

Executive Summary

Claims Committee Meeting, February 23, 2021

Board of Governors Meeting, March 3, 2021

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

Non-Weather Water Claims

Citizens continued to experience increased volume of Non-Weather Water (NWW) claims throughout 2020. The majority (87%) of NWW claims continue to be reported from Miami-Dade, Broward, Palm Beach, and the Tampa area. 62% of NWW claims are reported from Miami-Dade and Broward Counties. In 2020, we received an average of 1,051 NWW claims per month compared to 878 per month in 2019 (20% increase). Approximately half continue to be represented by either a Public Adjuster, Attorney, or both.

The increased volume of NWW claims is consistent with Citizen's Policy in Force (PIF) growth. At the end of 2020, there were 542,739 PIF compared to 442,203 at the end of 2019. This is a growth of 100,536 policies or approximately 23%. In 2020, NWW claims reported in Miami-Dade and Broward counties increased approximately 30% when compared to 2019. NWW claims represents an average of 44% of all claims reported.

Plumbing leaks continue to be the most frequent "cause of loss" at 60% with "appliance" and "other" rounding out the total. Most NWW claims are reported on the HO-3 policy form (67%) and the DP-3 form (17%).

Claims continues to experience high customer satisfaction scores. In 2020, the total score average was 88.6% which is up from 86.8% in 2019. Almost 9 of 10 customers expressed overall satisfaction with their Citizens' claim service.

Managed Repair Program

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. An offer to participate in MRP is available to those who have an HO-3 or DP3 (non-Condo) policy.

MRP 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.

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.

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As previously reported at the December 8, 2020 Claims Committee meeting, both the free Emergency Water Removal Service (EWRS) and the Managed Repair Program continue to experience increased policyholder acceptance. A recent change to how the acceptance rates are calculated was made which is expected to more accurately capture acceptance rates and to eliminate any gaps in reporting for those insured's that move in and out of the program. This change should be finalized by the next Claims Committee meeting.

Effective with the February 1, 2021, HO-3 and DP-3 (non-condo) policy renewals, newly implemented policy language will take place. Changes include:

- Written consent to participate in the program is required. Previously, only an oral consent was required.
- Insured must execute a contract with the network contractor within 10 days.
- New eligibility criteria for terminating program participation introduced.

This new language is designed to better inform the insured and representative (if applicable) of the benefits and requirements of 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 average total customer satisfaction score for 2020 was 86.4% which is an increase of 3.2% when compared to 2019.

Assignment of Benefits (AOB) Update

Legislation HB7065 took effect on July 1, 2019. Since that time, 8,680 assignment agreements have been received by Citizens. In 2020, 5,956 assignment agreements were received which equates to about 496 per month. Starting in June of 2020, average agreement receipts jumped to 598 per month which is consistent with our increase in Non-Weather Water claim volume, policy in force growth, and the tolling of IRMA claims.

For 2020:

- 87% of agreements were related to Non-Weather Water and Wind claims
- 62% of agreements were compliant; 13% were non-compliant.
- 58% of agreements involved emergency services with 42% being related to permanent repairs.
- Top three "work types" are water mitigation (44%); Fungi testing (25%); Board-up/tarping (15%)
- Notices of Intent to Litigate represented approximately 21%. Many of these are a result of denials where coverage was not afforded, the service provider invoice exceeded the \$3,000

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Reasonable Emergency Repairs limit or an overall challenge to the AOB legislation. The receipts of NOI's have increased about 5% when compared to 2019.

- 90% of all AOB agreements are submitted to us from the Miami-Dade, Broward, and Palm Beach Counties.
- Of the total assignments received, 72% are represented. Of this, 31% are Public Adjuster represented, 30% Attorney represented and another 11% have both Public Adjuster and Attorney representation. 29% of assignment agreements do not have any sort of representation.