

# Market Accountability Advisory Committee

April 10, 2018





# Water Loss Trends – Florida Market

Source: 2017 Office of Insurance Regulation  
Data Call

# Purpose & Scope of the Data Call

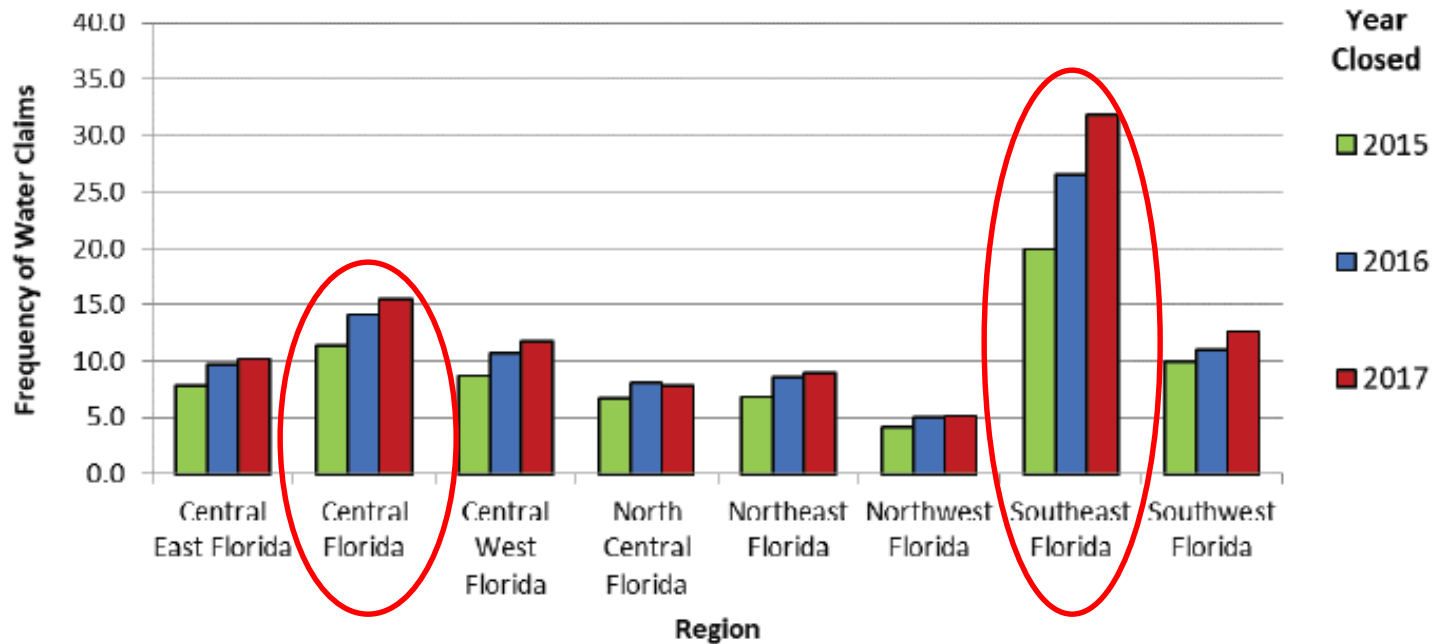
- Submit current data for AOB analysis
  - HO-3 & Dwelling Fire policy forms
  - Policies in force as of September 20, 2017
- Claims for Water or Roof damage
  - Closed between January 1, 2015 and June 30, 2017
- Submitted by 25 insurers
  - Excludes Citizens data

# 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%
<b>Combined</b>	<b>88.0%</b>	<b>69.5%</b>
	<b>Average Annualized Change</b>	<b>Average Annualized Change</b>
Frequency	8.3%	27.6%
Severity	5.4%	11.4%
<b>Combined</b>	<b>14.2%</b>	<b>42.1%</b>

