

SB 76 Notice of Intent Update

Claims Committee

September 12, 2023

Jay Adams, Chief Claims Officer



SB 76 Notice of Intent

- Effective July 1, 2021
- Applies to all suits not brought by an assignee
- Outlines the condition precedent to filing a suit requires written notice of intent to initiate litigation at least 10 business days before filing suit
- NOI submission is required to contain
 - Presuit settlement demand that includes the itemization of damages, attorney fees, and costs
 - Disputed amount

SB 76 Notice of Intent – Insurer Duties

- Must have a procedure for the prompt investigation, review, and evaluation of the dispute
- Must respond in writing within 10 business days
- If responding to a denial of coverage, the following remedies apply
 - Accept coverage
 - Continue to deny coverage
 - Reinspect the damaged property

SB 76 Notice of Intent – Attorney Fees

- Created fee sharing based on the outcome of the settlement
 - Final settlement < 20% of the disputed amount, each party pays its own attorney fees and costs
 - Final settlement 20 – 50% of the disputed amount, insurer pays the claimants attorney fees and costs equal to the % of the disputed amount
 - Final settlement > 50% of the disputed amount, the insurer pays the claimants full attorney fees and costs

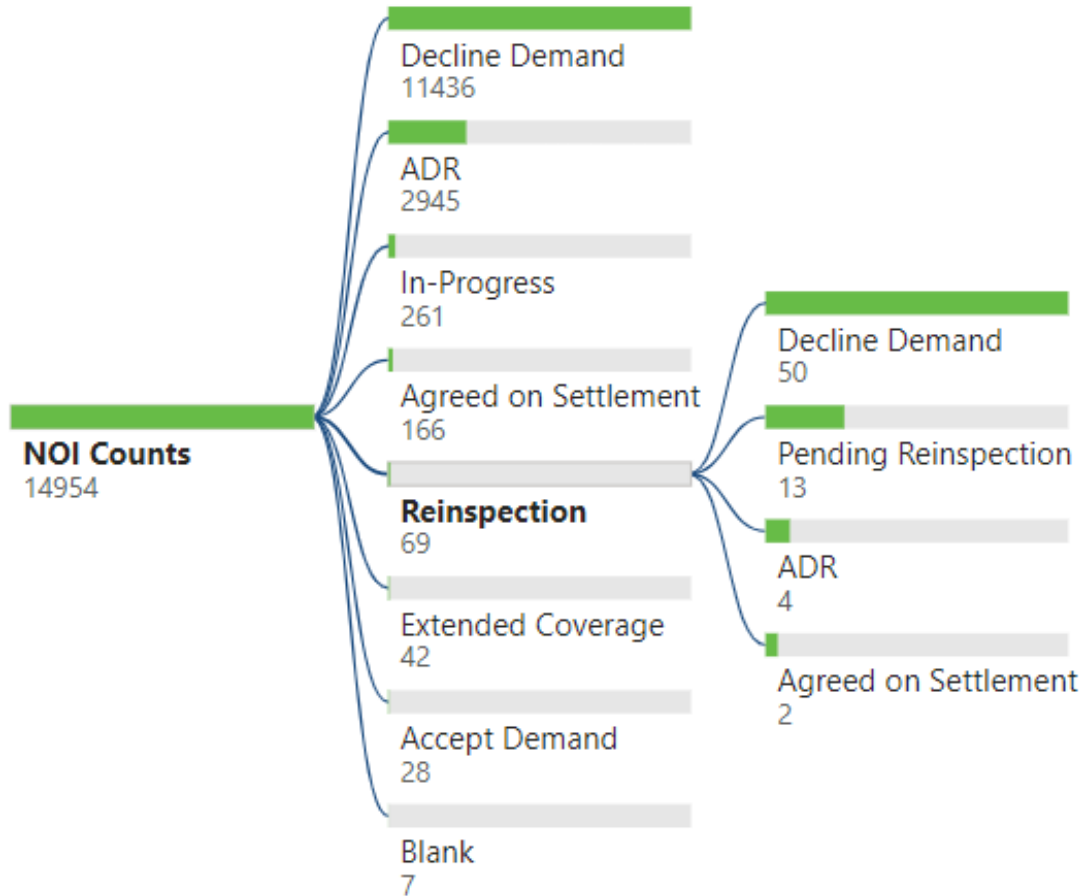
SB 2A – Special Session #2 December 2022

