

Executive Summary

Claims Committee Meeting, December 8, 2020
Board of Governors Meeting, December 16, 2020

Litigated Claims Update

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

Overview of Incoming Lawsuits and Pending Volume:

From January 2020 through October 2020, Citizens was served with 6,270 lawsuits, averaging 627 new lawsuits per month. This reflects a 26 percent decrease in the number of new incoming lawsuits per month as compared to the same time period in 2019, averaging 844 new lawsuits per month.

Breakdown of 2020 Year to Date New Lawsuits:

First Party Residential Property – 6,170 Total (98% of Overall Total)

- Residential CAT	3,163	51%
- Residential Non-CAT	2,996	49%
- Residential Sinkhole	11	<1%

First Party Commercial Property – 58 Total (<1% of Overall Total)

- Commercial CAT	53	91%
- Commercial Non-CAT	5	9%
- Commercial Sinkhole	0	0%

Third Party Liability – 31 Total (<1% of Overall Total)

As of October 31, 2020, pending volume totaled 12,376 lawsuits. This reflects a 6 percent decrease in pending as compared to the same time period in 2019 (13,147 pending matters as of October 31, 2019).

Breakdown of 2020 Year to Date Pending Lawsuit Volume:

First Party Residential Property – 12,074 Total (98% of Overall Total)

- Residential CAT	5,721	47%
- Residential Non-CAT	6,234	52%
- Residential Sinkhole	119	1%

First Party Commercial Property – 219 Total (2% of Overall Total)

- Commercial CAT	204	93%
- Commercial Non-CAT	11	5%
- Commercial Sinkhole	4	<2%

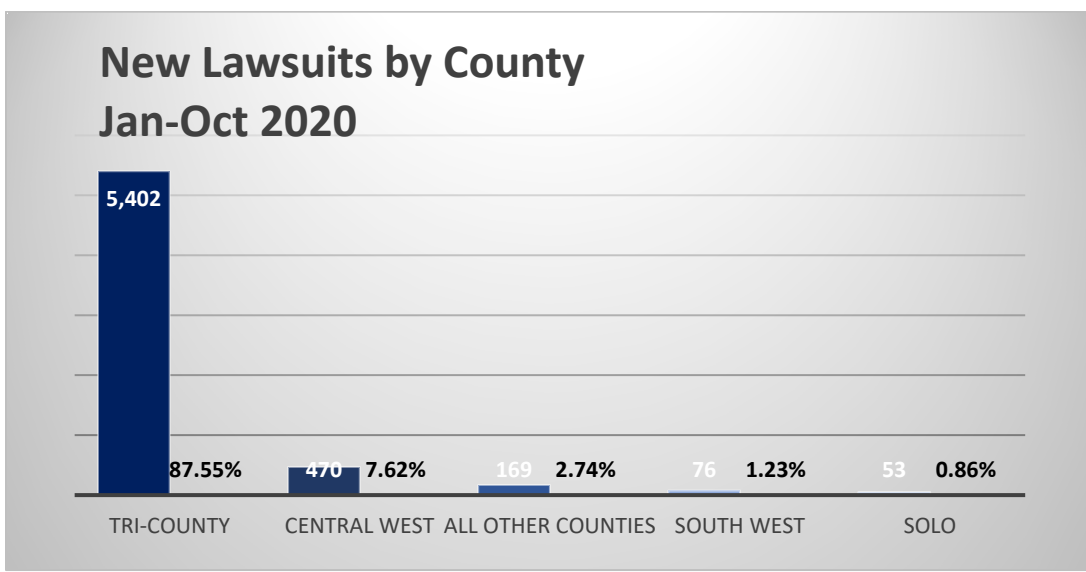
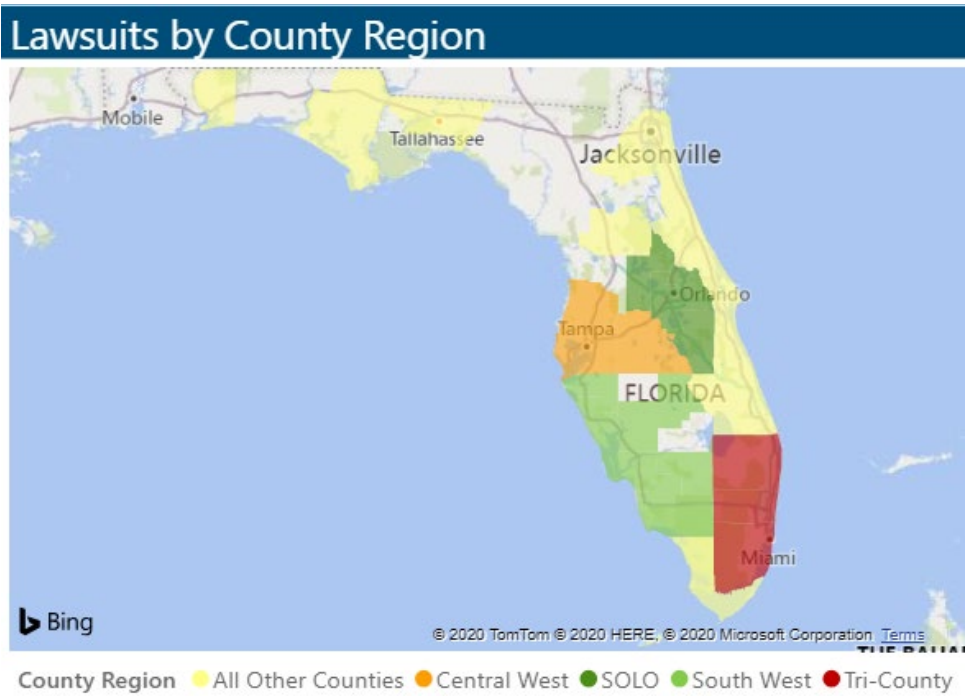
Third Party Liability – 83 Total (<1% of Overall Total)

