

Claims Committee Update

March 28, 2018





Water Loss Trends – Florida Market

Source: 2017 Office of Insurance Data Call

Purpose & Scope of the Data Call

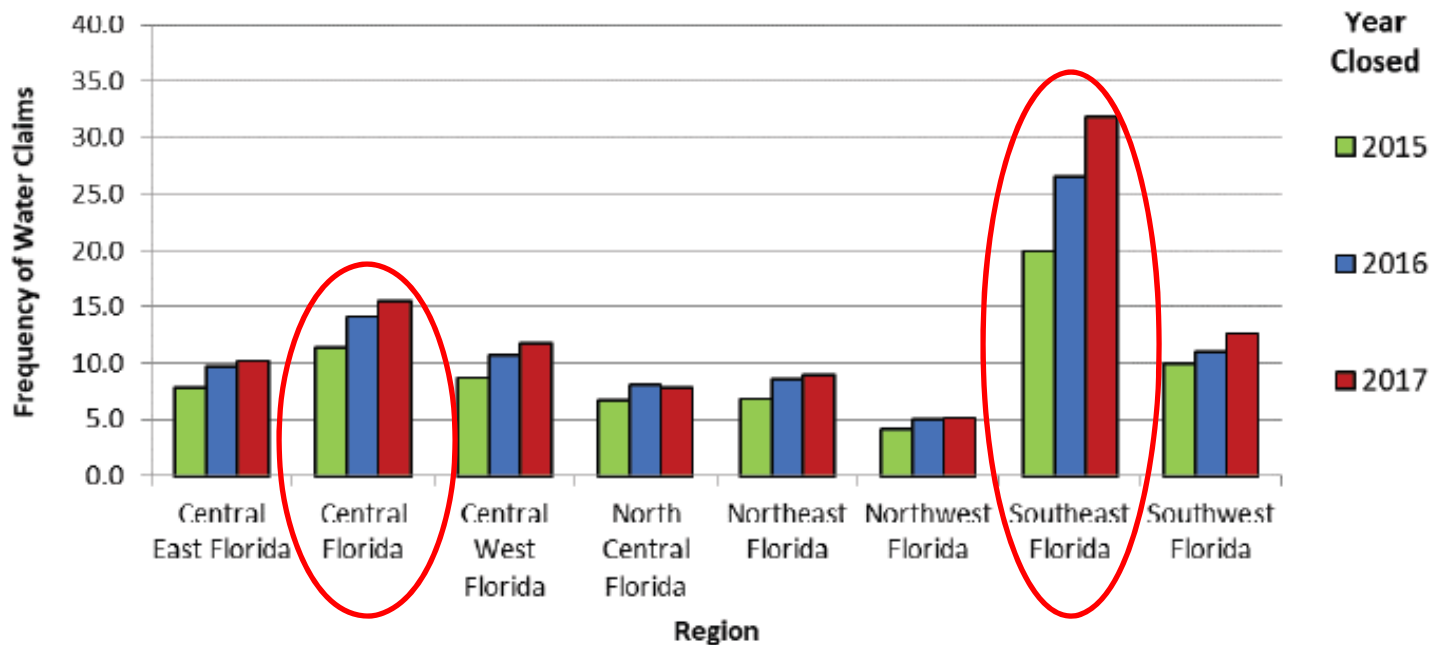
- Submit current data for AOB analysis
 - HO-3 & Dwelling Fire policy forms
 - Policies in force as of September 20, 2017
- Claims for Water or Roof damage
 - Closed between January 1, 2015 and June 30, 2017
- Submitted by 25 insurers
 - Excludes Citizens data

Trends in Water Losses

	Prior Report	This Report
	From Jan. 1, 2010 to Sept. 30, 2015	From Jan. 1, 2015 to June 30, 2017
Frequency	46.3%	44.1%
Severity	28.5%	17.6%
Combined	88.0%	69.5%
	Average Annualized Change	Average Annualized Change
Frequency	8.3%	27.6%
Severity	5.4%	11.4%
Combined	14.2%	42.1%