- January 1, 2023 effective date
- Eliminated Attorney Fees for all Property claims including the Notice of Intent from SB 76

Citizens Notice of Intent Process

- Department of Financial Services provides Notice of Intent to Citizens
- Dedicated team of Citizens staff reviews the Notice and completes a review of the claim handling
 - Stand on the prior claims decision which allows the Plaintiff to file suit
 - Denials and coverage limits
 - Negotiate with Plaintiff for resolution
 - Demand appraisal for covered losses

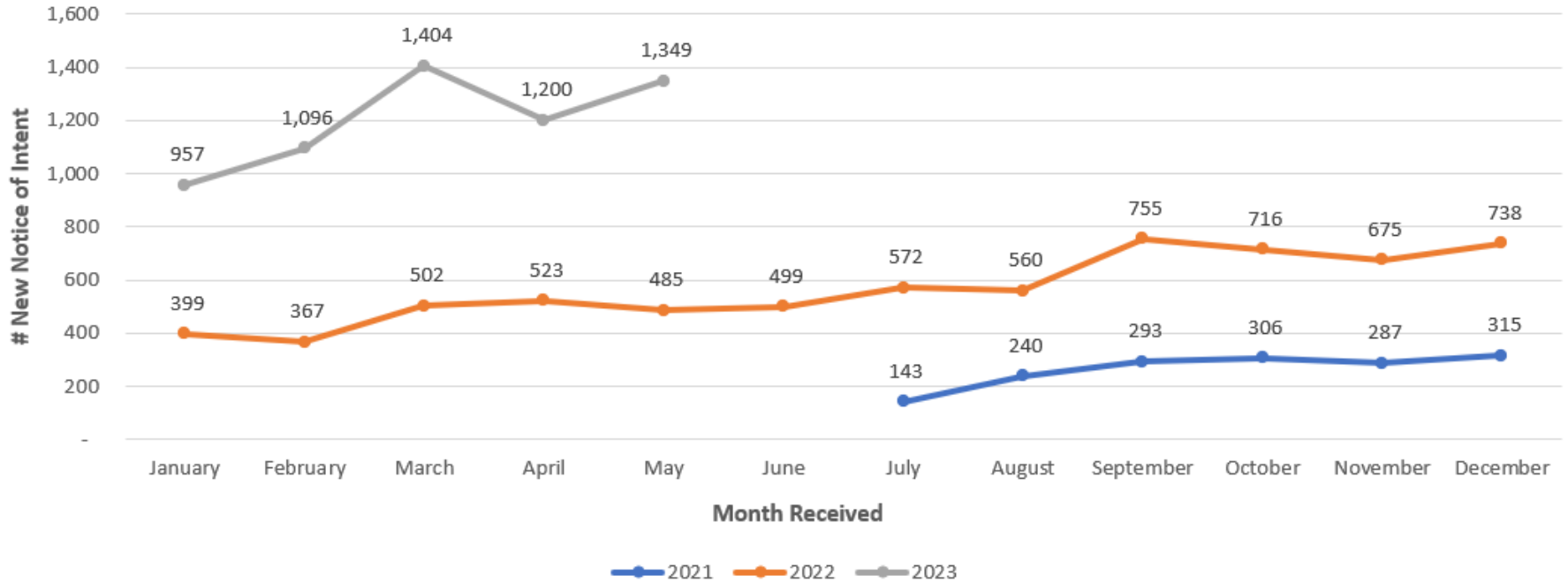
Notice of Intent Counts: July 1, 2021 – June 11, 2023



