

# Citizens Litigation Compared to the Florida Market

Claims Committee

June 30, 2021



# Litigation Experience in Florida – 2013 Compared to 2020

## 2013 Lawsuits

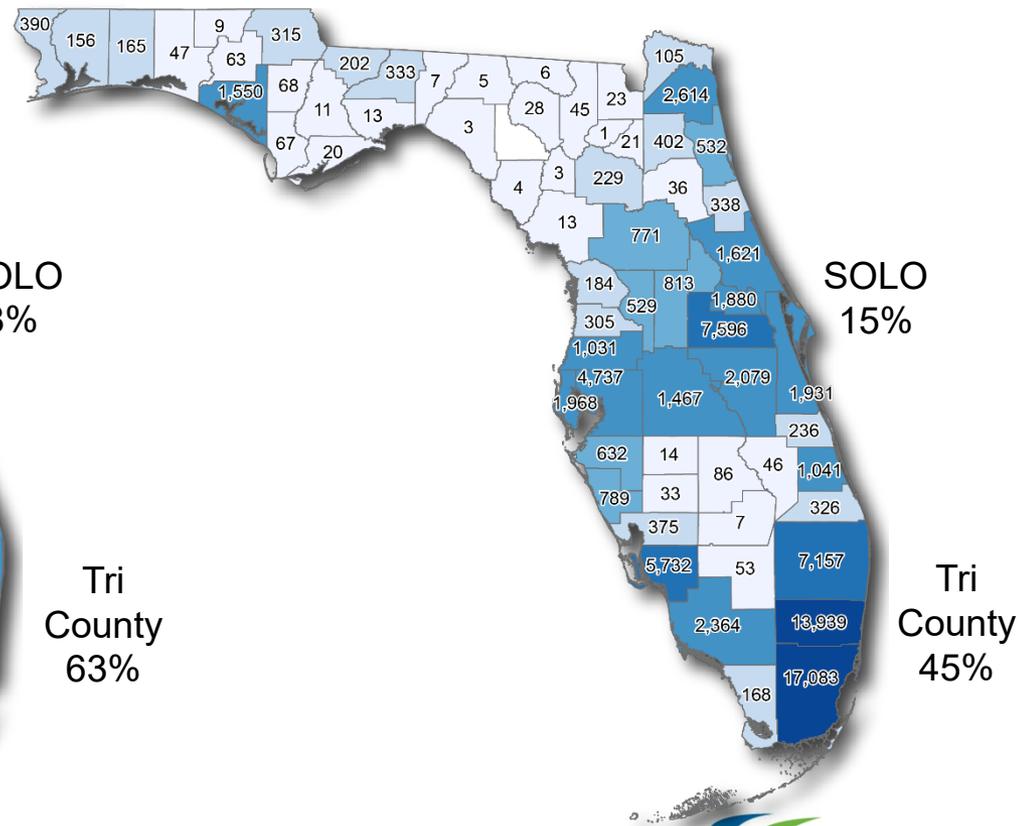
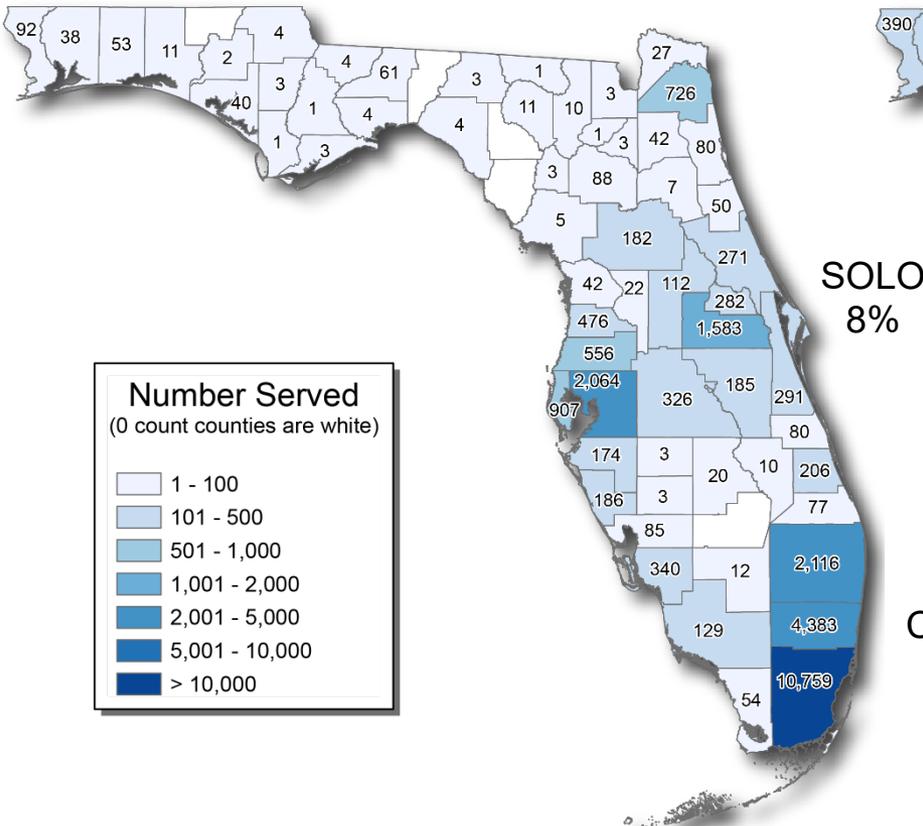
All Insurance Companies Including Citizens