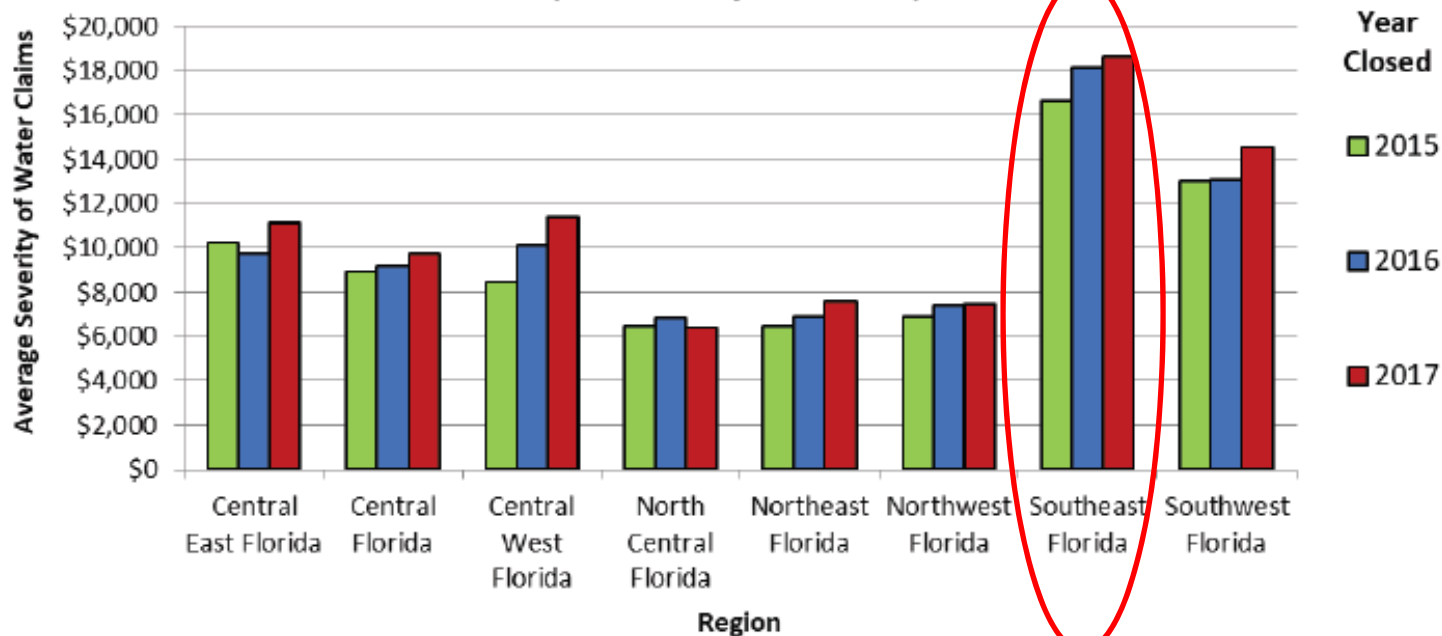
Source: 2017 Office of Insurance Data Call

Frequency by Region for HO-3 & DF Water Claims per 1,000 Policies (Voluntary Carriers)



Source: FLOIR Assignment of Benefits Data Call. Data based on claims for voluntary carriers with dates closed between 1/1/2015 and 6/30/2017. Insurer must have been able to provide information to determine the frequency and severity of HO-3/Dwelling Fire claims for water losses.

Average Severity by Region for HO-3 & DF Water Claims (Voluntary Carriers)



Source: FLOIR Assignment of Benefits Data Call. Data based on claims for voluntary carriers with dates closed between 1/1/2015 and 6/30/2017. Insurer must have been able to provide information to determine the frequency and severity of HO-3/Dwelling Fire claims for water losses.

