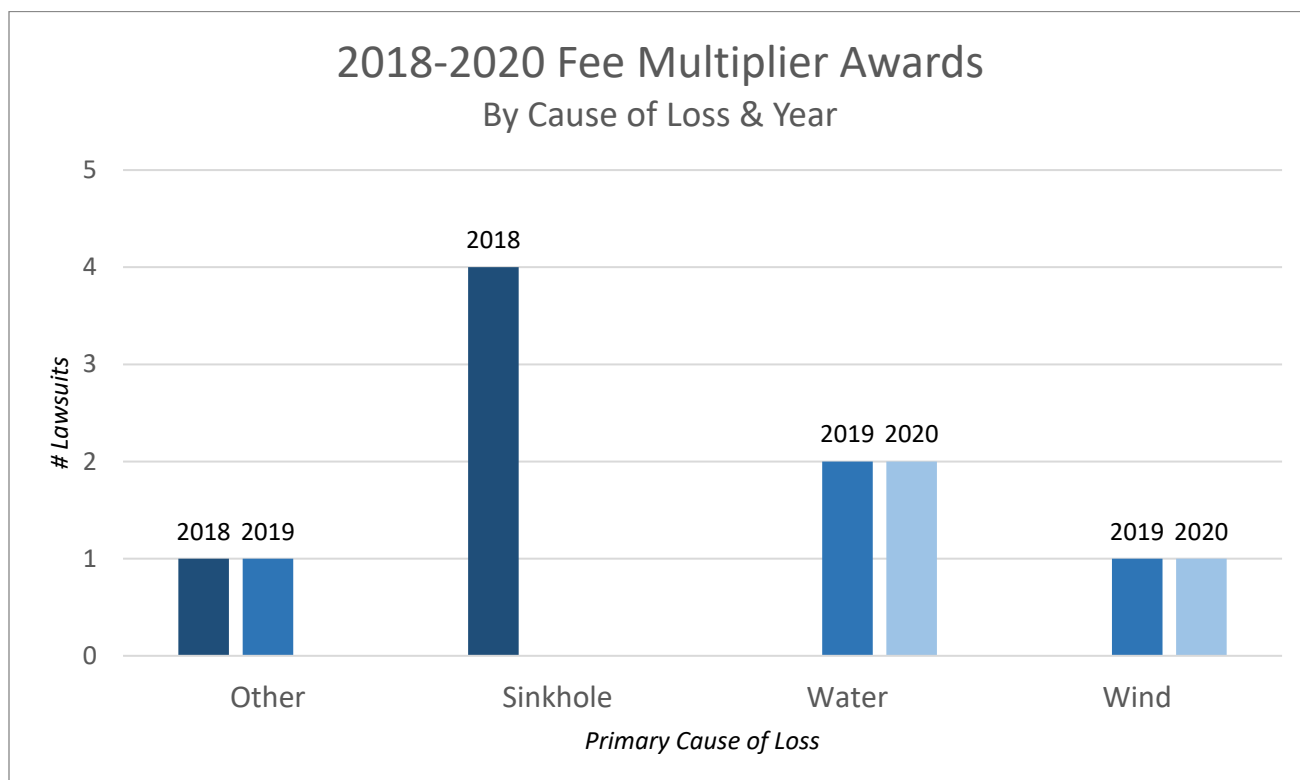


Individual Cases with Fee Multiplier Awards County	Year of Fee Order			Grand Total
	2018	2019	2020	
Broward			1	1
Hernando	1			1
Hillsborough	1			1
Miami-Dade	1	4	2	7
Pasco	2			2
Grand Total	5	4	3	12