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

- Tri-County 88%
- Central West 7%
- All Other Counties 3%
- South West 1%
- SOLO <1%



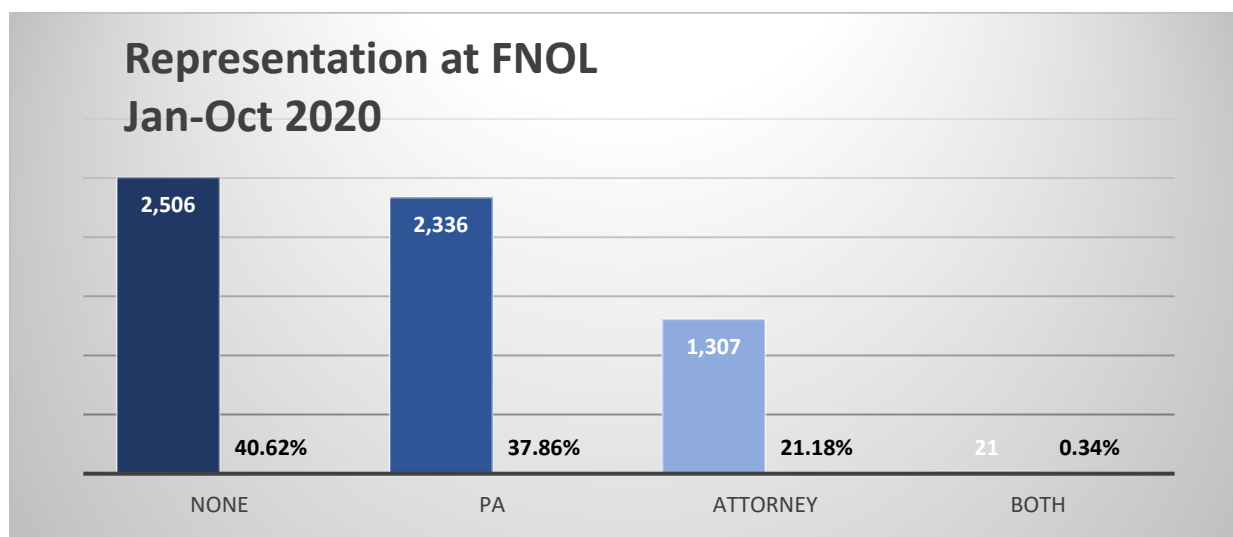
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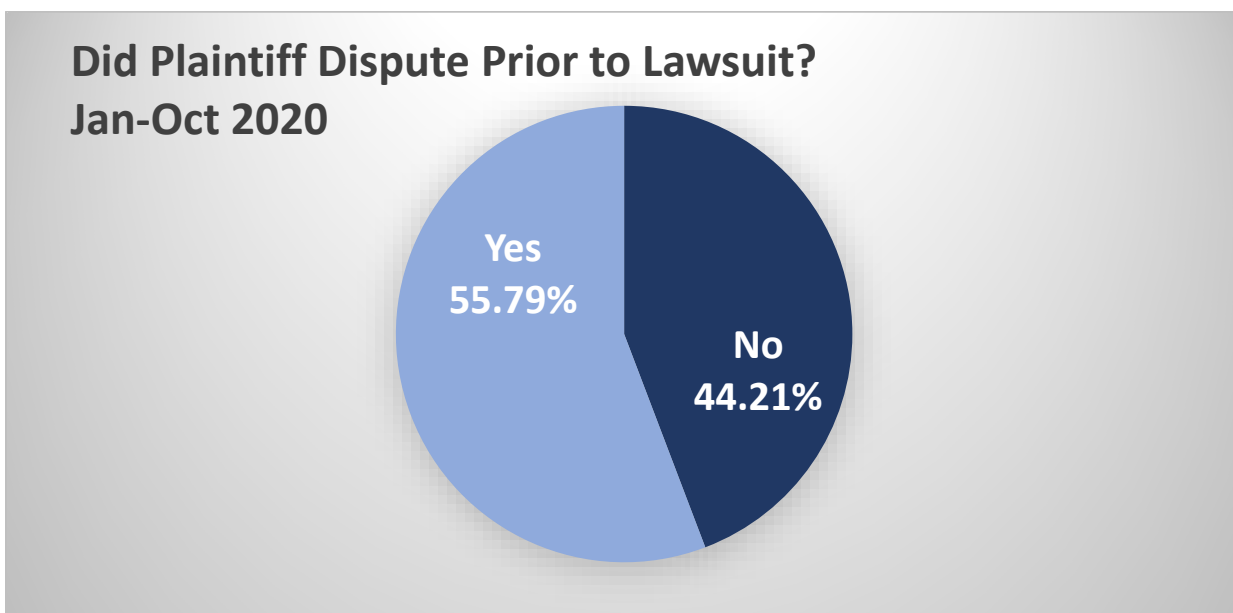
Board of Governors Meeting, December 16, 2020