27,416 Lawsuits  
20% AOB Lawsuits

## 2020 Lawsuits

All Insurance Companies Including Citizens

85,007 Lawsuits  
21% AOB Lawsuits



## Carrier Litigation Experience 2013-2020

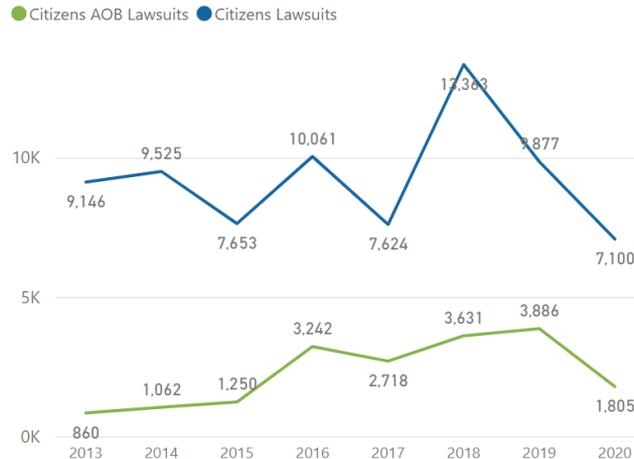
Year	Citizens Lawsuits	Citizens AOB Lawsuits	Citizens AOB %	Lawsuits All Others	AOB All Others	All Other AOB %	Total Lawsuits	Total AOB	Total AOB %
2013	9,146	860	9.4%	18,270	4,613	25.2%	27,416	5,473	20.0%
2014	9,525	1,062	11.1%	22,122	4,820	21.8%	31,647	5,882	18.6%
2015	7,653	1,250	16.3%	30,167	6,645	22.0%	37,820	7,895	20.9%
2016	10,061	3,242	32.2%	31,790	5,968	18.8%	41,851	9,210	22.0%
2017	7,624	2,718	35.7%	41,524	9,772	23.5%	49,148	12,490	25.4%
2018	13,363	3,631	27.2%	69,300	17,421	25.1%	82,663	21,052	25.5%
2019	9,877	3,886	39.3%	74,210	24,694	33.3%	84,087	28,580	34.0%
2020	7,853	2,007	25.6%	77,154	15,676	20.3%	85,007	17,683	20.8%
<b>Total</b>	<b>75,102</b>	<b>18,656</b>	<b>24.8%</b>	<b>364,537</b>	<b>89,609</b>	<b>24.6%</b>	<b>439,639</b>	<b>108,265</b>	<b>24.6%</b>

### 2019 vs 2020 Notes:

1. Citizens AOB Litigation decreased by 48% (3,886 to 2,007)
2. Citizens Overall Litigation decreased by 20% (9,877 to 7,853)
3. All Other Carriers AOB Litigation decreased by 37% (24,694 to 15,676)
4. All Other Carriers Overall Litigation increased by less than 1% (84,087 to 85,007)

