

Executive Summary

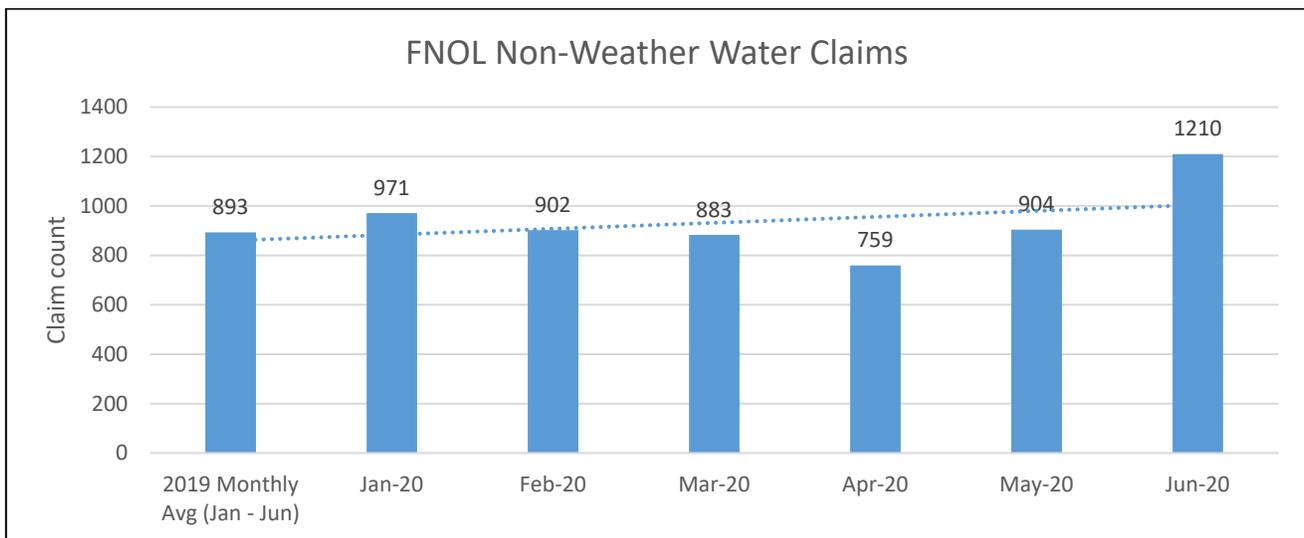
Claims Committee Meeting, September 8, 2020

Board of Governors Meeting, September 23, 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 approximately 50 percent of all First Notice of Loss (FNOL) claims reported to Citizens. During the first half of 2019, 5,359 non-weather water claims were reported compared to 5,629 for the first half of 2020. This represents a 5 percent increase (+270 claims) or about 45 additional claims per month since the beginning of 2020. Overall, non-weather water claim reporting remains slightly increased over 2019.

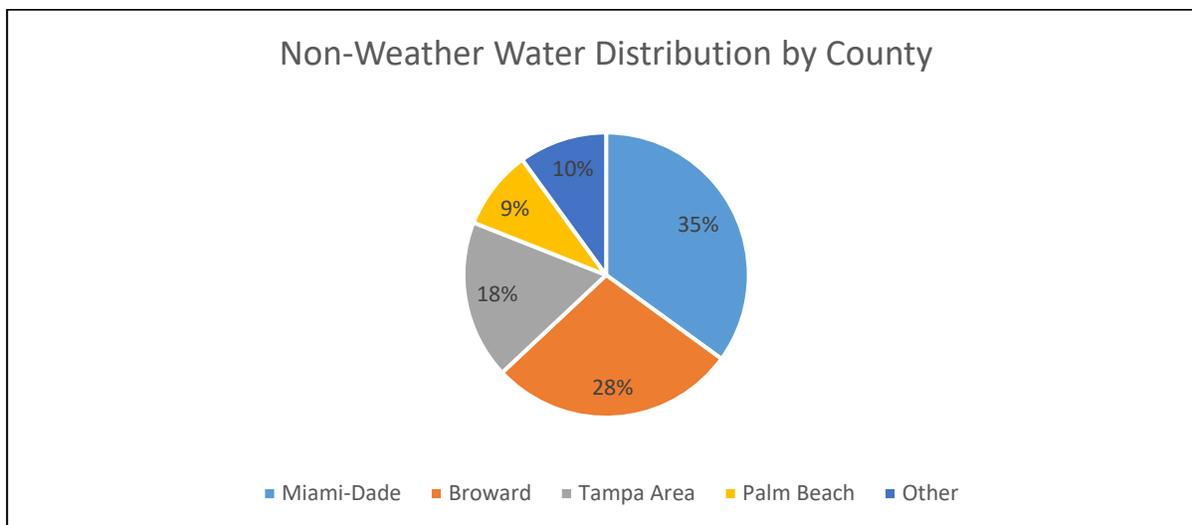


Non-weather water claims directly correlate to Citizens' policy distribution with approximately 90 percent of all claims reporting from Miami-Dade, Broward, Palm Beach, and the Tampa area. This distribution of claims matches field resources that live and work in those areas to facilitate deliverance of service to customers.