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

- Public Adjuster 41%
- Attorney 21%
- Both PA & Attorney <1%



In 44 percent of the incoming residential property lawsuits the insured did not dispute Citizens' position or adjustment of the claim prior to filing suit.



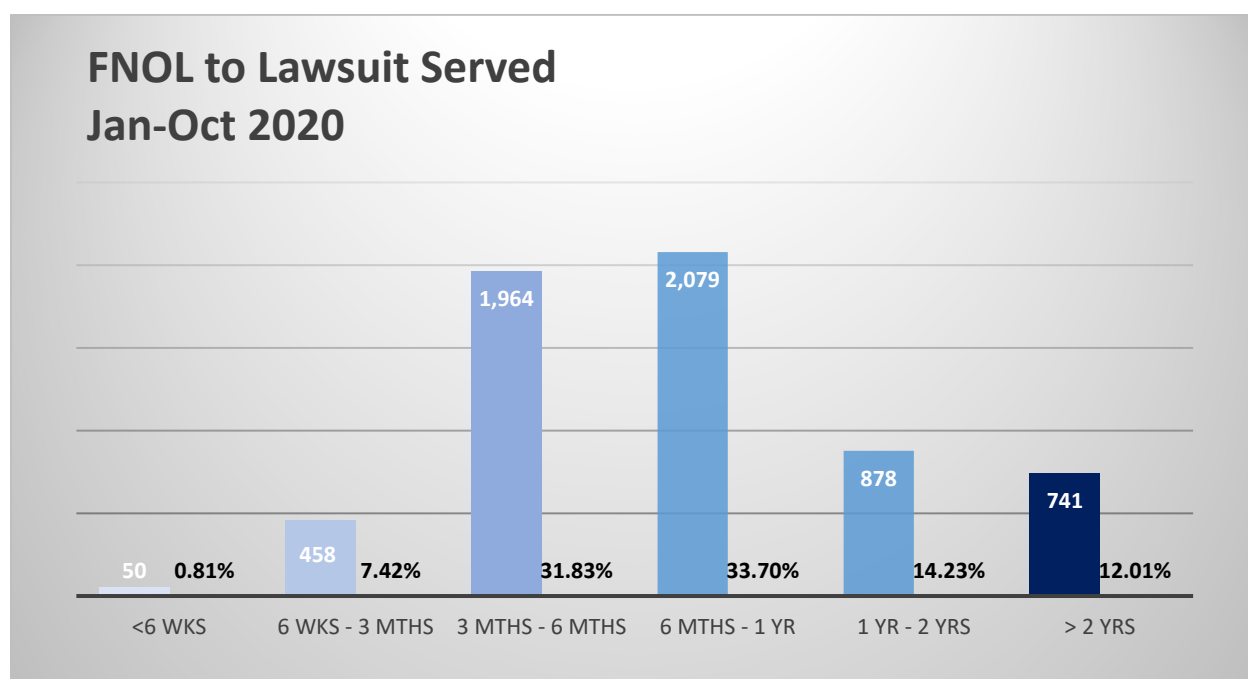
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A review of the timing of incoming lawsuits reveals that the majority of lawsuits (74%) are brought within 1 year of the First Notice of Loss (FNOL).