Combined Impact of Frequency & Severity Changes

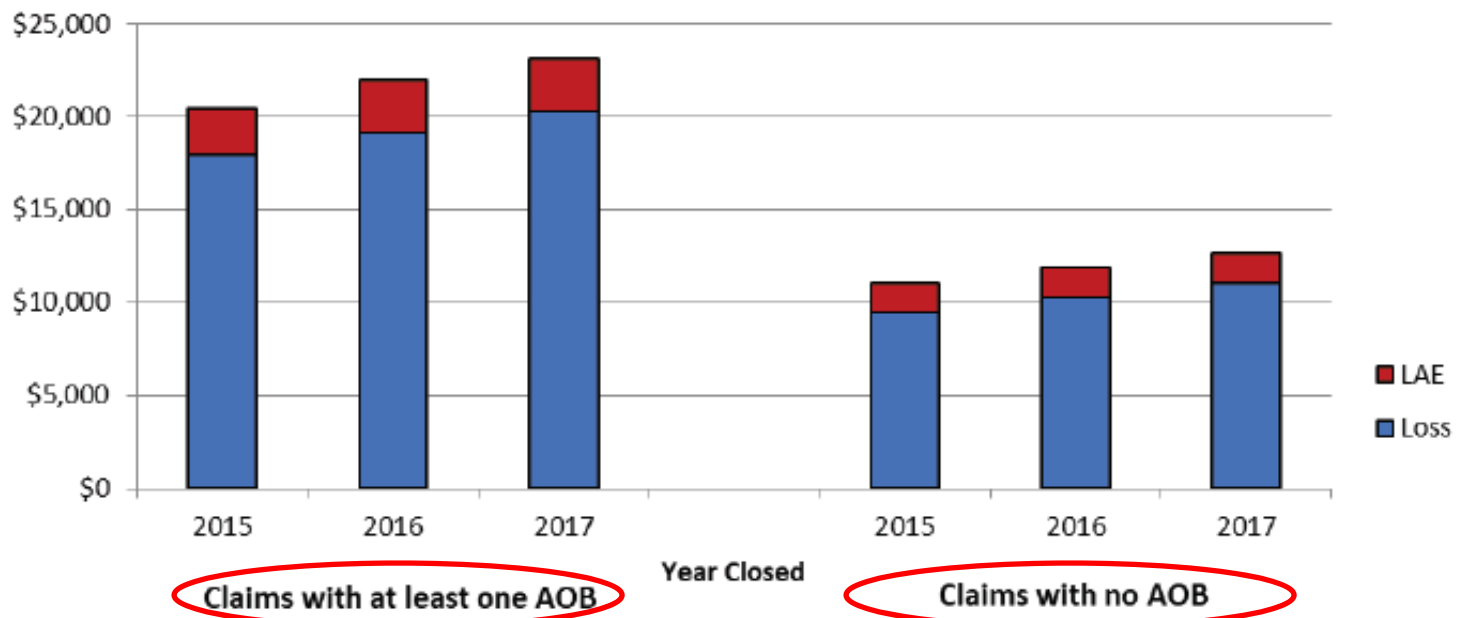
Region	Change from 2015 - 2017			Average Annualized Trend		
	Frequency	Severity	Combined	Frequency	Severity	Combined
Central East Florida	32.2%	9.3%	44.4%	20.4%	6.1%	27.8%
Central Florida	36.8%	8.7%	48.8%	23.3%	5.7%	30.3%
Central West Florida	35.8%	34.6%	82.7%	22.6%	21.9%	49.5%
North Central Florida	16.3%	-0.9%	15.2%	10.6%	-0.6%	9.9%
Northeast Florida	32.5%	16.9%	54.9%	20.6%	11.0%	33.9%
Northwest Florida	25.9%	8.3%	36.4%	16.6%	5.5%	23.0%
Southeast Florida	59.9%	11.9%	79.0%	36.8%	7.8%	47.4%
Southwest Florida	27.0%	11.8%	42.0%	17.3%	7.7%	26.4%
Statewide	44.1%	17.6%	69.5%	27.6%	11.4%	42.1%