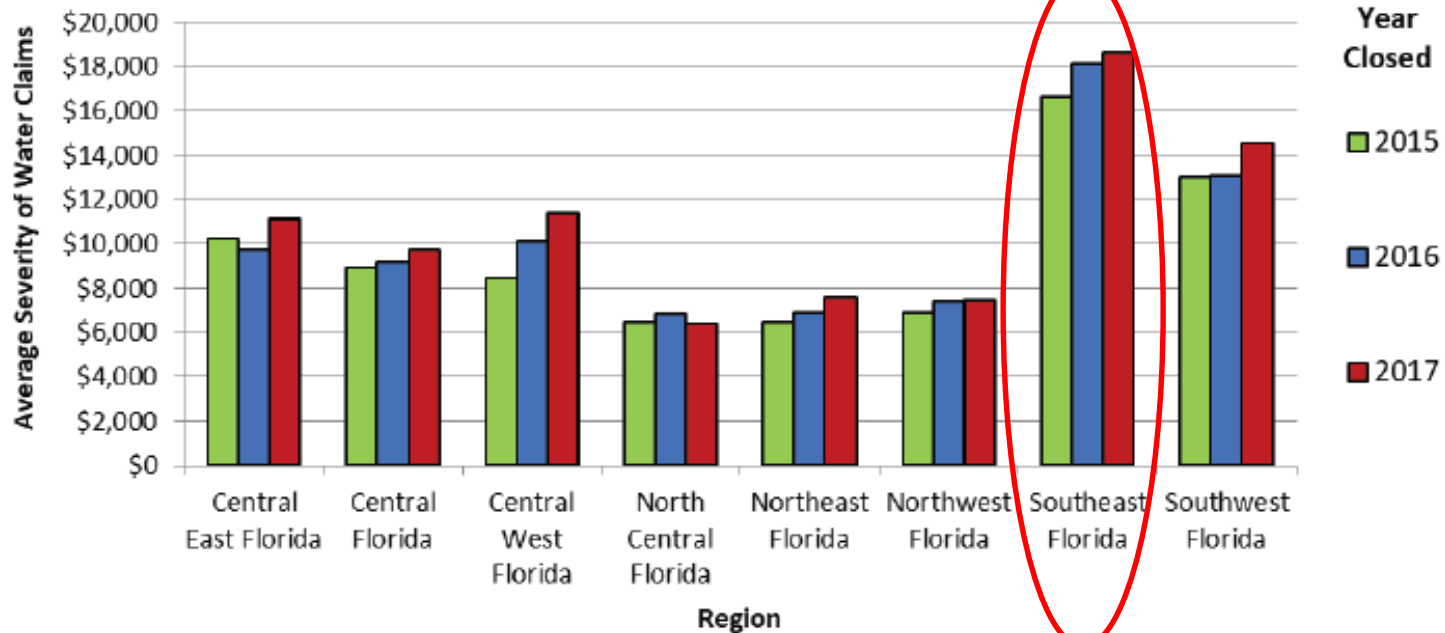
Source: 2017 Office of Insurance Regulation Data Call

## 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%
<b>Statewide</b>	<b>44.1%</b>	<b>17.6%</b>	<b>69.5%</b>	<b>27.6%</b>	<b>11.4%</b>	<b>42.1%</b>