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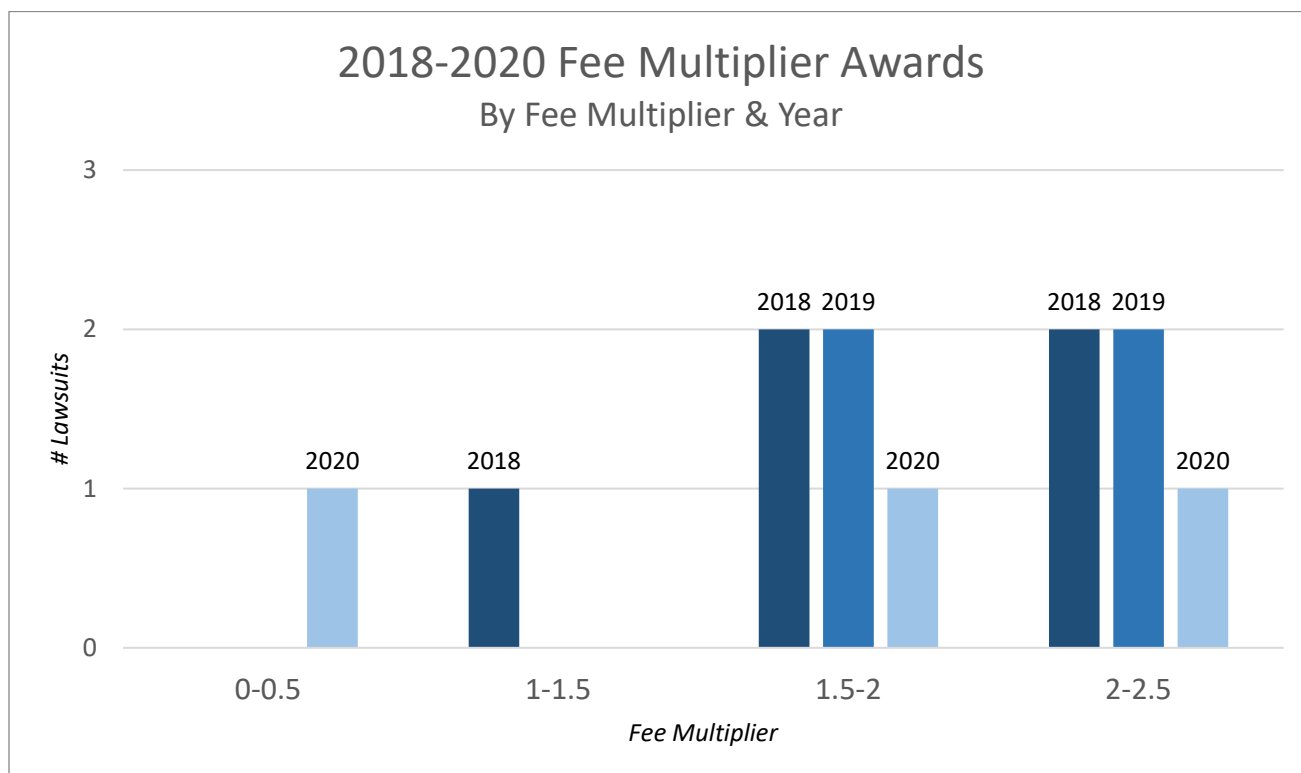


Individual Cases with Fee Multiplier Awards Primary Cause of Loss	Year of Fee Order			Grand Total
	2018	2019	2020	
Other	1	1		2
Sinkhole	4			4
Water		2	2	4
Wind		1	1	2
Grand Total	5	4	3	12