Source: 2017 Office of Insurance Data Call

Assignment of Benefit Trends

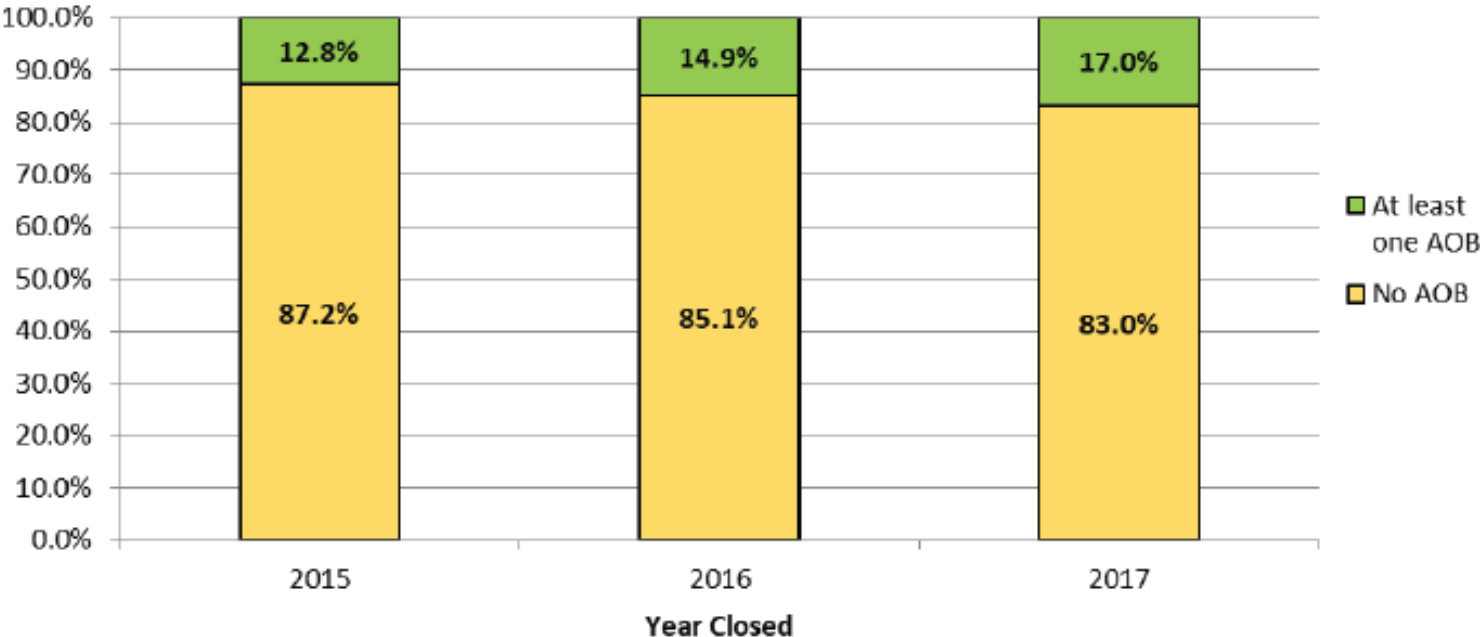
- Claims with AOB have an increased severity
 - Up to 85% more than Non-AOB claims
- Significant increase in the use of AOB's since 2015
 - Up from 12.8% of water claims to 17.0% of water claims
- Geography of AOB utilization
 - Increases in central and southern regions
 - Decreases in the northern regions

Average Severity HO-3 & DF Water Claims - With and Without AOB (Voluntary Carriers)