Notice of Intent Resolution by COL

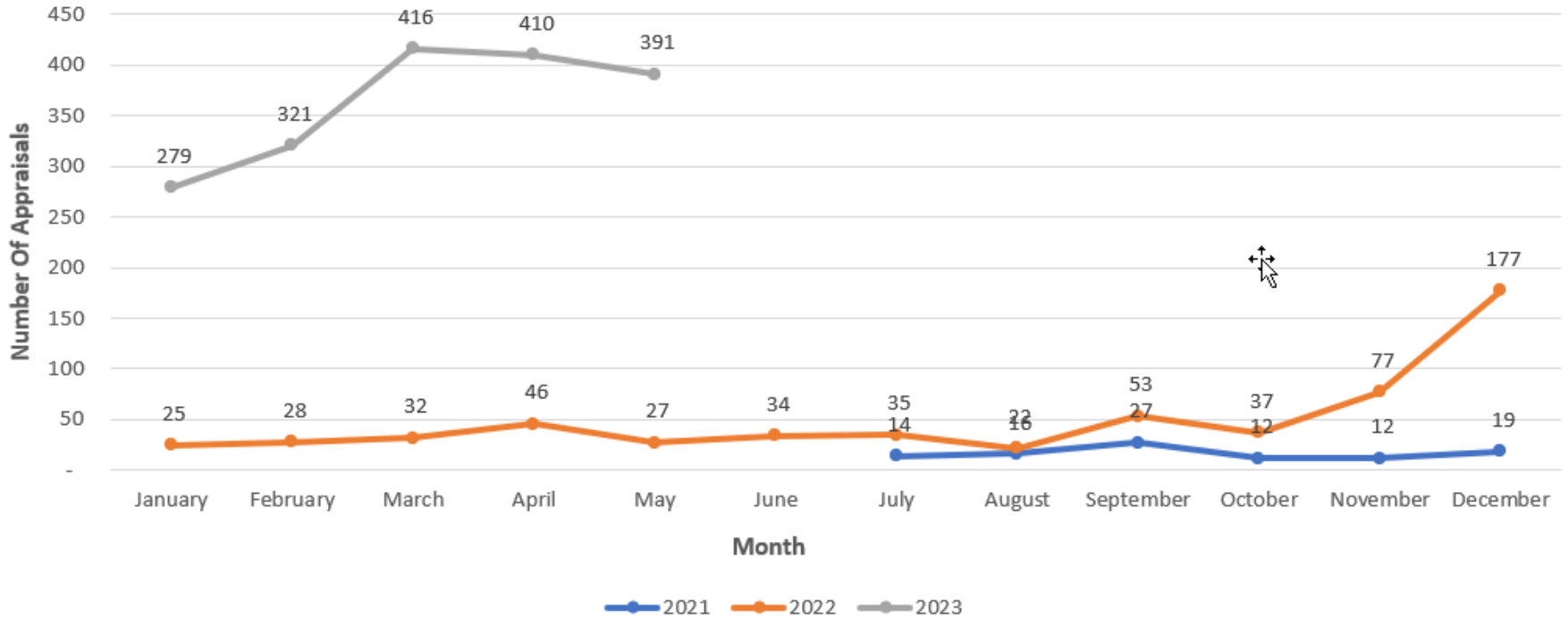
	Accept Demand	ADR	Agreed on Settlement	Blank	Decline Demand	Extended Coverage	In-Progress	Reinspection	Total
Cause of Loss									
All Other Physical Damage		20			178		1	1	200
Catastrophic Ground Cover Collapse					1				1
Collapse		2			12				14
Damage by Vehicle, Aircraft or Watercraft	1	21	1		3	1	1		28
Dropped Objects					3				3
Earthquake, Landslide & Earth Movement					1				1
Explosion		1			1				2
Fire		56	4		18	2	3		83
Flood & Rising Water		11			12				23
Fungi					1				1
Hail		28	5	1	218		1	1	254
Liability - Property Damage					1				1
Lightning		2	2		9				13
Loss Assessment					1				1
Power Outage		3			1				4
Riot & Civil Commotion					1				1
Sinkhole					7				7
Smoke		1	1		2				4
Theft from Other than Auto		1			4				5
Vandalism & Malicious Mischief		14	1		36				51
Water Damage - Non Weather Related	17	252	80	1	4,748	29	80	24	5,231
Water Damage - Weather Related		201	9	1	1,557		17	10	1,795
Wind	10	2,332	63	4	4,621	10	158	33	7,231
Total	28	2,945	166	7	11,436	42	261	69	14,954