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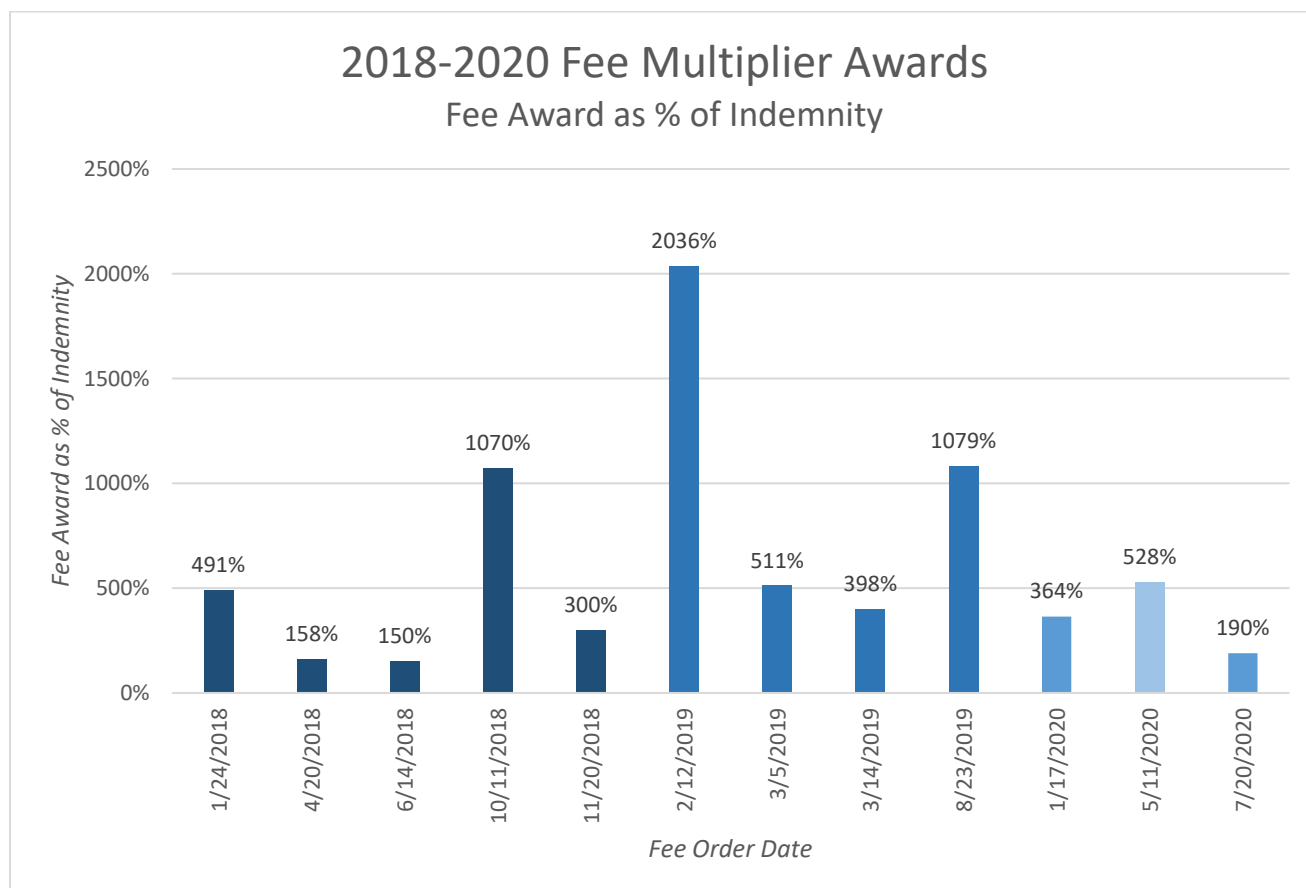


Individual Cases with Fee Multiplier Awards Fee Multiplier	Year of Fee Order			Grand Total
	2018	2019	2020	
0-0.5			1	1
1-1.5	1			1
1.5-2	2	2	1	5
2-2.5	2	2	1	5
Grand Total	5	4	3	12

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Individual Cases with Fee Multiplier Awards

Fee Award as % of Indemnity	% of indemnity
1/24/2018	491%
4/20/2018	158%
6/14/2018	150%
10/11/2018	1070%
11/20/2018	300%
2/12/2019	2036%
3/5/2019	511%
3/14/2019	398%
8/23/2019	1079%
1/17/2020	364%
5/11/2020	528%
7/20/2020	190%