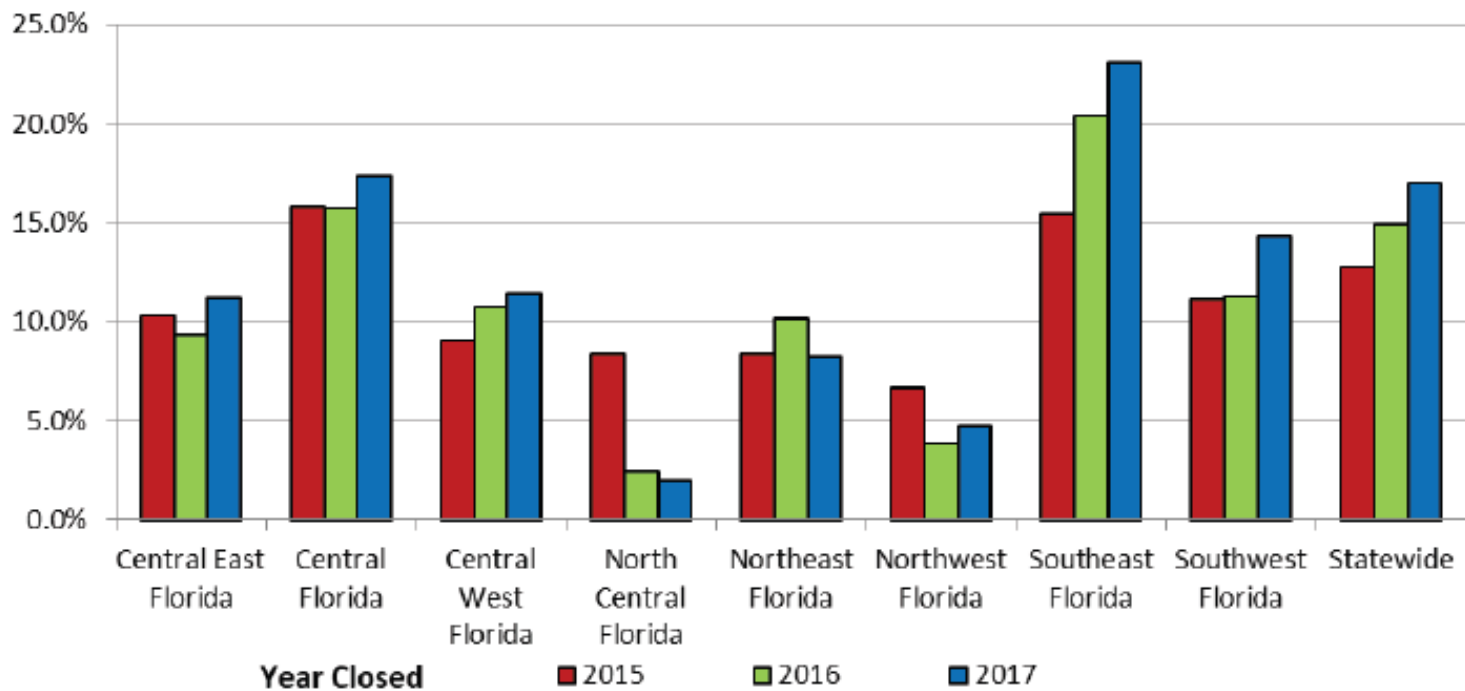
Source: FLOIR Assignment of Benefits Data Call. Data based on claims for voluntary carriers with dates closed between 1/1/2015 and 6/30/2017. Data is only shown for insurers that were able to consistently indicate for a given year that a claim had or did not have an assignment of benefits (AOB).

Percentage of Water Claims With an AOB (Voluntary Carriers)



Source: FLOIR Assignment of Benefits Data Call. Data based on claims for voluntary carriers with dates closed between 1/1/2015 and 6/30/2017. Data is only shown for insurers that were able to consistently indicate for a given year that a claim had or did not have an assignment of benefits (AOB).

Percentage of HO-3 & DF Water Claims By Region with an AOB (Voluntary Carriers)



Source: FLOIR Assignment of Benefits Data Call. Data based on claims for voluntary carriers with dates closed between 1/1/2010 and 9/30/2015. Data is only shown for insurers that were able to consistently indicate for a given year that a claim had or did not have an assignment of benefits (AOB).