# Citizens Lawsuits vs All Other Carriers (Legal Service of Process Data)

Citizens Only Litigation



Year	Citizens Lawsuits	Citizens AOB Lawsuits	Citizens AOB % vs Total
2013	9,146	860	33.4%
2014	9,525	1,062	30.1%
2015	7,653	1,250	20.2%
2016	10,061	3,242	24.0%
2017	7,624	2,718	15.5%
2018	13,363	3,631	16.2%
2019	9,877	3,886	11.7%
2020	7,100	1,805	9.2%
<b>Total</b>	<b>74,349</b>	<b>18,454</b>	<b>17.2%</b>

All Other Carriers Litigation



Year	All Other Carriers	All Other Carriers AOB	AOB %
2013	18,270	4,613	20.0%
2014	22,122	4,820	18.6%
2015	30,167	6,645	20.9%
2016	31,790	5,968	22.0%
2017	41,524	9,772	25.4%
2018	69,300	17,421	25.5%
2019	74,210	24,694	34.0%
2020	70,200	14,311	20.8%
<b>Total</b>	<b>357,583</b>	<b>88,244</b>	<b>24.7%</b>

County  
All

County Groups  
All

## 2019 Top 10 Carriers by Increase in Lawsuits 2016-2019

2019 Top 10 Carriers by Increase in Lawsuits 2016 to 2019										
Company	2019 Direct Premiums Written	2019 Policyholder Surplus	2019 Underwriting Gain/Loss	2019 Net Income/Loss	2019 Net Combined Ratio	Lawsuits 2016	Lawsuits 2017	Lawsuits 2018	Lawsuits 2019	% Increase in Suits 2016-2019
Southern Oak Insurance Co.	\$ 104,972	\$ 46,419	(\$14,374)	(\$13,347)	121.2	275	362	490	684	148.7%
Tower Hill Select Insurance Co	\$ 86,600	\$ 21,118	(\$4,746)	(\$2,653)	123.4	289	364	493	701	142.6%
First Floridian Auto & Home	\$ 46,482	\$ 182,317	(\$6,449)	\$1,305	115.8	171	199	319	411	140.4%
Gulfstream P&C Insurance Co.	\$ 149,446	\$ 25,279	(\$9,300)	(\$7,429)	125.5	158	175	248	377	138.6%
Auto Club Insurance Co. of FL	\$ 233,024	\$ 211,579	\$12,498	\$18,657	94.0	171	191	293	401	134.5%
American Traditions Ins Co.	\$ 129,057	\$ 30,355	(\$1,321)	\$598	95.5	100	122	170	234	134.0%
Univ Ins Co. of North America	\$ 123,390	\$ 31,394	(\$7,196)	(\$4,120)	118.1	170	188	282	390	129.4%
Capitol Preferred Insurance Co.	\$ 210,760	\$ 42,712	(\$27,902)	(\$25,738)	138.3	149	164	227	337	126.2%
Prepared Insurance Co.	\$ 65,139	\$ 20,787	(\$13,508)	(\$12,424)	152.5	242	274	382	545	125.2%
St. Johns Insurance Co.	\$ 371,488	\$ 46,751	(\$22,111)	(\$22,111)	178.7	372	421	567	836	124.7%
Citizens Property Insurance Co.	\$ 876,560	\$ 6,317,933	(\$97,059)	\$86,329	114.5	10,012	7,666	13,183	9,632	-3.8%

Source: Guy Fraker: Insurance Market: Spiraling Toward Collapse

Citizens' "Percentage Increase in Suits" over the 2016-to-2019-time frame shows an overall decrease while many carriers experienced triple digit increases.

## Citizens Litigation Results

	2016	2017	2018	2019	2020
<b>New Suits</b>	10,012	7,666	13,183	9,632	7,689
<b>Closed Suits</b>	7,063	6,755	8,999	11,701	7,775
<b>Pending Suits (Year end)</b>	9,667	10,650	14,993	12,915	12,801
<b># of Trials (Year Occurred)</b>	24 60% Fav	17 50% Fav	31 74% Fav	42 81% Fav	16 75% Fav
<b>Final Summary Judgement</b> (Court ruled facts did not support a case as a matter of law)	25	45	73	78	91
<b>Court Ordered Dismissal Without Recovery</b>			4	24	13
<b>Abandoned</b> (Voluntary Dismissal/Withdrawal Without Recovery)	510	639	1,177	1,095	1,040

