

# Executive Summary

Committee Meeting, September 6, 2017  
Board of Governors Meeting, September 27, 2017

## Litigated Claims Update

### Claims Litigation – 2017 Year to Date (January 1, 2017 – July 31, 2017)

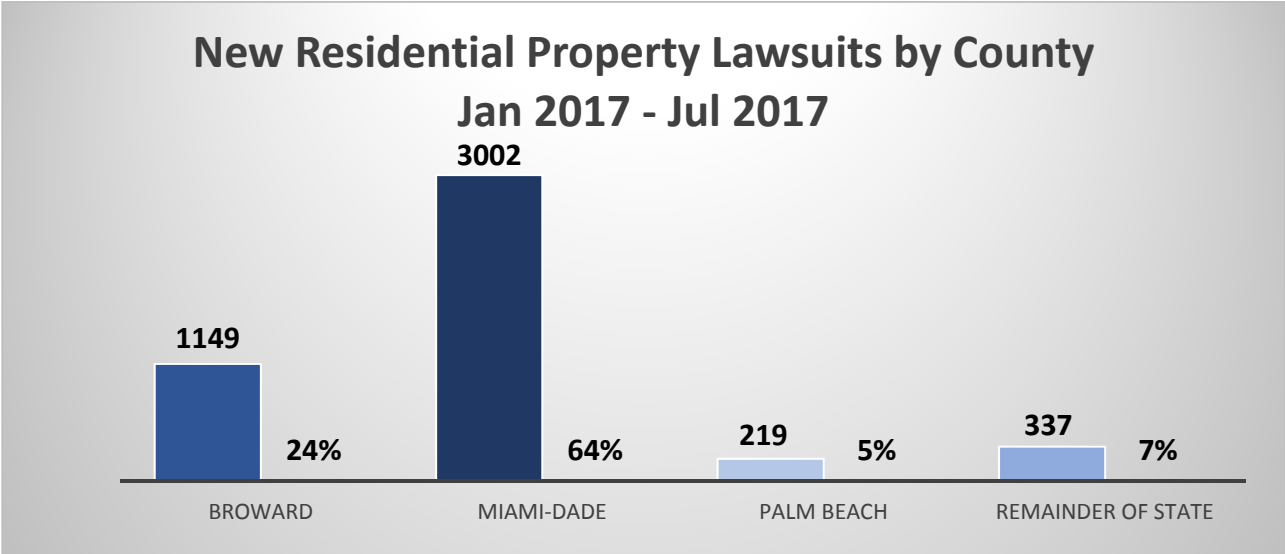
#### Overview of Incoming Lawsuit and Pending Volume

From January 2017 through July 2017, Citizens was served with 4,849 lawsuits (4,707 Residential Property) – averaging 693 new lawsuits per month. This reflects an 12% decrease in the number of new incoming suits per month as compared to this same time period last year (2016 average for January through July – 790).

As of July 31, 2017, current pending volume totaled 10,555 lawsuits (9,835 Residential Property). This reflects a 33% increase in pending as compared to this same time last year (7,922 pending matters).

93% of the incoming residential property lawsuits arise out of the Tri-County area. This distribution has remained fairly consistent since March 2014:

- Miami-Dade 64%
- Broward 24%
- Palm Beach 5%

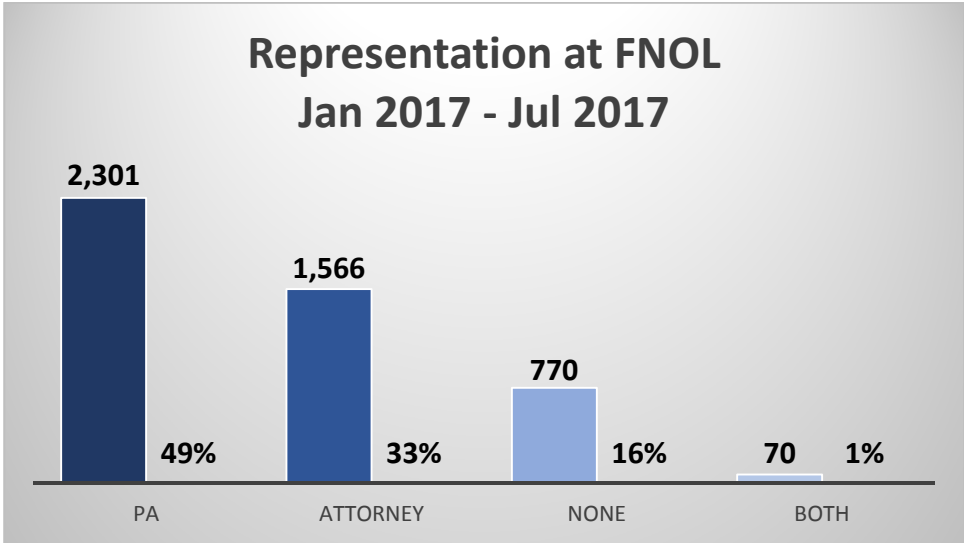


The insured was represented at First Notice of Loss in 84% of incoming residential property lawsuits, which has remained fairly consistent as compared to 2016:

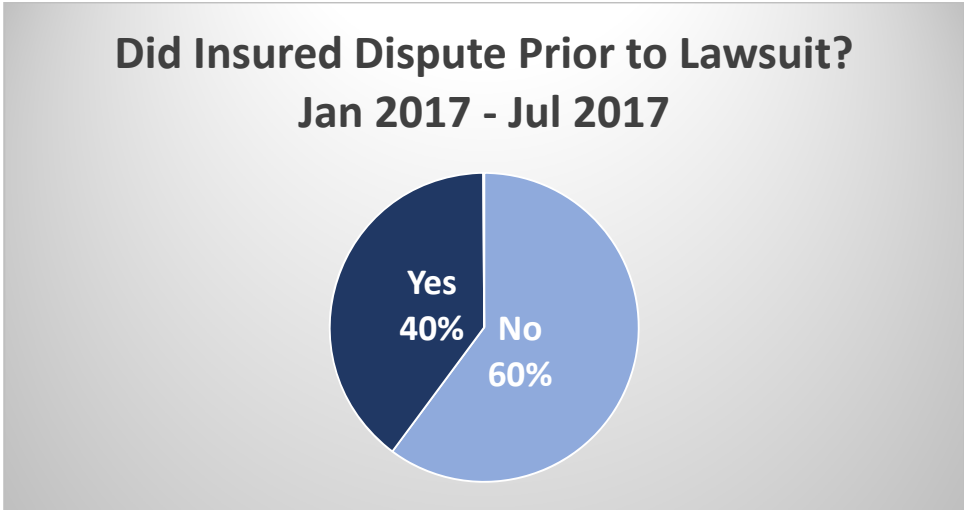
- Public Adjuster 49%
- Attorney 33%
- Both PA & Attorney 1%

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In 60% of the incoming residential property lawsuits the insured did not dispute Citizens' position or adjustment of the claim prior to filing suit.



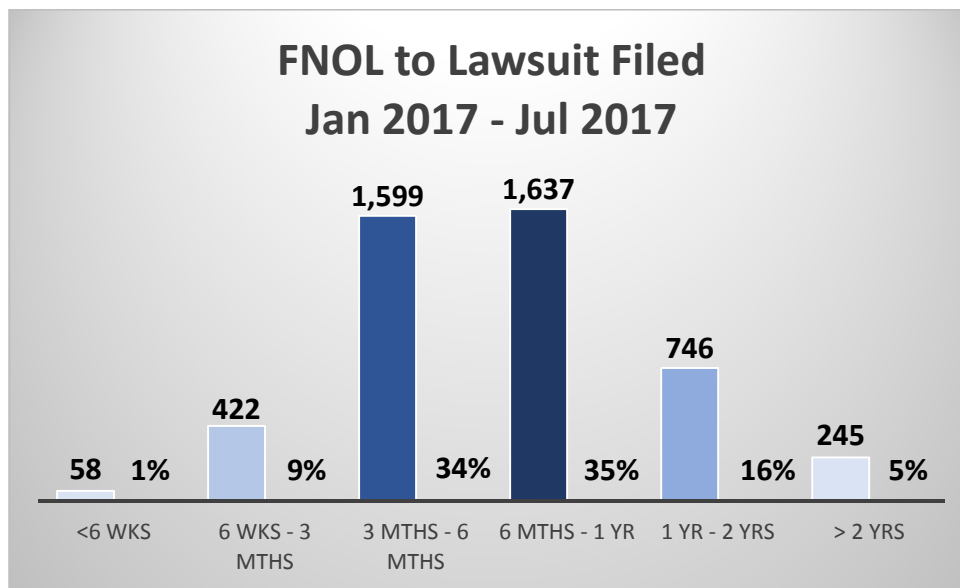
A review of the timing of incoming lawsuits reveals that 44% of lawsuits are brought within 6 months of the First Notice of Loss (FNOL)

- Within 6 weeks of FNOL 1%
- Within 3 months of FNOL 9%
- Within 6 months of FNOL 34%
- Within 1 year of FNOL 35%
- Within 2 years of FNOL 16%
- 2 or more years from FNOL 5%

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## Water Loss and AOB

The leading cause of loss for new incoming residential property lawsuits remains Water Loss which represents 48% of incoming lawsuits (55% in 2016). We continue to experience an increase in the frequency of AOB matters that now represent 40% of new incoming residential property lawsuits, as compared to 34% of incoming lawsuits in 2016, and 21% in 2015.

Water Loss matters also remain the leading cause of loss in pending volume, representing 51% of the pending for residential property lawsuits. The overall percentage of pending AOB lawsuits has increased 6% as compared to 2016 and now represents 30% of the pending residential property lawsuits.

## **Conclusion**

The majority of new incoming lawsuits continue to arise out of water loss claims in the Tri-County area. This trend has remained consistent since early 2014. While the overall frequency of new lawsuits has decreased by 12% as compared to this same time period in 2016, the frequency of new incoming AOB suits has been on the rise since December 2015.

Almost one half of new suits continue to be filed within six months of the First Notice of Loss, and the vast majority (83%) reflect representation of the insured at the time the loss is first reported. The majority of lawsuits are also filed in the absence of the insured disputing Citizens' position at the time of the adjustment of the claim.

In response to the ongoing trend with Water Loss litigation and increasing frequency of AOB lawsuits, the Claims Litigation department, in conjunction with both in-house and outside legal counsel, continues to craft and refine litigation strategies to address litigated matters in an appropriate and effective manner.