- Within 6 weeks of FNOL <1%
- Within 3 months of FNOL 7%
- Within 6 months of FNOL 32%
- Within 1 year of FNOL 34%
- Within 2 years of FNOL 14%
- 2 or more years from FNOL 12%



Water Loss, AOB and CAT:

CAT loss remains the leading cause of loss for both new and pending lawsuits as of October 31, 2020. CAT lawsuits represent 51 percent of all new incoming lawsuits and 47 percent of all pending lawsuits.

AOB lawsuits (arising out of all causes of loss) represent 27 percent of new incoming lawsuits, a 15 percent decrease in distribution of incoming lawsuits as compared to January through October 2019. Pending AOB lawsuits now represent 29 percent of total pending, a 6 percent decrease compared to the same time period last year.

Non-Weather Water lawsuits represent 28 percent of new, incoming lawsuits, a 4 percent increase in distribution of incoming suits as compared to January through October 2019. In terms of pending volume, Non-Weather Water lawsuits currently account for 28 percent of total volume which is also consistent with this same time last year.

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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 to continue to receive Irma litigation well into the future (while current statutes bar additional CAT claims brought more than three years from the date of loss, there is no corresponding limit on lawsuits arising out of such claims – the 5 year statute of limitation from breach of contract controls).

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 significant intervening CAT losses.