Note: 2018 & 2019 New Suits was greatly impacted by Hurricane Irma

Citizens' Litigation Strategies improve overall results as evidenced by:

- Favorability of trial results
- Increase in court ordered Final Summary Judgements
- Plaintiff Attorney case Abandonments

## Citizens HO3 Multiperil Litigation Rates

<b>End of Accident Period</b>	<b>HO3 Litigation Rates</b>		
	<u>Statewide</u>	<u>South East</u>	<u>Rest of State</u>
3/31/2012	17.3%	21.0%	2.7%
3/31/2013	19.4%	24.5%	3.0%
3/31/2014	29.0%	35.9%	4.1%
3/31/2015	38.2%	46.0%	6.9%
3/31/2016	52.2%	61.6%	12.4%
3/31/2017	47.9%	56.7%	16.3%
3/31/2018	35.7%	42.1%	11.3%
3/31/2019	29.8%	36.9%	12.2%
3/31/2020	21.4%	25.8%	15.1%

The continued reduction in water litigation rate in the South East from 2016 to 2020 has led to water rate decreases in Dade and Broward.

## Impact of Citizens' Managed Repair Program on Litigation

Water Mitigation Services		AOB Litigation Rate*		Total Litigation Rate*	
Accident Year	% Accepted	Accepted	Not Accepted	Accepted	Not Accepted
2019	28.4%	2.1%	10.1%	9.6%	25.9%
2020	29.2%	0.5%	1.1%	3.1%	5.9%

\* undeveloped as of 9-30-2020

Permanent Repair		AOB Litigation Rate*		Total Litigation Rate*	
Accident Year	% Accepted	Accepted	Not Accepted	Accepted	Not Accepted
2019	20.1%	2.9%	11.3%	8.6%	29.7%
2020	12.4%	0.4%	1.2%	2.0%	5.9%

\* undeveloped as of 9-30-2020

Early results of the Managed Repair Program show strong signs of decreasing the litigation rate

As of 9-30-2020, there is a clear indication that those who enter the program are, at this point, less likely to litigate

# Citizens Litigation Benchmarked Against CaseGlide Industry Data

## Litigation Benchmark Report 2020

	All Cases		AOB Cases		Non AOB Cases	
Benchmark Categories	CaseGlide: Florida Market Average	Citizens Market Average	CaseGlide: Florida Market Average	Citizens Market Average	CaseGlide: Florida Market Average	Citizens Market Average
Average Legal Spend	\$ 57,103	\$ 35,209	\$ 38,036	\$ 15,791	\$ 65,831	\$ 49,401
Average Attorney Fees	\$ 9,669	\$ 10,499	\$ 7,819	\$ 6,783	\$ 10,614	\$ 12,637
Indemnity	\$ 47,934	\$ 24,760	\$ 30,217	\$ 9,007	\$ 55,217	\$ 36,764
Duration in Days	339	438	316	405	350	457

Source: CaseGlide Benchmark Report 2020 which was compiled across CaseGlide’s customer base.

Citizens’ litigation strategies have proven to be beneficial, even though a few categories of Defense spend are higher along with slightly longer durations, the average legal spend and indemnity payments are lower than the industry.

# Citizens Litigation Benchmarked Against CaseGlide Industry Data

<b>Litigation Benchmark Report 2020</b>				
	<b>Catastrophe</b>		<b>Non Catastrophe</b>	
<b>Benchmark Categories</b>	<b>CaseGlide: Florida Market Average</b>	<b>Citizens Market Average</b>	<b>CaseGlide: Florida Market Average</b>	<b>Citizens Market Average</b>
Average Legal Spend	\$ 65,777	\$ 39,824	\$ 37,274	\$ 31,648
Average Attorney Fees	\$ 10,472	\$ 9,611	\$ 7,185	\$ 11,045
Indemnity	\$ 55,305	\$ 30,213	\$ 30,089	\$ 20,602
Duration in Days	333	388	344	473

Source: CaseGlide Benchmark Report 2020 which was compiled across CaseGlide’s customer base.

Citizens’ litigation strategies have proven to be beneficial, even though a few categories of Defense spend are higher along with slightly longer durations, the average legal spend and indemnity payments are lower than the industry.