

Executive Summary

Claims Committee Meeting, March 19, 2019
Board of Governors Meeting, March 27, 2019

Litigated Claims Update

CLAIMS LITIGATION

2018 Overview (January 1, 2018 – December 31, 2018)

From January 1 through December 31, 2018, Citizens was served with 13,100 lawsuits (12,795 Residential Property) – averaging 1,092 new lawsuits per month. This reflects an 73% increase in the number of new incoming suits per month as compared to 2017 (2017 monthly average – 633).

As of December 31, 2018, current pending volume totaled 14,893 lawsuits (14,427 Residential Property). This reflects a 41% increase in pending as compared to Year End 2017 (2017 – 10,576 pending matters).

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

- Miami-Dade 63%
- Broward 23%
- Palm Beach 5%

The insured was represented at First Notice of Loss in 62% of incoming residential property lawsuits:

- Public Adjuster 33%
- Attorney 27%
- Both PA & Attorney 2%

In 48% 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 33% of lawsuits are brought within 6 months of the First Notice of Loss (FNOL):

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|-----------------------------|-----|
| • Within 6 weeks of FNOL | <1% |
| • Within 3 months of FNOL | 4% |
| • Within 6 months of FNOL | 28% |
| • Within 1 year of FNOL | 46% |
| • Within 2 years of FNOL | 16% |
| • 2 or more years from FNOL | 5% |

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Hurricane Irma Litigation (January 1, 2018 – December 31, 2018)

From January 1 through December 31, 2018, Citizens was served with 7,691 Hurricane Irma lawsuits. These lawsuits represent 59% of all new incoming lawsuits for 2018 (Total new Irma suits – 7,691; averaging 641 per month).

97% of the new Hurricane Irma lawsuits received in 2018 arose out of Residential losses, with the remaining 3% arising out of Commercial losses. AOB lawsuits accounted for 17% of the Hurricane Irma lawsuits received in 2018.

90% of the Residential Hurricane Irma lawsuits arose from the Tri-County area, while 6% arose from Monroe County:

Miami-Dade	4,923	66%
Broward	1,476	20%
Monroe	467	6%
Palm Beach	281	4%

Impact of Hurricane Irma Litigation

Hurricane Irma lawsuits represented the leading cause of loss for all new incoming lawsuits in 2018 (59% overall - 49% brought by insured & 10% by AOB vendor), and currently represent approximately 41% of all pending lawsuits.

Hurricane Irma lawsuits brought by the insured represented the leading cause of loss in pending lawsuits (34%) followed by Water Loss (27%) for Year End 2018.

The overall percentage of pending AOB lawsuits accounted for 28% of the pending residential property lawsuits (21% Non-Irma AOB; 7% Irma AOB) for Year End 2018.

2019 Litigation – January 2019

As of January 31, 2019, Citizens was served with 830 lawsuits (813 Residential Property). This reflects a 3% increase compared to January 2018. Hurricane Irma suits represent 46% of all new incoming lawsuits for January 2019 and is the leading cause of loss in both new and pending lawsuits.

CONCLUSION

In 2018, Citizens receives an average of over 1,000 new lawsuits per month, a 71% increase as compared to 2017. This volume was directly related to the influx of Hurricane Irma litigation combined with continued receipt of Water loss lawsuits. The majority of new incoming lawsuits in 2018 arose out of Hurricane Irma (60% of all new lawsuits) with the overwhelming majority of all new lawsuits (90%) arising out of the Tri-County area.

As we move further away from the Hurricane events of 2017, we anticipate that the distribution of new incoming and pending first party property lawsuits will trend back to non-weather water related losses.