

Litigation and AOB Update Citizens Property Insurance Corporation

Senate Banking and Insurance Committee
November 12, 2019

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Chief of Communications, Legislative and External Affairs





Carrier Litigation Experience

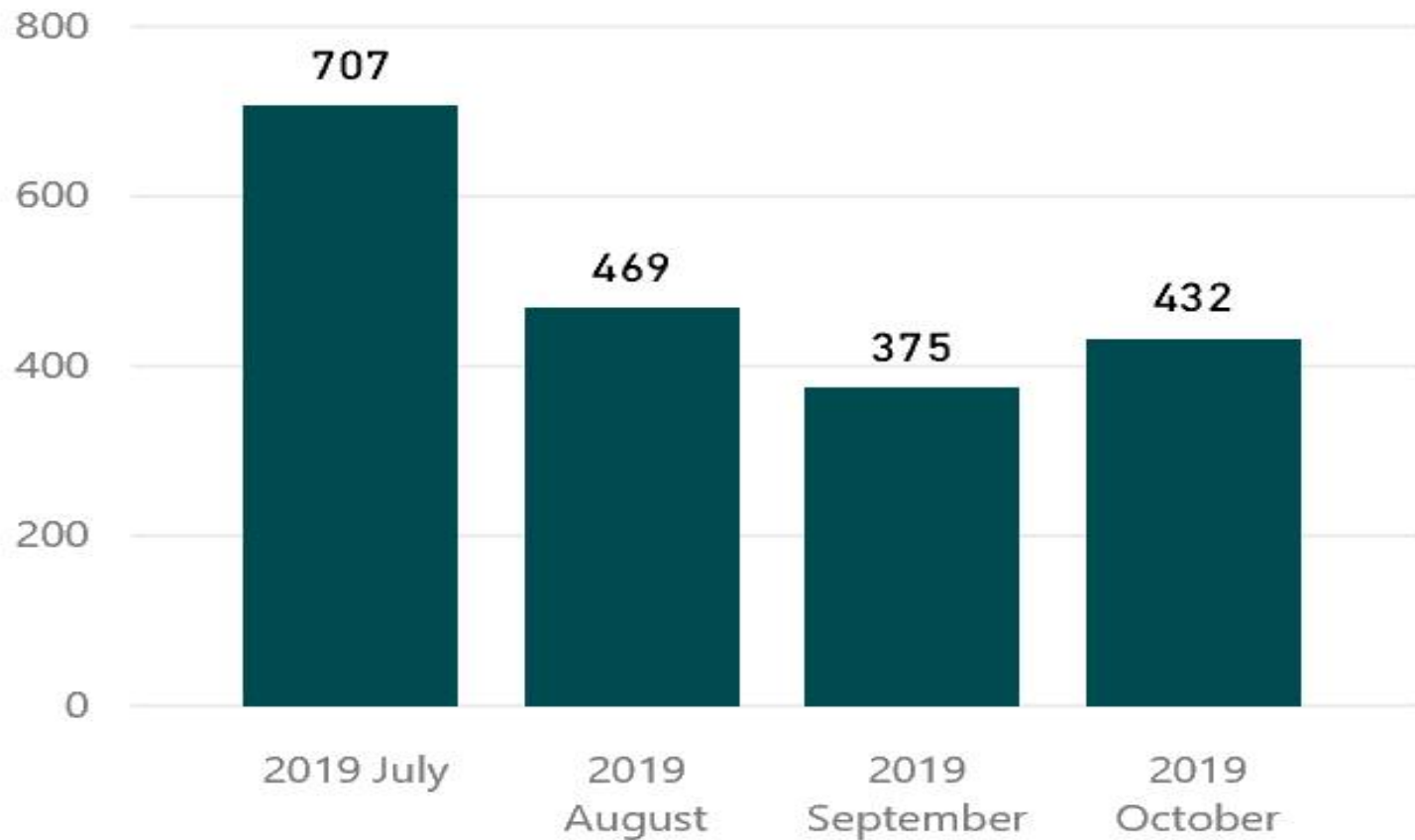
LSOP Summary 2013 - 2019

	2013	2014	2015	2016	2017	2018	2019 Q3	2019 YE EST
Citizens Property Insurance Company								
All	9,146	9,525	7,653	10,061	7,624	13,363	7,981	10,641
AOB	860	1,062	1,250	3,242	2,718	3,631	3,312	4,416
AOB %	9%	11%	16%	32%	36%	27%	41%	41%
All Other Carriers								
All	18,270	22,122	30,167	31,790	41,524	69,300	57,244	76,000
AOB	4,613	4,820	6,645	5,968	9,772	17,421	20,325	27,100
AOB %	25%	22%	22%	19%	24%	25%	36%	36%
Total All	27,416	31,647	37,820	41,851	49,148	82,663	65,225	86,641
Total AOB	5,473	5,882	7,895	9,210	12,490	21,052	23,637	31,516
Total AOB %	20%	19%	21%	22%	25%	25%	36%	36%

Data source – DFS LSOP 2013-2019 Q3