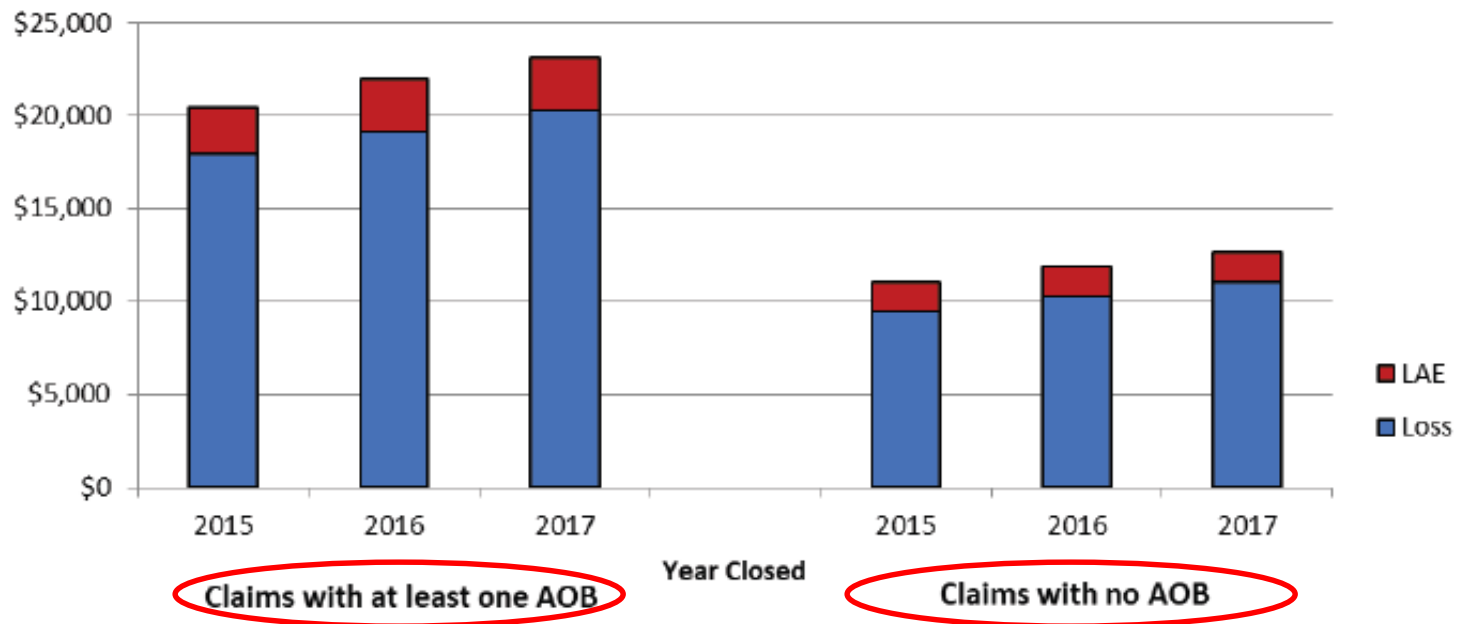
Source: 2017 Office of Insurance Regulation Data Call