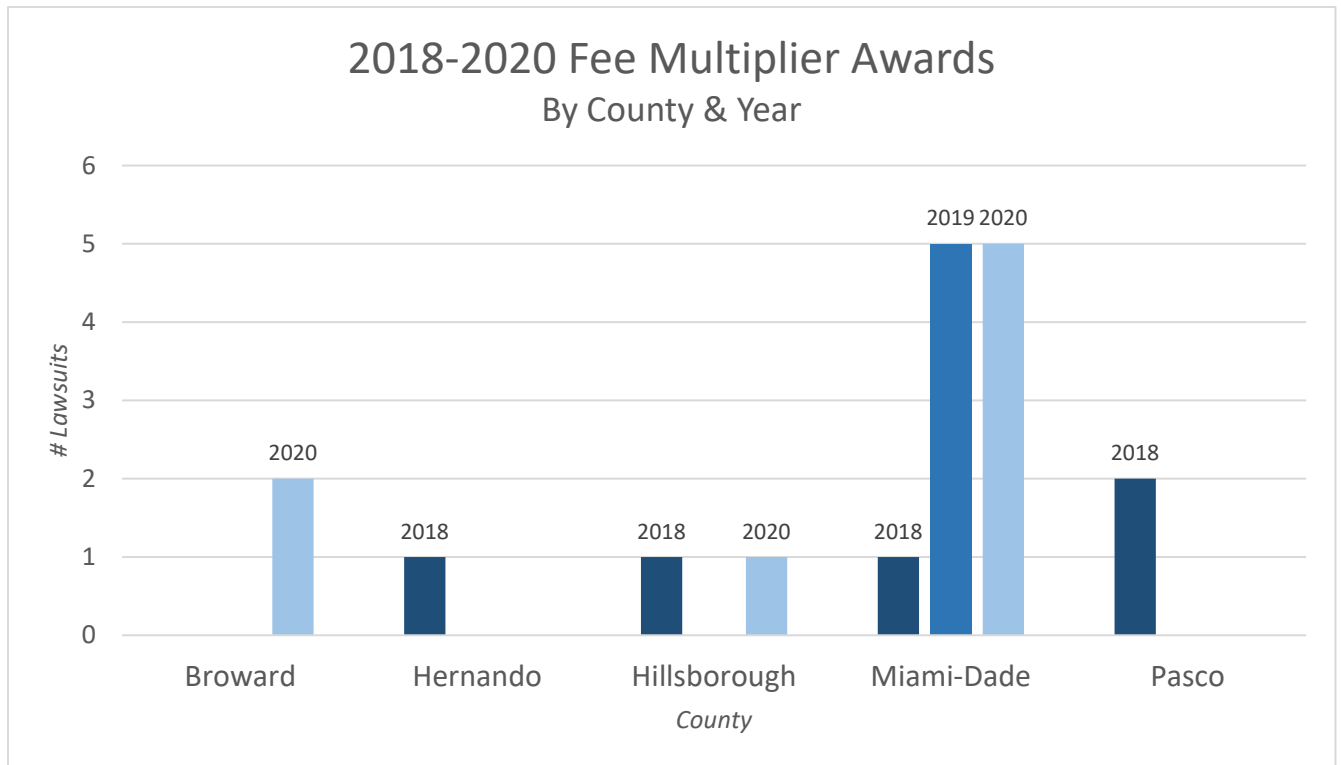
The timing of lawsuits has continued in the normalized pre-CAT pace with the majority of lawsuits brought on average within one year after the claim was first reported to Citizens (CAT litigation tends to be presented in closer proximity to the date of loss). The majority of lawsuits continue to involve 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)