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90 percent arise out of Tri-County and the Tampa area

Homeowner 3 (HO-3) policies continue to represent the largest percentage of policies issued (66 percent) with the Dwelling Property 3 (DP-3) policy being the second most issued policy (17 percent) at Citizens. Of the non-weather water claims received during the first half of 2020, plumbing losses were the most frequently reported at 62 percent with water escape from appliances coming in second at 14 percent.

Customer satisfaction continues to remain high which averaged 88 percent for the first half of 2020. For the month of June, customer satisfaction reported in at 90 percent which indicated that 9 of 10 Citizens customers were highly satisfied with the overall claim service received.

Managed Repair Program (MRP)

Customers are increasingly opting into both the free Emergency Water Removal Service (EWRS) and the Managed Repair Contractor Network. The acceptance rate for both programs continue to increase as a result.

The Managed Repair Program offers a valuable service to customers with eligible policies whose homes have been damaged by water not caused by weather. The Managed Repair Program services are available to new and renewal HO-3 and non-Condo dwelling property 3 (DP-3) policies.

- For the entire year of 2019, there were 7,430 claims eligible for EWRS and MRP. Of the 7,430, 7,311 claims were offered EWRS at FNOL and 2,648 accepted EWRS, which equates to a **36 percent acceptance** rate.
- For 2020 through the month of June, 4,688 claims were offered EWRS at FNOL and 1,789 were accepted, which equates to a **38 percent acceptance rate**.

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Customers are increasingly opting into the Citizens' Managed Repair Contractor network. This program offers customers a choice of vetted contractors through Contractor Connection who are licensed and insured and agree to comply with Citizens' established service protocols. Any covered repair work has a workmanship guaranty for five years, which is supplied by the contractor.

- For the entire year of 2019, there were 7,430 claims eligible for MRP. Of the 7,430 eligible claims, 1,780 accepted permanent repairs, which equates to a **24 percent acceptance rate**.
- For 2020, through the month of June, 4,688 claims were MRP eligible and 1,312 accepted permanent repairs, which equates to a year-to-date **acceptance rate of 28 percent**.

Each month, Citizens completes service surveys on a random group of customers who used the Emergency Water Removal Service and/or the Managed Repair Program. These surveys are used to gauge the satisfaction level of customers and there are several question variables in each survey.

The total customer satisfaction score (on average) for the first half of this year was **81 percent**. This means that over **8 of 10 Citizens' customers** who used EWRS and/or the Managed Repair Program were satisfied with the programs and the overall claims service.

Assignment of Benefits (AOB) Update

HB7065 took effect on July 1, 2019. Since that time, the Assignment of Benefits Team has processed 5,720 assignment documents. Through June of this year, 2,322 assignment agreements have been received and processed. Of these:

- 1,144 or 23 percent of assignment agreements received were executed prior to the effective date (7/1/2019) of HB7065.
- During the first half of 2020, 2,322 assignments agreements were received. Of these, 63 percent were compliant, 17 percent were received as pre-suit, 13 percent non-complaint and 7 percent were executed pre-July 1, 2019.
- In 2019, we received approximately 454 assignments per month. This has decreased to an average of 387 for the first half of 2020, representing about a 15 percent reduction in assignment receipts.

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- Of the total assignments received, approximately 31 percent are Public Adjuster represented, 32 percent attorney represented and another 5 percent that have both public adjuster and attorney representation. 33 percent of assignment agreements do not have any sort of representation.
- Of the total assignment agreements received, 63 percent were classified as Emergency Repairs, which applies to the \$3,000 emergency repairs indemnity cap.
- Regarding the “Type of Work” noted in the received assignments, about 50 percent were related to water mitigation, 24 percent related to fungi testing/remediation, and 14 percent related to tarping/boarding up.

When analyzing the agreements related to the cause of loss, the perils of wind and water account for approximately 98 percent of all agreements received since the implementation of HB7065 and this is consistent with assignments received during the first half of 2020. The following depicts the distribution by cause of loss:

- Wind: 46%
- Water (non-weather related): 45%
- Water (weather related): 7%