

Executive Summary

Claims Committee Meeting, June 30, 2021

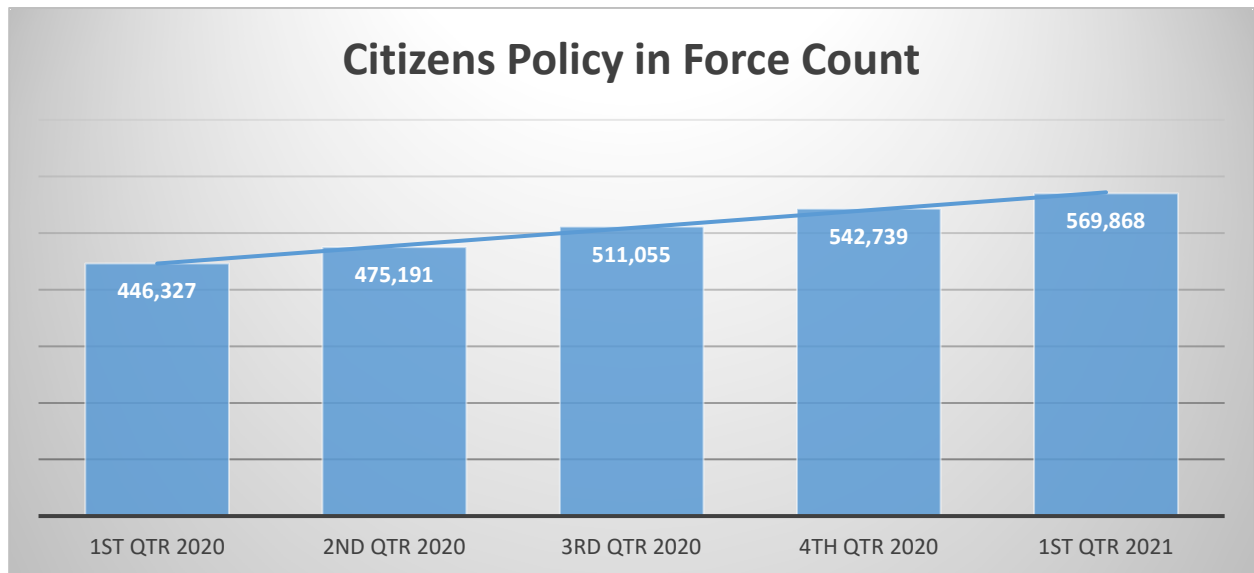
Board of Governors Meeting, July 14, 2021

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

Non-Weather Water Claims

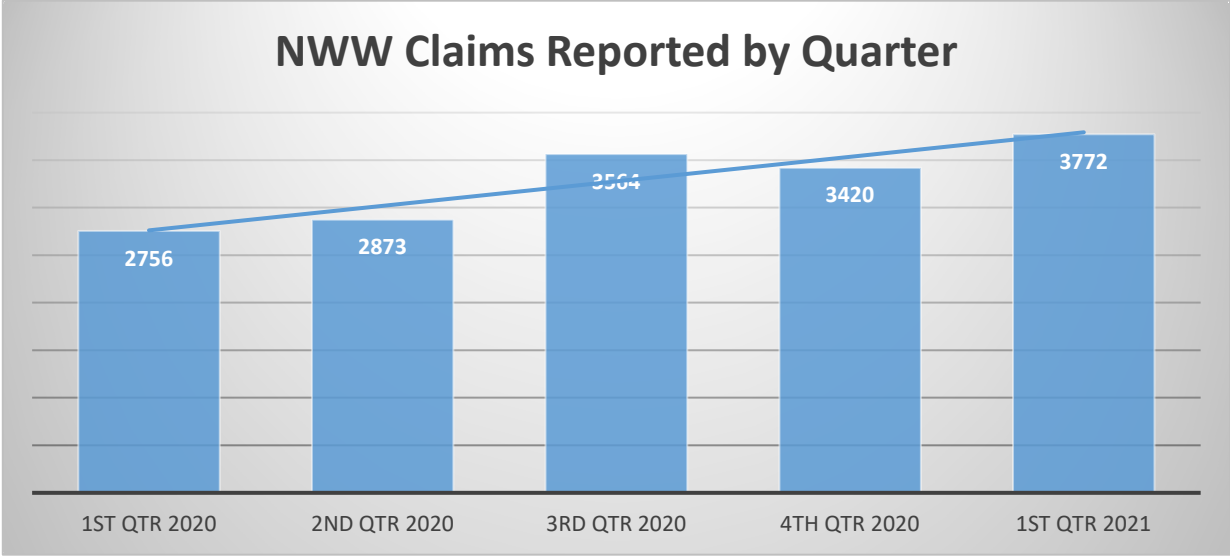
Non-Weather Water (NWW) claims continued to experience increased volume throughout 2020 and through the first quarter of 2021. This increased volume of NWW claims remains consistent with Citizens Policies in Force (PIF) growth. At the end of the first quarter of 2020, the PIF count was 446,327 which has increased to 569,868 through the first quarter of 2021. This PIF growth equates to an increase of approximately 28%. Relative to this increased PIF, Non-Weather Water claim reporting increased from an average of 1,051 per month during 2020 to 1,257 per month or approximately 20% during the first quarter of 2021. NWW claims continue to represent 45%-50% of all claims received by Citizens.

