

Executive Summary

Claims Committee Meeting, September 19, 2018
Board of Governors Meeting, September 26, 2018

Litigated Claims Update

CLAIMS LITIGATION

Hurricane Irma Litigation (through August 15, 2018)

As of August 15, 2018, Citizens has been served with 5,493 Hurricane Irma lawsuits. The breakdown of the Hurricane Irma lawsuits is as follows:

Total lawsuits served on Citizens	5,493	
Total Residential lawsuits	5,341	97% of All Irma Lawsuits
Total Commercial lawsuits	152	3%
Total AOB Lawsuits	762	14%
Total Residential AOB	751	14%
Total Commercial AOB	11	<1%
Surge Involved	138	3%
Total Residential	108	2%
Total Commercial	30	<1%

Reported Date of Loss Range (09/07/2017 – 09/16/2017)

Lawsuits Served

2017	Oct	3	<1%
	Nov	63	1%
	Dec	175	3%
2018	Jan	412	8%
	Feb	647	12%
	Mar	781	14%
	Apr	794	14%
	May	778	14%
	Jun	723	13%
	Jul	695	13%
	Aug (to date)	422	8%

Residential Hurricane Irma Lawsuits (5,341 Lawsuits):

Pre-Suit Claim Determination		
Claim Paid	3,357	63% of Residential Irma Suits
Loss Below Deductible	1,113	21%
Claim Denied	795	15%
Surge Involved	108	2%

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County / Venue		
Miami-Dade	3,447	65%
Broward	1,111	21%
Monroe	344	6%
Palm Beach	214	4%
Collier	32	<1%
Pinellas	30	<1%
Lee	28	<1%
Pasco	27	<1%
Brevard	18	<1%
Hillsborough	16	<1%

The following remaining counties had counts of 7 lawsuits or less and accounted for less than <2% combined:

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

Commercial Hurricane Irma Lawsuits (152 Lawsuits):

Pre-Suit Claim Determination		
Loss Below Deductible	68	45% of Commercial Irma Suits
Claim Paid	44	29%
Claim Denied	39	26%
No Policy in Force	1	<1%
Surge Involved	30	20%
County / Venue		
Miami-Dade	58	38%
Monroe	49	32%
Broward	33	22%
Palm Beach	3	2%
Brevard	2	1%
Collier	2	1%
St Lucie	2	1%
Volusia	2	1%
Manatee	1	<1%

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History

2018 Overview of Incoming Lawsuits and Pending Volume (January 1, 2018 – July 31, 2018):

From January through July 2018, Citizens was served with 7,879 lawsuits (7,668 Residential Property) – averaging 1,126 new lawsuits per month. This reflects an 60% increase in the number of new incoming suits per month as compared to this same time last year (2017 average for January through July – 702). Hurricane Irma suits represent 61% of all new incoming lawsuits for 2018 (Total new Irma suits – 4,694; averaging 671 per month).

As of July 31, 2018, current pending volume totaled 13,835 lawsuits (13,393 Residential Property). This reflects a 31% increase in pending as compared to this same time last year (2017 – 10,554 pending matters).

90% of the incoming residential property lawsuits arise out of the Tri-County area:

- Miami-Dade 62%
- Broward 24%
- Palm Beach 4%

The insured was represented at First Notice of Loss in 60% of incoming residential property lawsuits. This reflects a 24% decrease 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 32%
- Attorney 26%
- 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 37% of lawsuits are brought within 6 months of the First Notice of Loss (FNOL). This reflects a decrease of 7% in the number of lawsuits filed within 6 months of FNOL:

- | | |
|-----------------------------|----------------------|
| • Within 6 weeks of FNOL | <1% |
| • Within 3 months of FNOL | 3% (previously 9%) |
| • Within 6 months of FNOL | 33% (previously 34%) |
| • Within 1 year of FNOL | 52% (previously 35%) |
| • Within 2 years of FNOL | 7% (previously 16%) |
| • 2 or more years from FNOL | <5% |

Impact of Hurricane Irma Litigation:

Hurricane Irma lawsuits represent the leading cause of loss for all new incoming lawsuits (61% overall - 45% brought by insured & 16% by AOB vendor), and currently represent approximately 34% of all pending lawsuits.

Water Loss matters continue to represent the leading cause of loss in pending lawsuits (31% brought by the insured; 22% brought by AOB vendor).

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The overall percentage of pending AOB lawsuits accounts for 26% of the pending residential property lawsuits (22% Non-Irma AOB; 4% Irma AOB).

Conclusion

Citizens continues to receive in excess of 1,000 new lawsuits per month, a 60% increase as compared to 2017, directly related to the influx of Hurricane Irma litigation combined with continued receipt of Water loss lawsuits. The majority of new incoming lawsuits at this time remains Hurricane Irma litigation (61% of all new lawsuits) with the overwhelming majority of all new lawsuits (90%) arising out of the Tri-County area.

The leading dispute for all Hurricane Irma lawsuits, both Residential and Commercial, is Scope & Pricing.