Number Of New Notice Of Intent

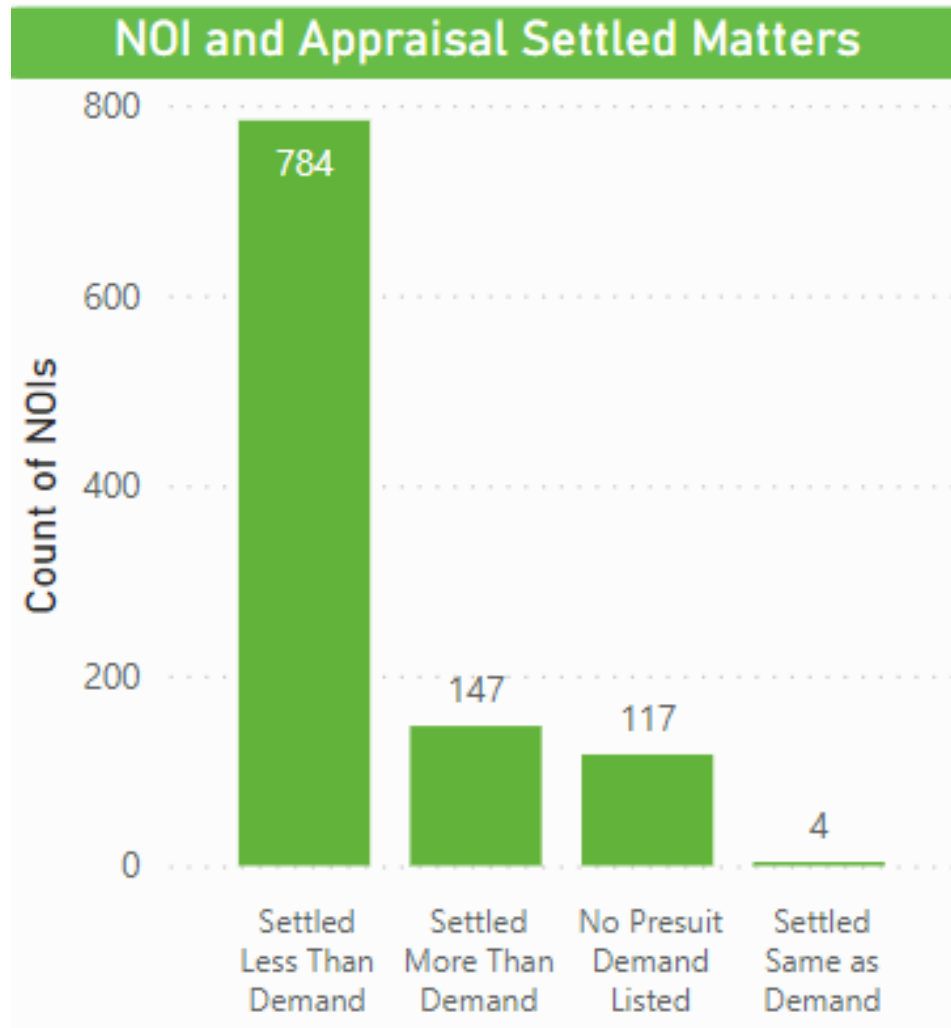


	January	February	March	April	May	June	July	August	September	October	November	December
2021							143	240	293	306	287	315
2022	399	367	502	523	485	499	572	560	755	716	675	738
2023	957	1,096	1,404	1,200	1,349							