The following graphs depict this overall growth:

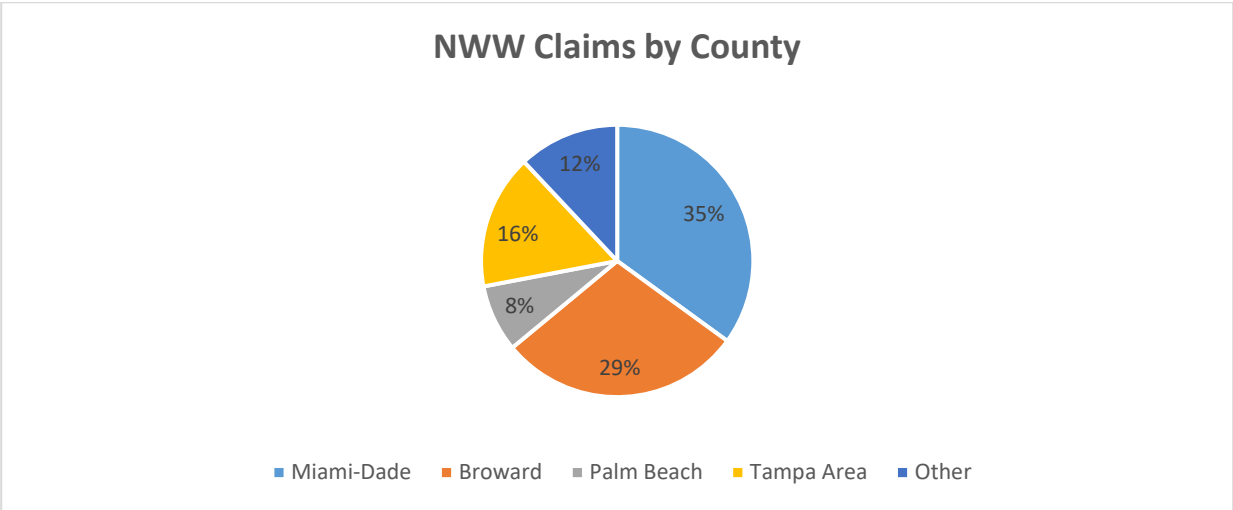


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Consistent with Citizens’ policy distribution, the majority (88%) of NWW claims continue to be reported from Miami-Dade, Broward, Palm Beach, and the Tampa area. Of this 88%, over half of NWW claims (64%) are reported from Miami-Dade and Broward Counties. Another 12% of claims are distributed across the state.



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%).

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Claims continues to experience high customer satisfaction scores. During the first quarter of 2021, a total of 745 customers were surveyed resulting in an 88.3% satisfaction rate. This reflects that almost 9 of 10 Citizens' customers were highly satisfied in how their claim was serviced and handled to conclusion.

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. 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. Once a network contractor is assigned, the covered 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 from prior losses while at the same time providing "proof of repairs" to Underwriting to determine continued coverage eligibility.

As previously reported to this committee, both the free Emergency Water Removal Service (EWRS) and MRP continue to be popular programs at Citizens. Most customers who need water removal services accept the free EWRS which allows for the rapid removal of water from the home reducing further loss. This program also reduces the need for the customer to locate and hire a water removal company who typically requires the insured to enter into an Assignment of Benefits (AOB) agreement and is a gateway for the policyholder to transition into the Managed Repair Program for the permanent repairs.

Effective with the February 1, 2021, HO-3 and DP-3 (non-condo) policy renewals, newly implemented policy language took place. We are confident that these changes will further strengthen MRP; however, it will take a full year of renewals to get this new language fully implemented.

Changes included:

- 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 revised policy language is designed to better document the customer's decision to participate in MRP and to set reasonable timelines for getting repairs started to place the customer back in pre-loss condition as soon as possible.

As a normal course of business, customer satisfaction surveys are completed monthly to help gauge customer acceptance and satisfaction of the MRP program. During the first quarter of 2021, 181 surveys were completed. We are happy to report that almost 9 out of 10 policyholders are highly satisfied. In fact, the customer satisfaction rating for the first quarter of 2021 was 87.3% - up from 2020 at 86.4%.

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Assignment of Benefits (AOB) Update

HB7065 legislation took effect on July 1, 2019. Since that time, 12,877 assignment agreements have been received by Citizens. For the first quarter of 2021, we have processed 2,860 assignment agreements with the majority representing Non-Weather Water and Wind related claims. We continue to receive a steady flow of AOB's which is indicative of increasing Policies in Force (PIF) and the overall growth in claim volume.

The information below gives a breakdown of the first quarter 2021 Assignment of Benefits receipts:

- 85% of agreements were related to Non-Weather Water and Wind claims.
- 60% of agreements were compliant; 25% were non-compliant.
- 56% of agreements involved emergency services with 48% being related to permanent repairs.
- Top three "work types" are Water Mitigation (38%), Fungi testing (27%), and Board-up/tarping (20%).
- Notices of Intent (NOI) to litigate represented approximately 13%. Many of these are a result of denials where coverage was not afforded, the service provider invoice exceeded the \$3,000 "Reasonable Emergency Repairs" limit or there was an overall challenge to the AOB legislation.
- 90% of all AOB agreements are submitted to Citizens from the Miami-Dade, Broward, and Palm Beach Counties.
- Of the total assignments received, 71% are represented. Of this, 37% are public adjuster Represented; 25% are attorney represented; and another 8% have both public adjuster and attorney representation. 30% of assignment agreements do not have any sort of representation. There is clearly a link between the claim being represented relative to the NOI's received by Citizens.