

Executive Summary

Committee Meeting, June 13, 2018
Board of Governors Meeting, June 20, 2018

Litigated Claims Update

Claims Litigation

Hurricane Irma Litigation (through May 15, 2018)

As of May 15, 2018, Citizens has been served with 3,128 Hurricane Irma suits. The breakdown of the Hurricane Irma lawsuits is as follows:

Total lawsuits served on Citizens	3,217	
Total Residential lawsuits -	3,128	97% of All Irma Lawsuits
Total Commercial lawsuits -	89	3%
Total AOB Lawsuits -	468	15%
Total Residential AOB -	460	14%
Total Commercial AOB -	8	<1%
Surge Involved –	59	2%
Total Residential -	45	1%
Total Commercial -	14	<1%

Reported Date of Loss Range (09/09/2017 – 09/16/2017)

Lawsuit Served		
October 2017 -	3	<1%
November 2017 -	63	2%
December 2017 -	175	5%
January 2018 -	412	13%
February 2018 -	647	20%
March 2018 -	781	24%
April 2018 -	794	25%
May 2018 (as of 15th) -	342	11%

Residential Hurricane Irma Lawsuits (3,128 Lawsuits):

Pre-Suit Claim Determination		
Claim Paid -	1,971	63% of Residential Irma Suits
Loss Below Deductible -	657	21%
Claim Denied -	456	15%
No Determination -	21	<1%
Claim Withdrawn -	5	<1%
Duplicate Claim -	9	<1%
No Policy in Force -	5	<1%
First Notice -	4	<1%
Surge Involved -	45	<2%
County / Venue		
Miami-Dade -	1,981	63%

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Broward -	692	22%
Monroe -	185	6%
Palm Beach -	138	4%
Collier -	22	<1%
Lee -	20	<1%
Pinellas -	16	<1%
Pasco -	14	<1%
Brevard -	13	<1%

The following remaining counties had counts of 5 lawsuits or less and accounted for less than 1%:

Bradford, Citrus, Columbia, Duval, Flagler, Hernando, Highlands, Hillsborough, Indian River, Lake, Manatee, Marion, Orange, Osceola, Sarasota, Seminole, Saint Johns, Saint Lucie, and Volusia.

Commercial Hurricane Irma Lawsuits (89 Lawsuits):

Pre-Suit Claim Determination		
Claim Paid -	24	27% of Commercial Irma Suits
Loss Below Deductible -	37	42%
Claim Denied -	27	30%
No Policy in Force -	1	1%
Surge Involved -	14	16%
County / Venue		
Miami-Dade -	32	36%
Monroe	26	29%
Broward -	23	26%
Palm Beach -	3	3%
Brevard -	2	3%
Manatee -	1	1%
St Lucie -	1	1%
Volusia -	1	1%

History

2018 Overview of Incoming Lawsuits and Pending Volume (January 1, 2018 – April 30, 2018):

From January through April 2018, Citizens was served with 4,287 lawsuits (4,168 Residential Property) – averaging 1072 new lawsuits per month. This reflects an 49% increase in the number of new incoming suits per month as compared to this same time last year (2017 average for January through April – 719). Hurricane Irma suits represent 60% of all new incoming lawsuits for 2018 (Total new Irma suits – 2,552; averaging 638 per month).

As of April 30, 2018, current pending volume totaled 12,364 lawsuits (11,966 Residential Property). This reflects a 20% increase in pending as compared to this same time last year (2017 – 10,265 pending matters).

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91% of the incoming residential property lawsuits arise out of the Tri-County area:

- Miami-Dade 62%
- Broward 25%
- Palm Beach 4%

The insured was represented at First Notice of Loss in 61% of incoming residential property lawsuits. This reflects a 22% decrease, as compared to the same time last year, in the number of insureds with representation at the First Notice of Loss which is directly related to the influx of Hurricane Irma claims:

- Public Adjuster 34%
- Attorney 25%
- Both PA & Attorney 2%

In 47% 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 53% of lawsuits are brought within 6 months of the First Notice of Loss (FNOL). This reflects an increase of 9% in the number of lawsuits filed within 6 months of FNOL and is directly related to the influx of Hurricane Irma lawsuits:

- Within 6 weeks of FNOL <1%
- Within 3 months of FNOL 3% (previously 8%)
- Within 6 months of FNOL 49% (previously 35%)
- Within 1 year of FNOL 37% (previously 35%)
- Within 2 years of FNOL 6% (previously 15%)
- 2 or more years from FNOL 4%

Impact of Hurricane Irma Litigation:

Hurricane Irma lawsuits now represent the leading cause of loss for all new incoming lawsuits (60% overall; 52% brought by insured & 9% by AOB), and currently represent approximately 23% of all pending lawsuits.

Water Loss matters remain the leading cause of loss in pending volume, representing 36% of the pending for residential property lawsuits. The overall percentage of pending AOB lawsuits accounts for 27% of the pending residential property lawsuits (24% Non-Irma AOB; 3% Irma AOB).

Conclusion

The majority of new incoming lawsuits has shifted to Hurricane Irma litigation with the overwhelming majority (over 90%) arising out of the Tri-County area. Hurricane Irma litigation continues to be served faster than pre-Irma lawsuits with over 50% of new incoming suits brought within 6 months of the First Notice of Loss, a 9% increase as compared to pre-Irma litigation. This is trending up despite the fact that insureds who filed suit and had representation at First Notice of Loss has decreased by almost 22% (currently 61% as compared to 83% pre-Irma) as many insureds reported their own losses.

For Residential Hurricane Irma lawsuits the leading dispute is Scope & Pricing for claims in which payment was made for damages or the loss was below deductible (84%). For Commercial Hurricane Irma lawsuits the leading dispute is also Scope & Pricing at 69% of lawsuits.