Notice Of Intent Resolved Through Appraisal



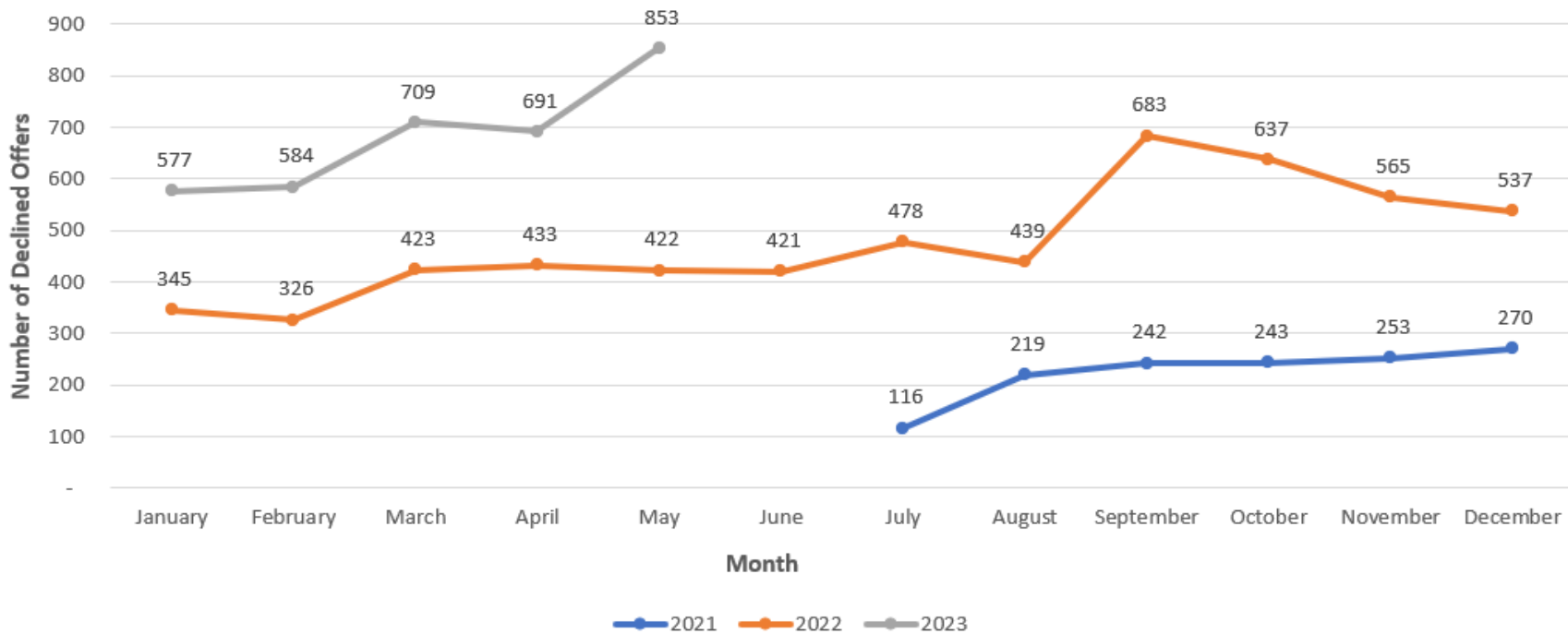
	January	February	March	April	May	June	July	August	September	October	November	December
2021							14	16	27	12	12	19
2022	25	28	32	46	27	34	35	22	53	37	77	177
2023	279	321	416	410	391							



Litigation Avoidance Cost For Appraisal

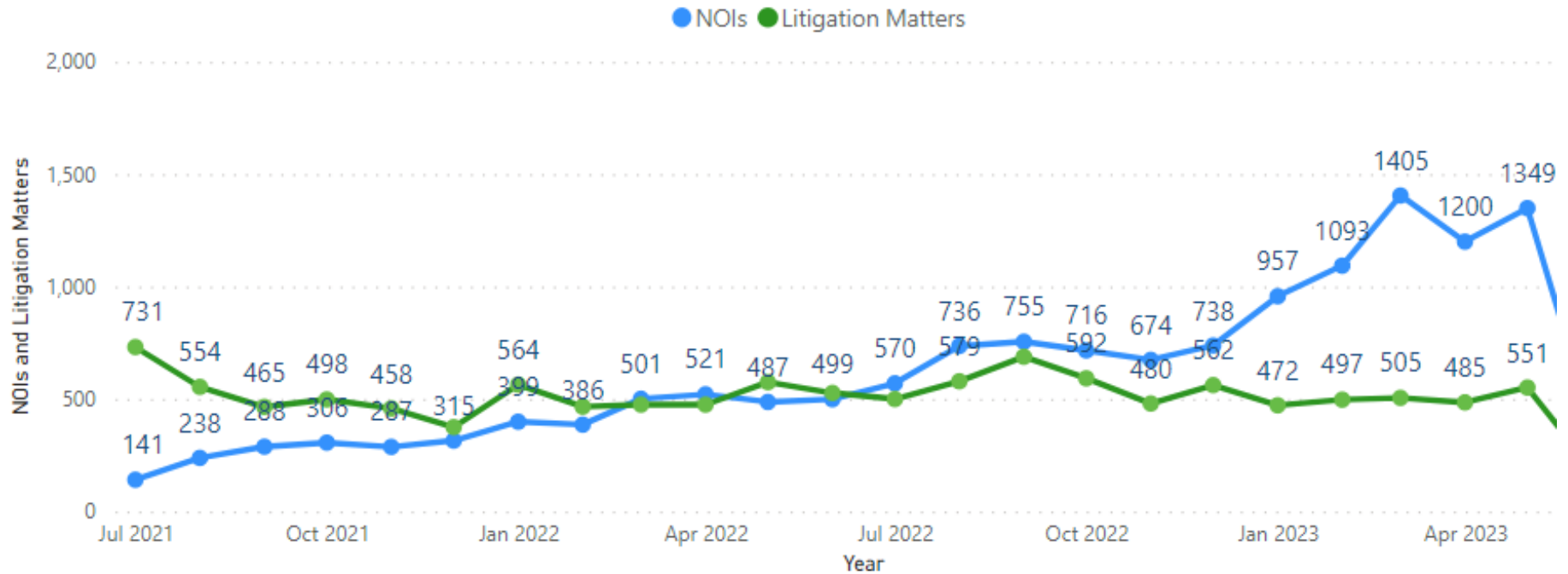
- 2,945 NOI's were resolved in Appraisal
- Average Defense Fees & Costs are \$8,118
- \$23,907,510 avoided in Defense Fees & Costs
- \$23,907,510 avoided in Plaintiff Fees & Costs
- \$47,815,020 total litigation avoidance in Fees & Costs