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2018-2020 Individual Cases with Fee Multiplier Awards					
Date of Fee Order	County	Indemnity	Fee Multiplier	OC Fee After Multiplier	% Fee Award /Indemnity Paid
1/24/2018	Hernando	\$151,665.57	2.00	\$744,830.00	491%
4/20/2018	Pasco	\$111,494.63	1.75	\$176,299.37	158%
6/14/2018	Hillsborough	\$153,866.44	1.50	\$231,465.00	150%
10/11/2018	Miami-Dade	\$21,378.29	1.10	\$228,800.00	1070%
11/20/2018	Pasco	\$157,800.00	2.50	\$472,905.00	300%
2/12/2019	Miami-Dade	\$35,000.00	2.01	\$712,677.15	2036%
3/5/2019	Miami-Dade	\$117,620.26	2.50	\$600,537.50	511%
3/14/2019	Miami-Dade	\$60,000.00	1.50	\$239,040.00	398%
8/23/2019	Miami-Dade	\$16,400.00	1.50	\$176,935.50	1079%
1/17/2020	Miami-Dade	\$35,000.00	1.80	\$127,440.00	364%
5/11/2020	Miami-Dade	\$35,000.00	2.00	\$184,940.00	528%
7/20/2020	Broward	\$10,439.18	0.00	\$19,805.00	190%

2018-2020 Fee Multiplier Lawsuits		
	Lowest	Highest
Multiplier Awarded	0.0	2.5
Fee Awarded (includes Multiplier)	\$19,805.00	\$744,830.00
Fee Award as % of Indemnity	150%	2036%

2018-2020 Individual Cases with Fee Multiplier Awards							
Appeal Results				% Fee Award /Indemnity Paid			
	County	Indemnity	Fee Multiplier	OC Fee After Multiplier	Appeal Add'l Award	Appeal Multiplier	
Pending	Miami-Dade	\$35,000.00	1.80	\$127,440.00			
Affirmed - Plaintiff	Miami-Dade	\$35,000.00	2.01	\$712,677.15			
Affirmed - Plaintiff	Miami-Dade	\$117,620.26	2.50	\$600,537.50	\$106,810.00	2.00	
Affirmed - Plaintiff	Miami-Dade	\$60,000.00	1.50	\$239,040.00	\$0.00	0.00	

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Addendum to Litigated Claims Update

Pending Lawsuits Financials for Lawsuits Received 02/1/2019 thru 7/31/2020 (6-month span)

New Lawsuits Received 2/1/2020 thru 7/31/2020 (3464)

Duplicate Claims Excluded (260)

Closed Matters Excluded (129)

As of July 31, 2020	1st Party Property - Residential	1st Party Property - Commercial	3rd Party Liability - PD & BI	TOTAL
<i>Pending Lawsuits</i>	3,017	36	22	3,075
<i>Claim Level Indemnity Paid (Lit & Non-Lit)</i>	\$20,465,947.99	\$1,526,761.45	\$2,000.00	\$21,994,709.44
- Claim Level Indemnity Paid Non-Litigated	\$17,163,683.20	\$1,222,582.04	\$0.00	\$18,386,265.24
- Claim Level Indemnity Paid Litigated	\$3,302,264.79	\$304,179.41	\$2,000.00	\$3,608,444.20
<i>LAE Paid (Lit & Non-Lit)</i>	\$13,980,231.49	\$367,923.00	\$35,780.30	\$14,383,934.79
- LAE Non-Litigated	\$8,508,746.22	\$241,159.76	\$0.00	\$8,749,905.98
- LAE Litigated	\$5,471,485.27	\$126,763.24	\$35,780.30	\$5,634,028.81
<i>Reserves Outstanding Indemnity</i>	\$29,640,248.43	\$7,741,177.09	\$379,550.00	\$37,760,975.52
<i>Reserves Outstanding LAE Non-Litigated</i>	\$307,758.89	\$50,000.00	\$2,500.00	\$360,258.89
<i>Reserves Outstanding LAE Litigated</i>	\$29,803,268.51	\$1,063,816.01	\$156,919.70	\$31,024,004.22