

Executive Summary

Claims Committee Meeting, December 8, 2020

Board of Governors Meeting, December 16, 2020

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

Non-Weather Water Claims

Citizens continues to experience increased volume of Non-Weather Water claims. Through October of 2020, 10,329 Non-Weather Water claims have been received which is an increase of 17 percent when compared to the same period in 2019. Claims started to see a spike in Non-Weather claims starting in June. Through May of this year, we were receiving an average of 883 Non-Weather Water claims each month. Starting in June, claim reporting started averaging almost 1,200 claims per month. In researching this, it was determined that the increase in Non-Weather Water reporting is most likely a result of “policies in force” growth and the tolling of Hurricane Irma claims.

Non-Weather Water claims represent approximately 44 percent of all claims received. Plumbing leaks continue to be the most frequent “cause of loss” at 60 percent with “appliance” and “other” rounding out the total. The majority of Non-Weather Water claims are reported on the HO-3 policy form (67%) and the DP-3 form (17%).

As previously reported to this Committee, incoming Non-Weather Water Claims follow the “policy in force” counts in the state with 90 percent of claims being reported from Miami-Dade, Broward, Palm Beach, and the Tampa areas. In review of these claims, approximately 50 percent have representation by a Public Adjuster and/or Attorney.

Considering the increased Non-Weather Water claim volume and COVID-19 challenges, we continue to experience high customer satisfaction scores. In fact, during the last six months, customer satisfaction scores averaged 88.5 percent. This means that almost **9 of 10** customers were satisfied with the level of claim services provided.

Managed Repair Program (MRP)

The Managed Repair Program (MRP) 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 homeowner (HO-3) and non-Condo dwelling property 3 (DP-3) policies.

The Managed Repair Program offers customers the ability to benefit from their full building coverage limit in lieu of a \$10,000 water sub-limit that was a result of a product language change which fully cycled as of August 2019. When the policyholder chooses MRP, a Contractor Connection Network Contractor is assigned, and the repairs start with the goal of fully repairing the home and placing the policyholder in a pre-loss condition. There is also a 5-year warranty on covered repairs.

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This program also provides the benefits of reducing overlapping claims when multiple claims are filed while at the same time providing “proof of repairs” to Underwriting to determine continued coverage eligibility.

As previously reported at the September 2020 Claims Committee meeting, approximately 38 percent of eligible policyholders accept the free water removal service with about 28 percent consenting to participation in the Managed Repair Program.

Each month, Citizens completes service surveys on a random group of customers who used the Emergency Water Removal Service (EWRS) 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 year-to-date 2020 is 83 percent. For July, August, and September, the satisfaction rate increased to 87 percent. This means that over **8 of 10 Citizens’ customers** who used EWRS and/or the MRP 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 7,310 assignment documents. Through October of this year, 4,586 assignment agreement documents have been received which equates to about 459 per month. For August, September, and October, average AOB receipts have jumped to an average of 574 per month which is consistent with our increase in Non-Weather Water claim volume and policy in force growth.

Of these (through October 2020):

- 89% of agreements were related to Non-Weather Water and Wind claims
- 66% of agreements were compliant; 12% were non-compliant
- 58% of agreements involved emergency services with 45% being related to permanent repairs
- Top three “work types” involve water mitigation (44%); Fungi testing (25%); Board-up/tarping (14%)
- Notices of Intent to Litigate represented a little over 17%. Many of these are a result of denials where coverage was not afforded or the invoice for services exceeded the \$3,000 Reasonable Emergency Repairs (REM) policy limit.
- AOB documents received based on the top 5 counties are:
 - Miami-Dade (57%)
 - Broward (25%)
 - Palm Beach (8%)
 - Hillsborough (7%)

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- Escambia (3%)
- Of the total assignments received, approximately 31 percent are Public Adjuster represented, 30 percent Attorney represented and another 8 percent that have both Public Adjuster and Attorney representation. Thirty-one percent of assignment agreements do not have any sort of representation.