

# Impact of Legislative Reform

Claims Committee

March 28, 2024

Jay Adams, Chief Insurance Officer



# SB 2A Changes

- Effective January 1, 2023
  - Eliminated the One-Way Plaintiff Attorney statute
  - Eliminated Assignment of Benefits for Property
  - Reduced the statutory claim reporting deadline to 1 year for all property claims
- Policies must renew or be written new as of January 1, 2023 for the new statute to be effective

# Personal Lines Non Cat Developed Losses

PL Non Cat Developed Loss (As of 09-30-23)							
For Selected Perils							
Accident Year							
	2017	2018	2019	2020	2021	2022	2023
<b>Water</b>							
Frequency	3.06%	2.83%	3.12%	3.42%	3.09%	2.79%	2.30%
Litigation %	30.80%	24.48%	21.32%	20.45%	18.27%	14.53%	9.16%
Litigated Severity	\$ 32,336	\$ 38,557	\$ 31,758	\$ 29,182	\$ 29,863	\$ 24,167	\$ 13,807
Non Litigated Severity	\$ 7,314	\$ 9,064	\$ 8,174	\$ 8,005	\$ 9,718	\$ 9,773	\$ 8,219
<b>Non Cat Wind</b>							
Frequency	0.33%	0.34%	0.35%	0.77%	0.84%	0.98%	0.74%
Litigation %	8.48%	16.07%	14.30%	20.55%	25.98%	29.95%	16.60%
Litigated Severity	\$ 28,960	\$ 33,622	\$ 26,596	\$ 35,099	\$ 31,348	\$ 32,584	\$ 33,904
Non Litigated Severity	\$ 4,903	\$ 5,132	\$ 5,259	\$ 7,492	\$ 9,024	\$ 11,918	\$ 12,181
<b>Total Non Cat</b>							
Frequency	4.80%	4.30%	4.50%	5.00%	4.70%	4.60%	4.00%
Litigation %	21.30%	18.50%	17.10%	17.90%	17.10%	14.70%	7.70%
Litigated Severity	\$ 32,980	\$ 38,640	\$ 32,080	\$ 30,544	\$ 30,796	\$ 26,796	\$ 16,992
Non Litigated Severity	\$ 6,948	\$ 8,184	\$ 8,312	\$ 8,429	\$ 10,159	\$ 11,304	\$ 11,631

Frequency = # of claims divided by total earned house years
% Litigation = # of litigated claims divided by # of total claims in a period
Litigated Severity = Severity for claims with litigation
Non-Litigated Severity = Severity for claims with non-litigation



# Notice Of Intent Resolutions

2022

Resolutions	
10 Day Response	NOI Counts
<input checked="" type="checkbox"/> <b>Decline Demand</b>	<b>6112</b>
<input checked="" type="checkbox"/> <b>ADR</b>	<b>680</b>
<input checked="" type="checkbox"/> <b>Agreed on Settlement</b>	<b>103</b>
<input type="checkbox"/> <b>Reinspection</b>	<b>31</b>
Decline Demand	25
ADR	3
Pending Reinspection	2
Agreed on Settlement	1
<input checked="" type="checkbox"/> <b>In-Progress</b>	<b>25</b>
<input checked="" type="checkbox"/> <b>Extended Coverage</b>	<b>17</b>
<input checked="" type="checkbox"/> <b>Accept Demand</b>	<b>12</b>
<input checked="" type="checkbox"/> <b>Blank</b>	<b>2</b>
<b>Total</b>	<b>6982</b>