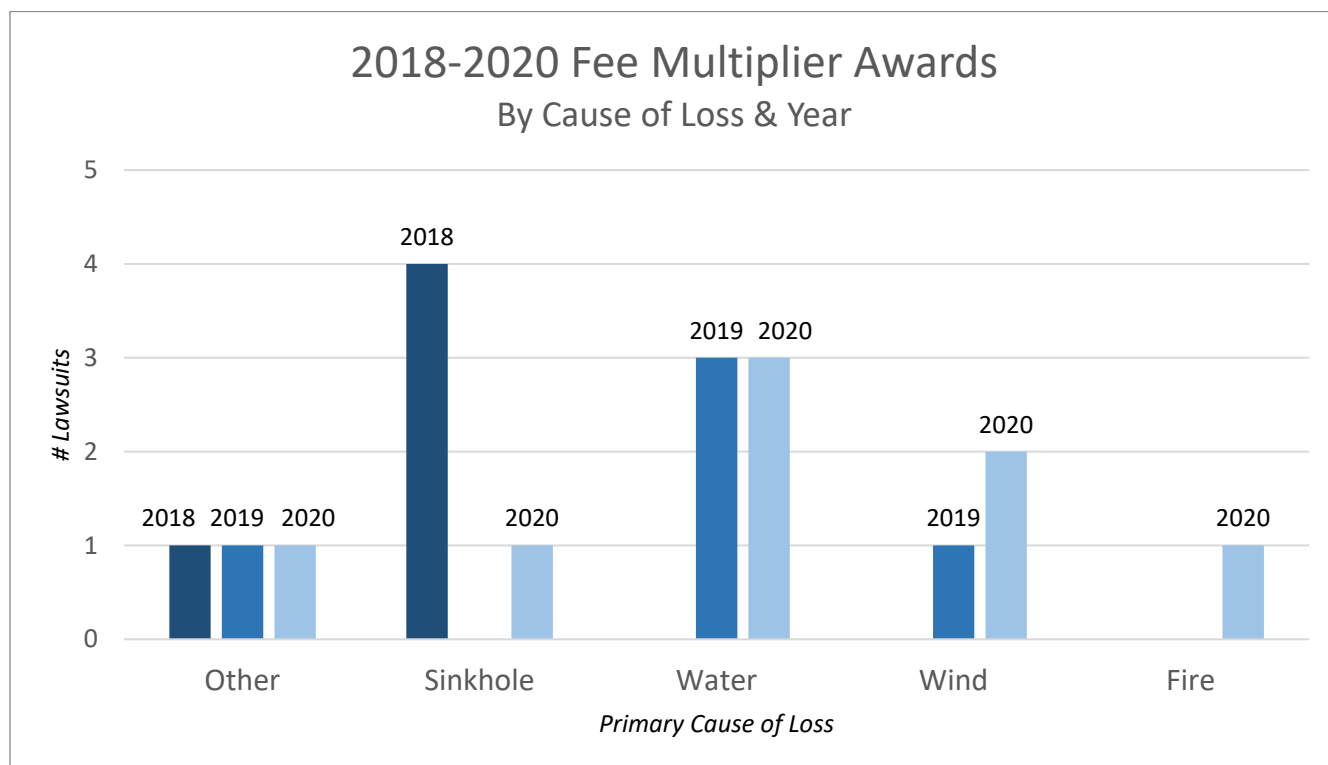


Individual Cases with Fee Multiplier Awards County	Year of Fee Order			Grand Total
	2018	2019	2020	
Broward			2	2
Hernando	1			1
Hillsborough	1		1	2
Miami-Dade	1	5	5	11
Pasco	2			2
Grand Total	5	5	8	18

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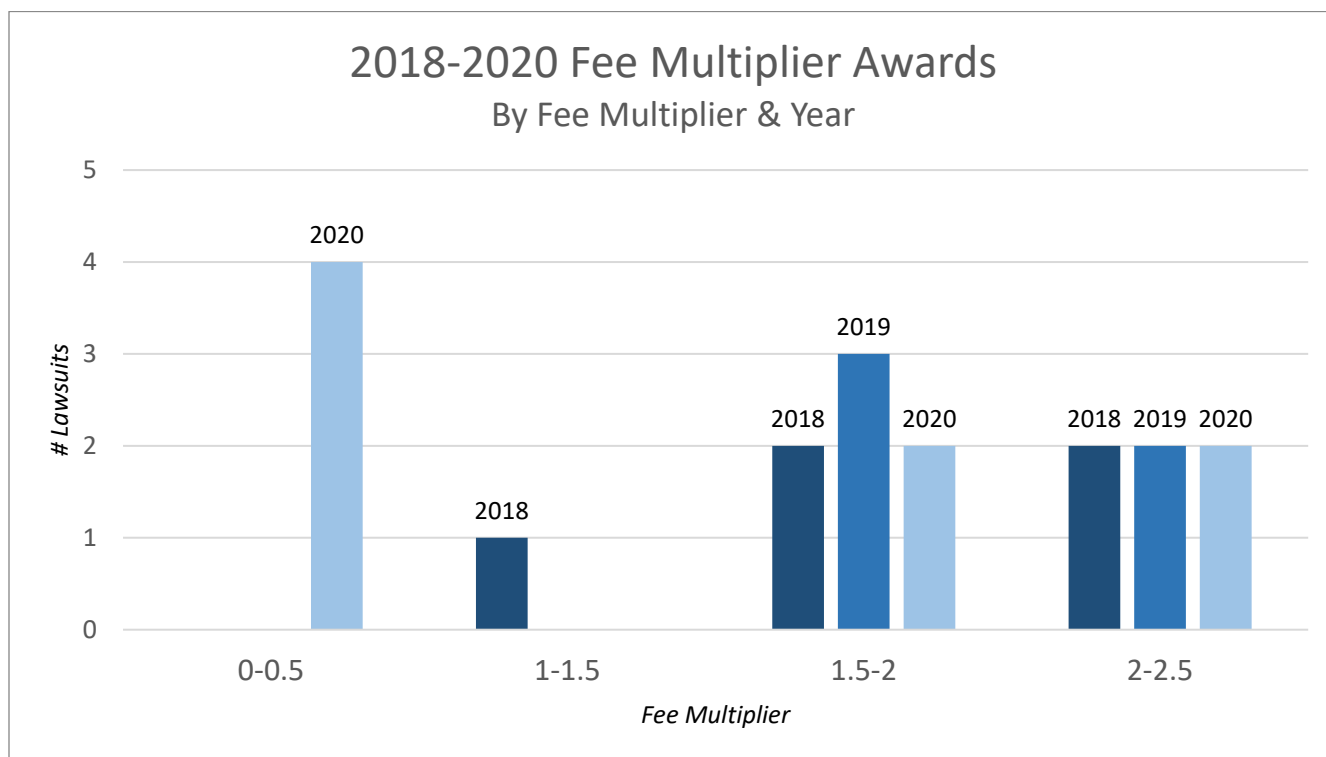