Number of Notice of Intent Decline Of Offer



	January	February	March	April	May	June	July	August	September	October	November	December
2021							116	219	242	243	253	270
2022	345	326	423	433	422	421	478	439	683	637	565	537
2023	577	584	709	691	853							

Total NOIs and Litigation Matters Created



Litigation Matters by Matter Created Date, Dispute Type and Reason

Dispute - Denial/Scope&Price	June 2022	July 2022	August 2022	September 2022	October 2022	November 2022	December 2022	January 2023	February 2023	March 2023	April 2023	May 2023	Total
Scope & Pricing	197	221	173	170	133	107	120	112	127	130	147	173	1810
Other		1											1
Less than deductible	4	11	17	21	10	10	4	8	7	12	14	11	129
Fully indemnified (no supplemental payment)	63	65	60	41	40	43	49	33	45	38	36	45	558
Doors/ Windows/ O&L												1	1
Appraisal demanded pre-suit	12	8	2	5	12	1	10	18	13	17	15	26	139
AOB-peer review dispute	6	4	2	6	1	2	2	3	2	1	2		31
AOB-amount or payment method dispute	64	77	59	53	29	30	26	19	22	27	36	59	501
All other	46	50	33	44	39	20	27	31	36	35	43	29	433
	2	5			2	1	2		2		1	2	17
No policy in force (NPIF)	2	2	1	3	1	1	1	2	1	1	1	1	6
No policy in force (NPIF)	2	2	1	3	1	1	1	2	1	1	1	1	6
No Dispute prior to Lawsuit	4	2	1	2	1	3		2			1		4
No dispute prior to lawsuit	4	2	1	2	1	3		2			1		4
No Decision prior to Lawsuit	4	4	9	16	10	5	3	5	5	4	5	4	74
No decision prior to lawsuit	4	4	9	16	10	5	3	5	5	4	5	4	74
Denial	829	926	972	948	746	589	686	583	632	600	508	554	8573
Denial-wear and tear	37	46	55	57	54	54	64	38	47	51	38	64	605
Denial-vacancy			1				1	1	1	3	1	1	9
Denial-repair completed prior to inspection	18	33	21	16	24	23	18	19	24	22	9	20	247
Denial-no structural damage		1											1
Denial-no ensuing damage	23	26	32	48	37	23	35	27	35	36	33	31	386
Denial-no covered peril created opening	295	360	412	318	307	263	267	257	272	261	233	239	3484
Denial-marring			1				1						2
Denial-long term leakage	123	117	142	168	137	98	102	83	102	92	87	97	1348
Denial-late notice of supplement		2	1										3
Denial-late notice	157	148	125	219	107	65	108	76	72	54	30	26	1187
Denial-causation	26	39	54	37	27	27	38	30	34	40	36	39	427
Coverage denial-not a covered loss per "Definitions"		1		1			2	1	1				7
Coverage denial-animal exclusion					1	1							2
AOB-claim denied	150	152	125	79	50	35	49	51	44	41	41	35	852
3 Year CAT Statute		1	3	5	2		1					1	13
Total	1036	1155	1156	1139	891	705	810	704	765	736	661	741	10499

What else can be done to avoid litigation?

Questions