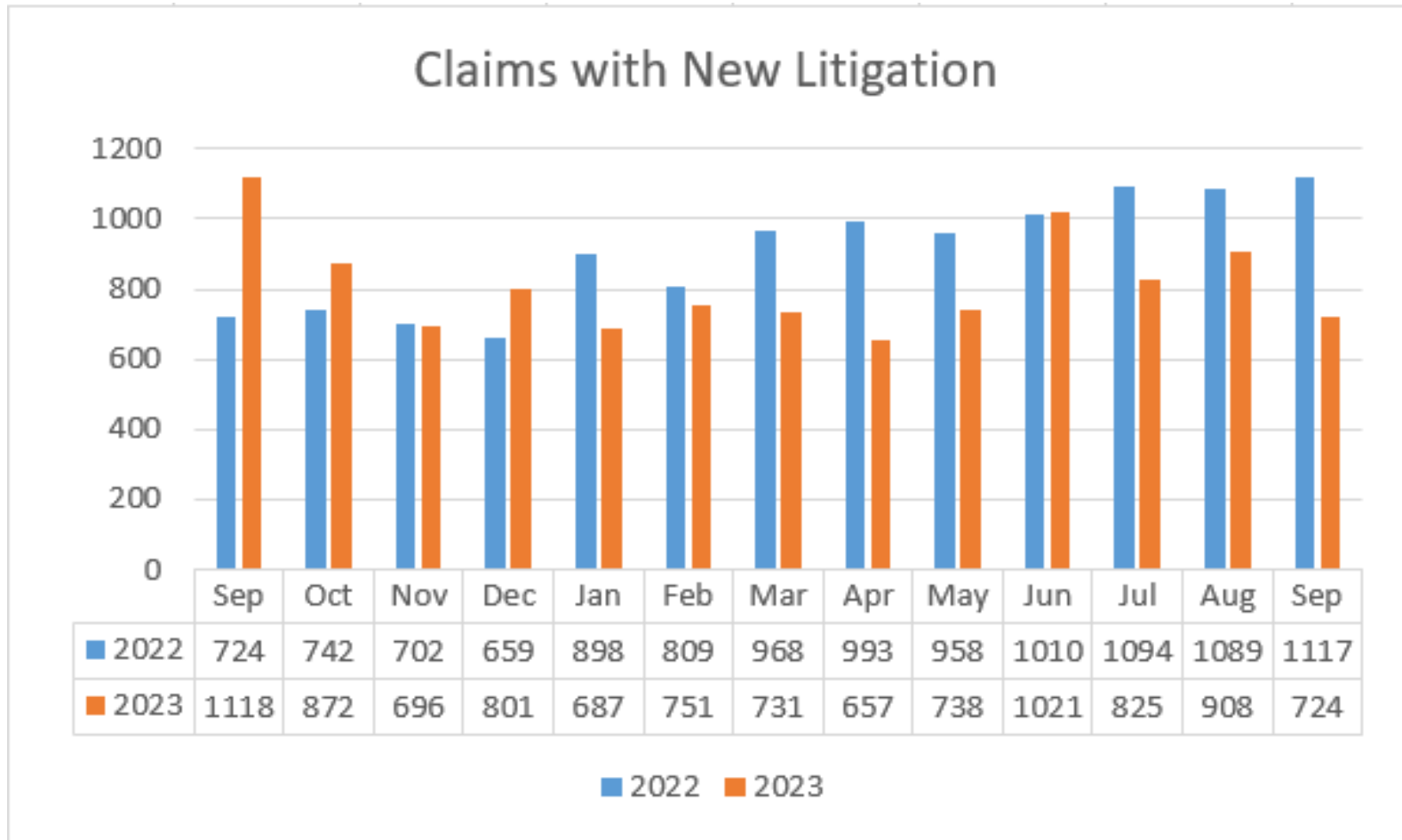
2023

Resolutions	
10 Day Response	NOI Counts
<input checked="" type="checkbox"/> <b>Decline Demand</b>	<b>9465</b>
<input checked="" type="checkbox"/> <b>ADR</b>	<b>4089</b>
<input checked="" type="checkbox"/> <b>In-Progress</b>	<b>279</b>
<input checked="" type="checkbox"/> <b>Agreed on Settlement</b>	<b>102</b>
<input type="checkbox"/> <b>Reinspection</b>	<b>65</b>
Decline Demand	47
Pending Reinspection	14
ADR	2
Accept Demand	1
Agreed on Settlement	1
<input checked="" type="checkbox"/> <b>Accept Demand</b>	<b>27</b>
<input checked="" type="checkbox"/> <b>Extended Coverage</b>	<b>16</b>
<b>Total</b>	<b>14043</b>