Individual Cases with Fee Multiplier Awards				
Primary Cause of Loss	Year of Fee Order			Grand Total
	2018	2019	2020	
Other	1	1	1	3
Sinkhole	4		1	5
Water		3	3	6
Wind		1	2	3
Fire			1	1
Grand Total	5	5	8	18

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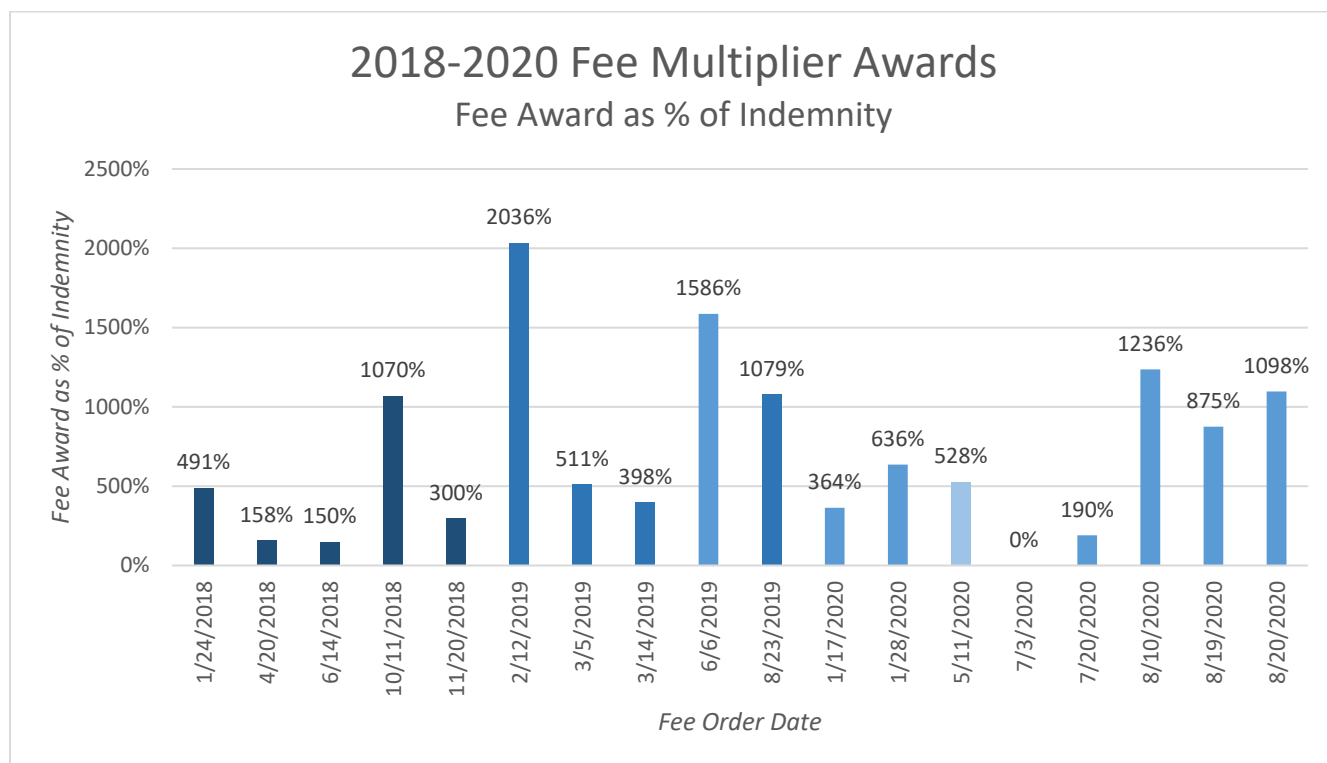


Individual Cases with Fee Multiplier Awards	Year of Fee Order			Grand Total
	2018	2019	2020	
0-0.5			4	4
1-1.5	1			1
1.5-2	2	3	2	7
2-2.5	2	2	2	6
Grand Total	5	5	8	18