Water Loss Trends – Citizens

As of December 31, 2017

HO-3 Non-Weather Water Severity

<u>Close Year</u>	<u>Litigated Claims</u>			<u>Non-Litigated Claims</u>		
	<u>Loss</u>	<u>ALAE</u>	<u>Loss/ALAE</u>	<u>Loss</u>	<u>ALAE</u>	<u>Loss/ALAE</u>
2014	\$23,821	\$6,657	\$30,389	\$9,240	\$1,007	\$10,247
2015	\$27,430	\$6,284	\$33,714	\$7,082	\$633	\$7,714
2016	\$30,513	\$7,192	\$37,705	\$6,061	\$827	\$6,888
2017	\$30,028	\$10,699	\$40,727	\$7,403	\$1,458	\$8,862

*Based on all water claims closed in a given year, regardless of accident date or report date

Litigation Rates

	<u>Ultimate Projected Litigation %</u>		
<u>AY</u>	<u>Statewide</u>	<u>South East</u>	<u>Rest of State</u>
2014	30.10%	37.20%	4.60%
2015	40.50%	48.50%	8.00%
2016	56.90%	66.90%	14.50%
2017	56.30%	66.70%	21.10%

Representation at FNOL

	<u>Representation at First Notice of Loss</u>		
<u>AY</u>	<u>Statewide</u>	<u>South East</u>	<u>Remainder of State</u>
2014	35.6%	43.1%	3.7%
2015	57.3%	65.8%	12.0%
2016	42.0%	49.3%	12.7%
2017	37.5%	44.5%	8.7%

Assignment of Benefits

	<u>Assignment of Benefits</u>		
<u>AY</u>	<u>Statewide</u>	<u>South East</u>	<u>Remainder of State</u>
2014	12.7%	15.2%	1.9%
2015	29.3%	33.0%	9.4%
2016	38.5%	43.4%	18.6%
2017	26.7%	29.2%	16.3%

2017 Claim Metrics

Month	PIF	NWW Claims	% of Claims	Days to Report	New Suits	New AOB Suits
Jan	459,761	871	52.9%	18	694	261
Feb	449,757	748	57.5%	17	716	307
Mar	451,189	860	61.3%	15	857	293
Apr	451,126	735	57.4%	21	582	263
May	451,280	848	57.5%	23	690	280
Jun	452,593	1,407	43.1%	14	710	266
Jul	453,339	882	51.2%	24	620	238
Aug	452,038	938	49.4%	28	742	287
Sep	459,343	733	22.7%	22	309	104
Oct	448,737	1,143	63.2%	36	514	211
Nov	446,929	941	55.6%	31	522	156
Dec	440,406	756	49.6%	30	551	163



Managed Repair Update

MRP Update as of 02-14-18

County	Mitigation Services Accepted by Insured	Permanent Repairs Accepted by Insured	Total # of MRP Assignments
Brevard	1		7
Broward	9	1	118
Charlotte			2
Collier			1
Escambia	1		1
Hernando	3	1	12
Highlands			1
Hillsborough	6		31
Lee	1		2
Miami-Dade	12	1	220
Orange	2		2
Osceola			2
Palm Beach	2	1	33
Pasco	3		9
Pinellas	19	3	45
Saint Lucie	1		3
Santa Rosa			1
Sarasota			2
Seminole			1
Total	60	7	493



Hurricane Irma Update

Irma Response Strengths

- Flexible and adaptable Claims staff
- Strong lines of communication both internally and externally
- Increased utilization of technology
- Strike Zone office capability

Irma Response Opportunities

- Independent Adjusting Firms
 - Management
 - Quality & Quantity of resources
- Assignment of claim territories through ClaimCenter
- Leverage resources more appropriately
- Underutilization of XactAnalysis

Irma Response Action Plans

- Leverage XactAnalysis fully
 - Assignment processes
 - Management Enhancements
- Evaluation of system needs to develop operational efficiencies
- IT cross functional support training
- Efficiencies to improve claims productivity

Irma Related Solicitations

- Aerial Imagery
 - Pre event imagery
 - Post event imagery
 - Drone services
- Inspector Program
- Fast Track claims handling
- Catastrophe Adjusting
- Enterprise Resiliency



Governor's Hurricane Irma Emergency Order Extension

Through January 2, 2018

Banana Bay Hotel Contract

- Prior Board of Governor approval for Emergency Order Contracting
- Amount of Contract
 - February 1, 2018 to June 30, 2018
 - \$609,000
- Location
 - 4590 Oversees Highway



Questions