**Note: ADR stands for Alternative Dispute Resolution**



# What have the impacts been from SB 2A on Citizens new litigation?



# Personal Lines Developed Losses for AOB

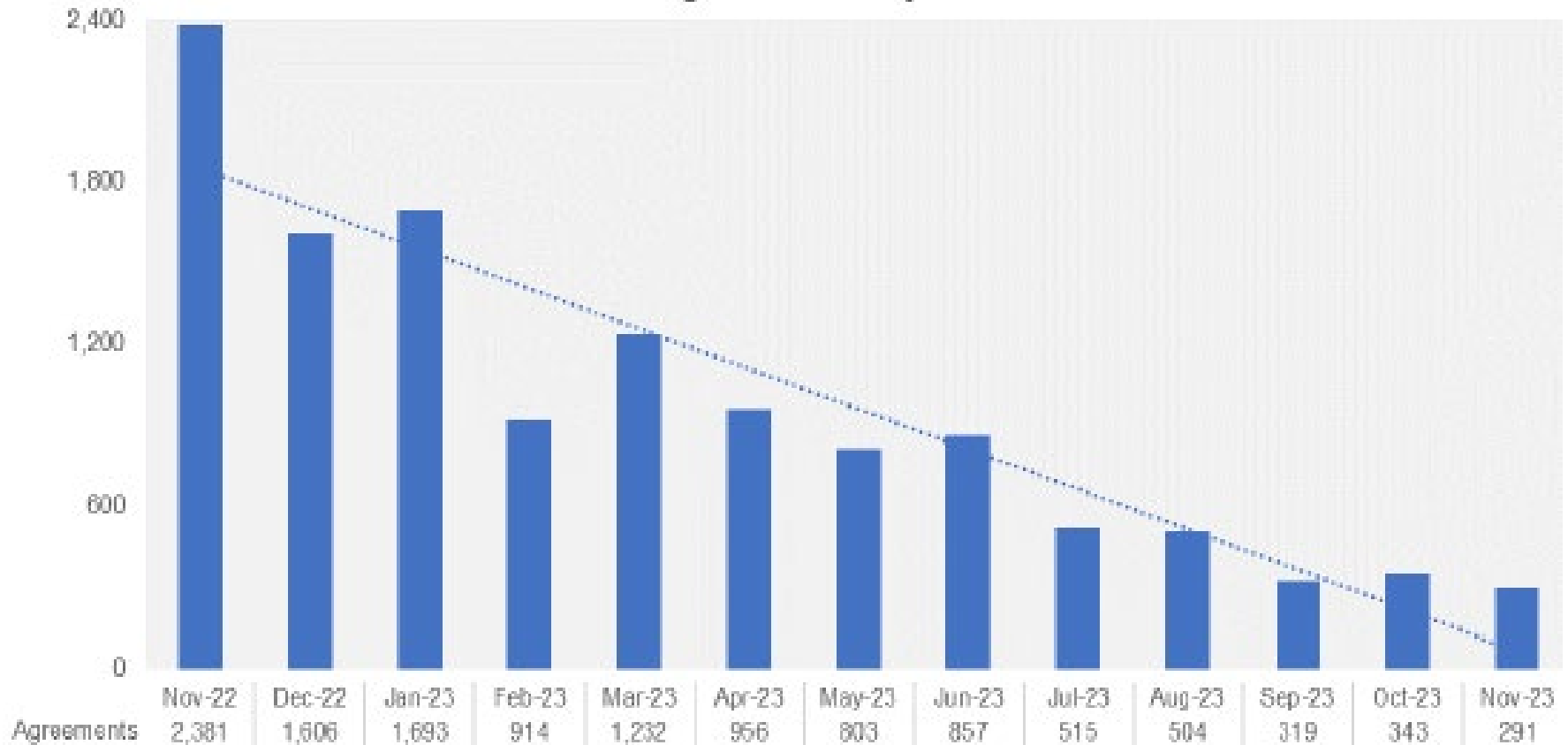
PL Non Cat Developed Loss (As of 09-30-23)							
For AOB							
Accident Year							
	2017	2018	2019	2020	2021	2022	2023
<b>Water</b>							
Frequency	35.72%	31.81%	23.71%	20.03%	25.02%	25.85%	9.67%
Litigation %	61.37%	54.51%	52.63%	53.95%	48.96%	37.13%	39.23%
Litigated Severity	\$ 32,260	\$ 38,137	\$ 32,348	\$ 28,725	\$ 26,554	\$ 19,516	\$ 11,307
Non Litigated Severity	\$ 16,716	\$ 19,163	\$ 14,392	\$ 13,486	\$ 16,052	\$ 12,418	\$ 8,194
<b>Non Cat Wind</b>							
Frequency	16.97%	22.02%	14.28%	19.14%	30.94%	32.72%	5.21%
Litigation %	30.71%	48.07%	40.40%	50.64%	53.57%	45.69%	57.60%
Litigated Severity	\$ 28,505	\$ 34,736	\$ 29,065	\$ 32,976	\$ 27,673	\$ 21,587	\$ 17,515
Non Litigated Severity	\$ 11,289	\$ 10,348	\$ 11,307	\$ 11,471	\$ 11,503	\$ 14,198	\$ 17,739
<b>Total Non Cat</b>							
Frequency	25.17%	23.99%	19.10%	17.57%	22.96%	23.32%	6.41%
Litigation %	58.93%	52.84%	50.26%	52.17%	48.85%	39.69%	41.44%
Litigated Severity	\$ 32,628	\$ 38,239	\$ 32,205	\$ 28,698	\$ 25,318	\$ 18,442	\$ 11,301
Non Litigated Severity	\$ 17,681	\$ 18,715	\$ 15,950	\$ 15,335	\$ 17,421	\$ 15,016	\$ 11,563