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Individual Cases with Fee Multiplier Awards

Fee Order Date	% of Indemnity	Fee Order Date	% of Indemnity
1/24/2018	491%	1/17/2020	364%
4/20/2018	158%	1/28/2020	636%
6/14/2018	150%	5/11/2020	528%
10/11/2018	1070%	7/3/2020	0%
11/20/2018	300%	7/20/2020	190%
2/12/2019	2036%	8/10/2020	1236%
3/5/2019	511%	8/19/2020	875%
3/14/2019	398%	8/20/2020	1098%
6/6/2019	1586%		
8/23/2019	1079%		

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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 Awarded /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%
6/6/2019	Miami-Dade	\$2,754.10	1.75	\$43,691.25	1586%
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%
1/28/2020	Miami-Dade	\$40,000.00	0.00	\$254,331.50	636%
5/11/2020	Miami-Dade	\$35,000.00	2.00	\$184,940.00	528%
7/3/2020	Broward	\$25,215.23	0.00	\$0.00	0%
7/20/2020	Broward	\$10,439.18	0.00	\$19,805.00	190%
8/10/2020	Miami-Dade	\$5,000.00	2.00	\$61,800.00	1236%
8/19/2020	Miami-Dade	\$10,000.00	0.00	\$87,477.50	875%
8/20/2020	Hillsborough	\$23,687.65	1.75	\$259,975.63	1098%

2018-2020 Fee Multiplier Lawsuits

Trial Resolutions	Lowest	Highest
Multiplier Awarded	0.0	2.5
Fee Awarded (includes Multiplier)	\$0.00	\$744,830.00
Fee Award as % of Indemnity	0%	2036%

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2018-2020 Individual Cases with Fee Multiplier Awards

Appeal Results

	County	Indemnity	Fee Multiplier	OC Fee After Multiplier	% Fee Award / Indemnity Paid	Appeal Add'l Award	Appeal Multiplier
Pending	Miami-Dade	\$35,000.00	1.80	\$127,440.00	364%		
Affirmed - Plaintiff	Miami-Dade	\$35,000.00	2.01	\$712,677.15	398%	\$0.00	0.00
Affirmed - Plaintiff	Miami-Dade	\$117,620.26	2.50	\$600,537.50	511%	\$106,810.00	2.00
Affirmed - Plaintiff	Hillsborough	\$23,687.65	1.75	\$259,975.63	1098%	\$0.00	0.00
Affirmed - Plaintiff	Miami-Dade	\$60,000.00	1.50	\$239,040.00	2036%	\$0.00	0.00

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Addendum to Litigated Claims Update

Pending Lawsuits Financials for Lawsuits Received 05/1/2020 through 10/31/2020 (6 month span)

New Lawsuits Received 5/1/2020 through 10/31/2020 (4,012)

Duplicate Claims Excluded (380)

Closed Matters Excluded (152)

As of October 31, 2020	1st Party Property - Residential	1st Party Property - Commercial	3rd Party Liability - PD & BI	TOTAL
Pending Lawsuits	3,424	30	26	3,480
Claim Level Indemnity Paid (Lit & Non-Lit)	\$19,588,795.25	\$440,306.46	\$6,250.00	\$20,035,351.71
- Claim Level Indemnity Paid Non-Litigated	\$11,974,338.89	\$295,306.46	\$0.00	\$12,269,645.35
- Claim Level Indemnity Paid Litigated	\$7,614,456.36	\$145,000.00	\$6,250.00	\$7,765,706.36
LAE Paid (Lit & Non-Lit)	\$13,946,270.24	\$275,824.62	\$20,931.30	\$14,243,026.16
- LAE Non-Litigated	\$5,522,430.16	\$243,919.17	\$0.00	\$5,766,349.33
- LAE Litigated	\$8,423,840.08	\$31,905.45	\$20,931.30	\$8,476,676.83
Reserves Outstanding Indemnity	\$27,791,755.63	\$3,997,000.00	\$275,125.34	\$32,063,880.97
Reserves Outstanding LAE Non-Litigated	\$326,300.60	\$26,609.48	\$3,925.00	\$356,835.08
Reserves Outstanding LAE Litigated	\$34,218,925.28	\$817,486.45	\$224,321.30	\$35,260,733.03