# 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

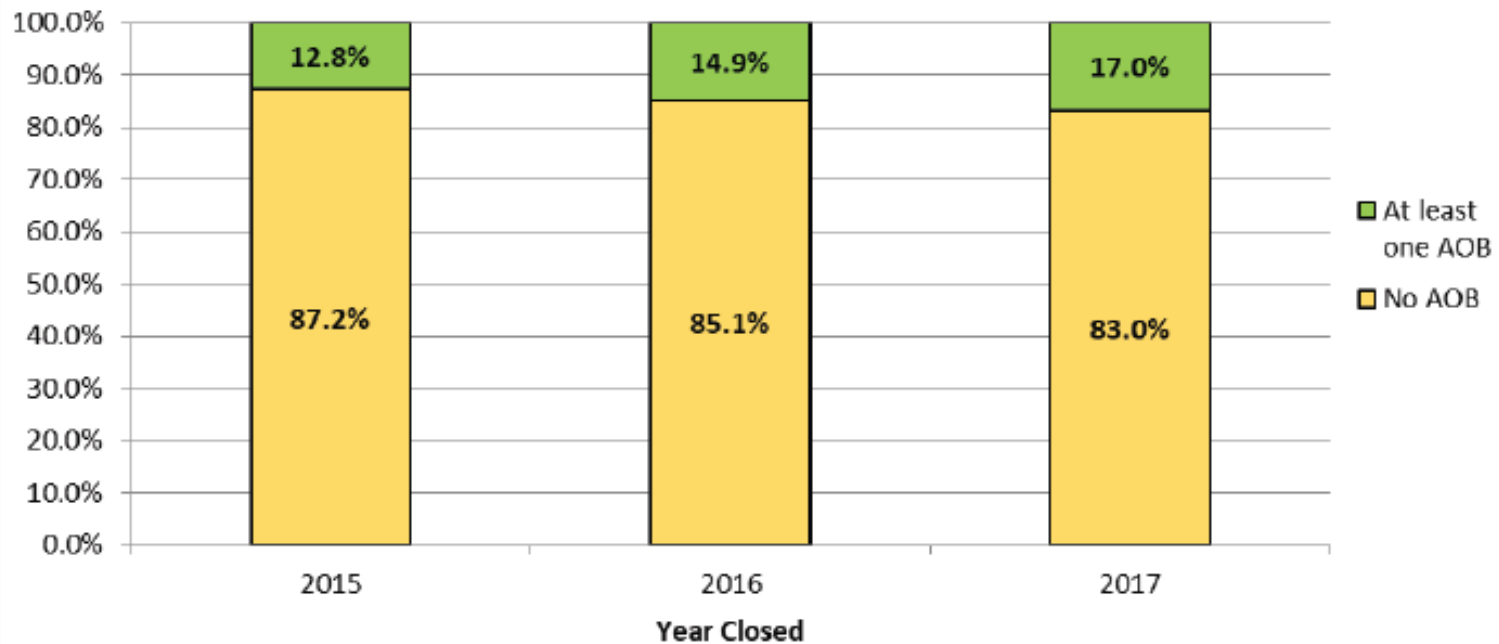


## Average Severity HO-3 & DF Water Claims - With and Without AOB (Voluntary Carriers)



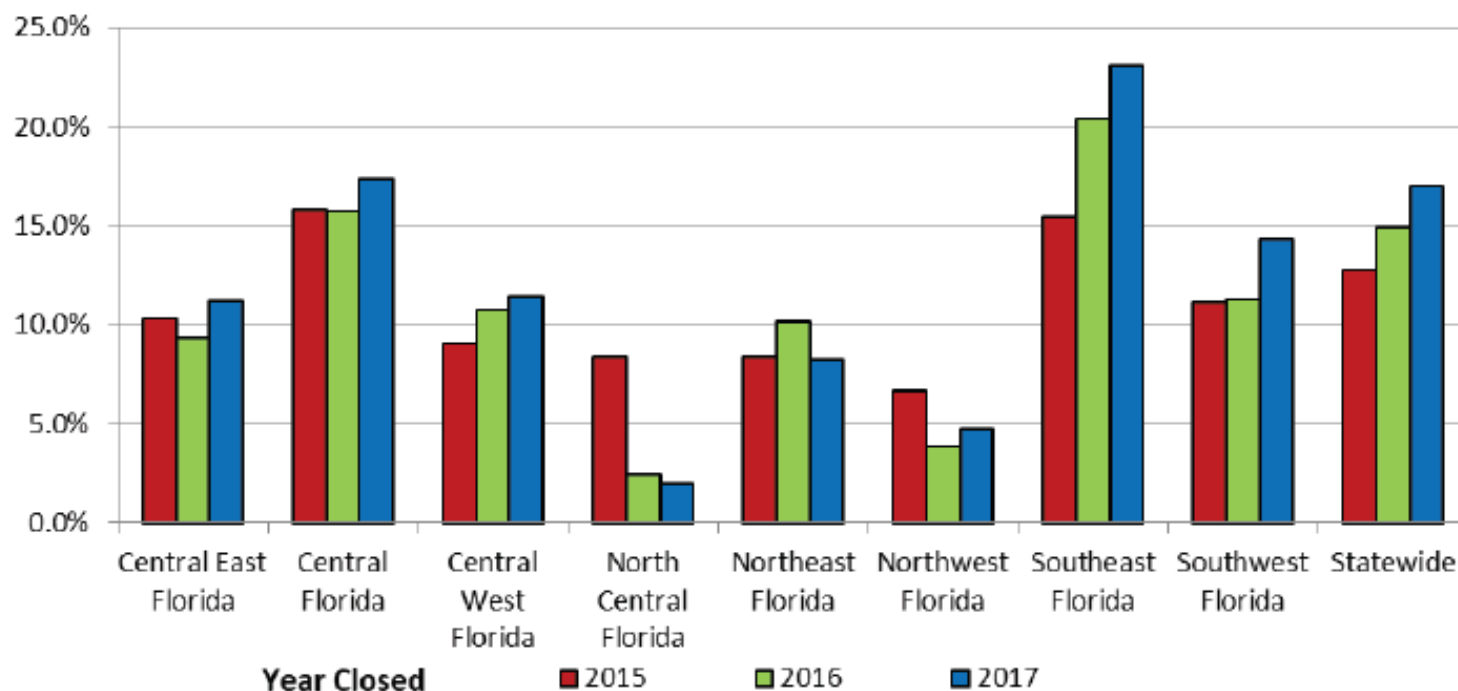
Source: FLOIR Assignment of Benefits Data Call. Data based on claims for voluntary carriers with dates closed between 1/1/2015 and 6/30/2017. Data is only shown for insurers that were able to consistently indicate for a given year that a claim had or did not have an assignment of benefits (AOB).

## 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

# Questions