Frequency = # of claims divided by total earned house years
% Litigation = # of litigated claims divided by # of total claims in a period
Litigated Severity = Severity for claims with litigation
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# What impacts has SB 2A had to Citizens new AOB assignments?

AOB Agreements by Month



# Irma Reported Claims

## Irma Reported Claims As Of 12-31-2022

AOB and/or Representation at FNOL					
	N_N	N_Y	Y_N	Y_Y	Grand Total
<b>Irma Reported Claims</b>					
Reported Claim Counts	30,297	6,752	5,774	5,045	47,868
Litigation Rate	8.4%	45.0%	41.4%	64.1%	23.4%
<b>Non Litigated Claims</b>					
Indemnity Severity	\$ 8,717	\$ 21,207	\$ 25,959	\$ 37,985	\$ 13,019
ALAE Severity	\$ 1,632	\$ 2,029	\$ 2,792	\$ 3,194	\$ 1,856
<b>Litigated Claims</b>					
Indemnity Severity	\$ 37,998	\$ 33,467	\$ 49,424	\$ 44,181	\$ 40,991
ALAE Severity	\$ 13,549	\$ 16,546	\$ 17,255	\$ 21,360	\$ 17,405

N\_N => No AOB and No Representation at FNOL

N\_Y => No AOB and Representation at FNOL

Y\_N => AOB and No Representation at FNOL

Y\_Y => AOB and Representation at FNOL





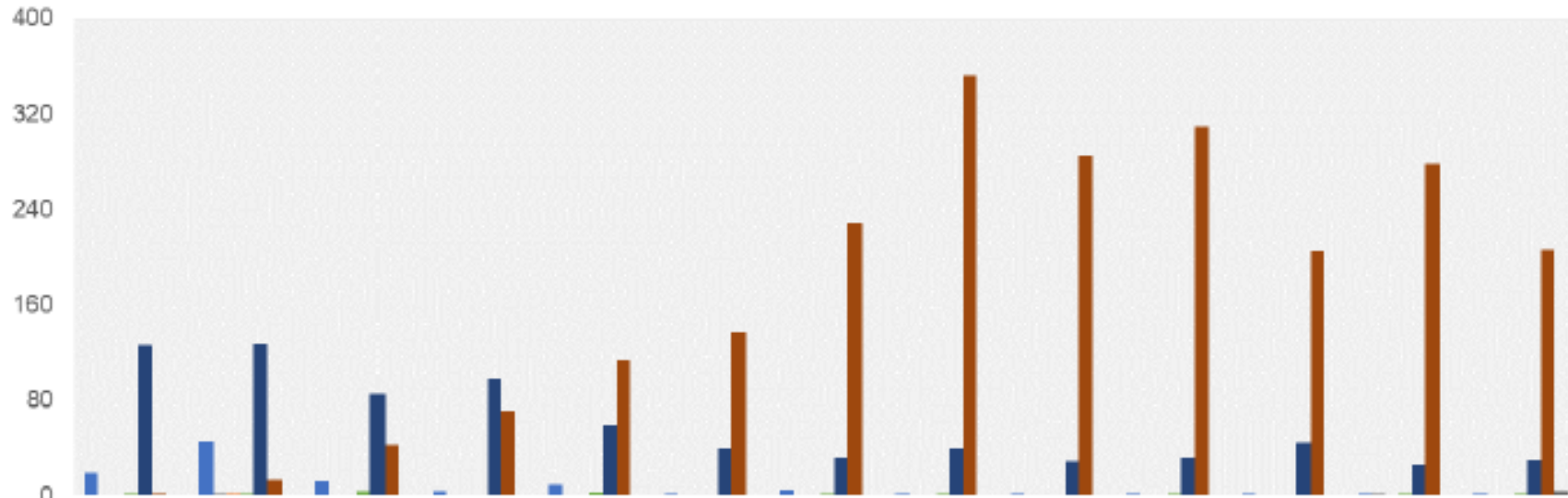
# Catastrophe Lawsuits Served

CAT Lawsuits Served (Residential & Commercial) Hurricane Irma								
	2017	2018	2019	2020	2021	2022	2023	Total
<b>Lawsuits</b>								
First Party	240	7,691	4,399	3,707	1,988	1,177	40	19,242
AOB	40	1,312	160	984	645	476	28	3,645
Surge	1	222	269	58	19	86	-	655
<b>Reason Code</b>								
Claim Paid	121	4,652	1,469	369	135	67	5	6,818
Loss Below Deductible	54	1,652	651	245	136	44	3	2,785
Claim Denied	62	1,265	2,198	3,049	1,690	1,050	32	9,346
All Other	3	122	81	432	27	16	-	681

CAT Lawsuits Served (Residential & Commercial) Hurricane Ian								
	2017	2018	2019	2020	2021	2022	2023	Total
<b>Lawsuits</b>								
First Party						13	2,220	2,233
AOB						1	567	568
Surge						2	101	103
<b>Reason Code</b>								
Claim Paid						7	587	594
Loss Below Deductible						1	99	100
Claim Denied						5	1,511	1,516
All Other						-	23	23

# What impact has SB 2A had to Citizens new suits filed?

Catastrophe Only Claims with New Litigation



	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23
Hurricane Irma	19	46	12	4	9	2	5	1	2	1	1	2	1
Hurricane Michael	0	1	0	0	0	0	0	0	0	0	0	1	0
Hurricane Dorian	0	1	0	0	0	0	0	0	0	0	0	0	0
Hurricane Sally	2	1	4	0	3	0	2	1	0	1	0	2	1
Tropical Storm Eta	126	127	86	98	59	39	32	39	29	32	45	26	30
Hurricane Ian	1	13	43	71	114	137	228	352	285	309	205	279	206
Hurricane Idalia										0	0	0	4

# Questions