Citizens is declining YOY
Industry is increasing YOY

AOB Matters by Month



AOB Metrics Executive Dashboard

Last Updated
Thursday, November 7, 2019

AOB Matters Created

1,983

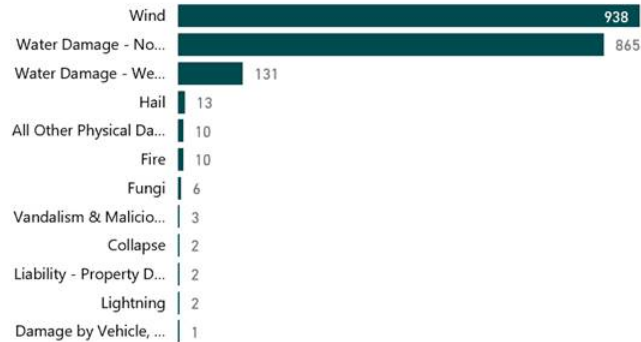
AOB Invoice Amount

\$14.11M

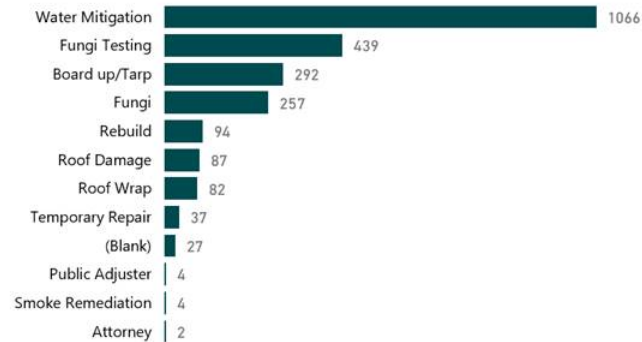
AOB Matters Created

- Pre-July 1st
909
- Compliant
609
- Non-Compliant
390
- Still In Review
47
- Pre-Suit (NOI Still In Review)
27
- Rescinded
1

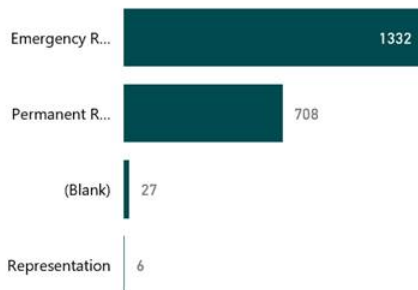
Cause of Loss



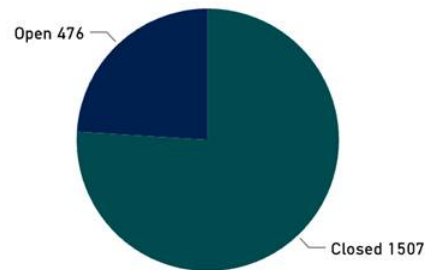
Type of Work



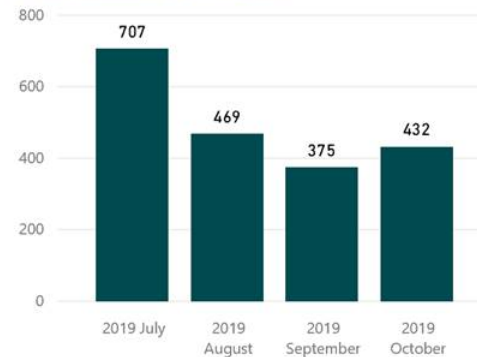
Scope of Work



AOB Matters by Status



AOB Matters by Month



AOB Matter State

All

CAT Name

All

AOB Matter Create Date

7/1/2019 10/31/2019



HO3 Only - Statewide	
Initial Water Litigation Rate	50%
Updated Water Litigation Rate*	31%
Initial Non-Cat Litigation Rate	36%
Updated Non-Cat Litigation Rate*	27%
* After consideration of HB 7065 & MRP	

Note: Irma litigation rate 20%

Indemnity Costs

<u>Litigated Claims</u>	<u>Loss Severity</u>	<u>Plaintiff Attorney Fees</u>	<u>Loss w/Out Attorney Fee</u>	<u>% to Attorney</u>	<u>% to Policyholder</u>
All Suits	\$30,470	\$6,844	\$23,627	22.5%	77.5%
Non-AOB Suit Only	\$30,243	\$7,941	\$22,302	35.6%	64.4%
AOB Suit Only	\$18,911	\$3,151	\$15,760	20.0%	80.0%
Both AOB and Non-AOB Suit	\$37,107	\$6,443	\$30,664	21.0%	79.0%

ALAE Costs

<u>Litigated Claims</u>	<u>ALAE Severity</u>	<u>Defense Attorney Costs</u>	<u>ALAE w/Out Defense Costs</u>	<u>% ALAE to Attorney</u>	<u>% ALAE to non-legal fee</u>
All Suits	\$9,399	\$8,072	\$1,327	85.9%	14.1%
Non-AOB Suit Only	\$8,483	\$7,242	\$1,240	85.4%	14.6%
AOB Suit Only	\$6,027	\$4,472	\$1,555	74.2%	25.8%
Both AOB and Non-AOB Suit	\$13,106	\$11,713	\$1,392	89.4%	10.6%

Loss/ALAE Costs

<u>Litigated Claims</u>	<u>Loss/ALAE</u>	<u>Total Cost to All Attorneys</u>	<u>Total to Policyholder/non-legal fee</u>	<u>% to Attorneys</u>	<u>% to Policyholder</u>
All Suits	\$39,870	\$14,916	\$24,953	37.4%	62.6%
Non-AOB Suit Only	\$38,725	\$15,183	\$23,542	39.2%	60.8%
AOB Suit Only	\$24,939	\$7,623	\$17,316	30.6%	69.4%
Both AOB and Non-AOB Suit	\$50,213	\$18,156	\$32,057	36.2%	63.8%

<u>Product Line - Personal</u>	Personal Lines Multi-Peril Policies			
	Uncapped Indication		Capped Proposed Change	
	<u>Initial Filing</u>	<u>Updated Filing</u>	<u>Initial Filing</u>	<u>Updated Filing</u>
Homeowners	25.2%	7.2%	8.5%	2.3%
Dwelling -DP3	36.9%	24.0%	8.9%	8.6%
Condo Units	27.4%	26.4%	8.3%	8.1%
Mobile Homeowners	3.3%	2.0%	1.5%	0.6%

- HB 7065 specifically directed Citizens to reevaluate the HO3 and DP3 indications
- In addition to these mandated lines, all lines of business and all causes of loss were reevaluated
- HO3, DP3, HO6, & MHO had a measurable impact from HO 7065 for the peril of water
- No other lines of business or perils were impacted

	<u>Inforce Policies</u>	<u># of Decreases</u>		<u>% of Decreases</u>		<u># of additional Policyholders receiving decreases</u>
		<u>Original</u>	<u>Updated</u>	<u>Original</u>	<u>Updated</u>	
Homeowners	164,621	4,494	45,392	2.7%	27.6%	40,898
Dwelling - DP3	85,663	2,821	4,169	3.3%	4.9%	1,348
Condo Units	34,902	533	1,254	1.5%	3.6%	721
<u>Mobile Homeowners</u>	<u>26,488</u>	<u>15,442</u>	<u>16,468</u>	<u>58.3%</u>	<u>62.2%</u>	<u>1,026</u>
	311,674	23,290	67,283	7.5%	21.6%	43,993

For HO3:

- For the 40,898 of policyholders receiving a decrease, the average savings is \$237
- Statewide average proposed premium has decreased from \$2,851 to \$2,687
- Statewide actuarially sound premium decreased from \$3,297 to \$2,816

*As filed by Citizens with the Office of Insurance Regulation