

Executive Summary

Claims Committee Meeting, February 23, 2021

Board of Governors Meeting, March 3, 2021

Litigated Claims Update

CLAIMS LITIGATION – 2020 YEAR END SUMMARY (January 1, 2020 – December 31, 2020)

Overview of Incoming Lawsuits and Pending Volume:

From January 2020 through December 2020, Citizens was served a total of 7,599 new lawsuits (7,481 Residential Property, 71 Commercial Property and 47 Liability) – averaging 633 new lawsuits per month. This reflects a 20% decrease in the number of new incoming suits per month as compared to 2019 (2019 average new lawsuit per month – 797).

Breakdown of 2020 Year to Date New Lawsuits:

First Party Residential Property – 7,481 Total (98% of Overall Total)

- Residential CAT	3,823	51%
- Residential Non-CAT	3,646	49%
- Residential Sinkhole	12	<1%

First Party Commercial Property – 71 Total (<1% of Overall Total)

- Commercial CAT	66	93%
- Commercial Non-CAT	5	7%
- Commercial Sinkhole	0	0%

Third Party Liability – 47 Total (<1% of Overall Total)

As of Year End (December 31, 2020) pending volume totaled 12,786 lawsuits (12,488 Residential Property, 218 Commercial Property and 80 Liability). This reflects a 1% decrease in pending as compared to 2019 Year End (12,878 pending matters).

Breakdown of 2020 Year End Pending Lawsuit Volume:

First Party Residential Property – 12,488 Total (98% of Overall Total)

- Residential CAT	6,010	48%
- Residential Non-CAT	6,362	51%
- Residential Sinkhole	116	<1%

First Party Commercial Property – 218 Total (<2% of Overall Total)

- Commercial CAT	203	93%
- Commercial Non-CAT	11	5%
- Commercial Sinkhole	4	<2%

Third Party Liability – 80 Total (<1% of Overall Total)

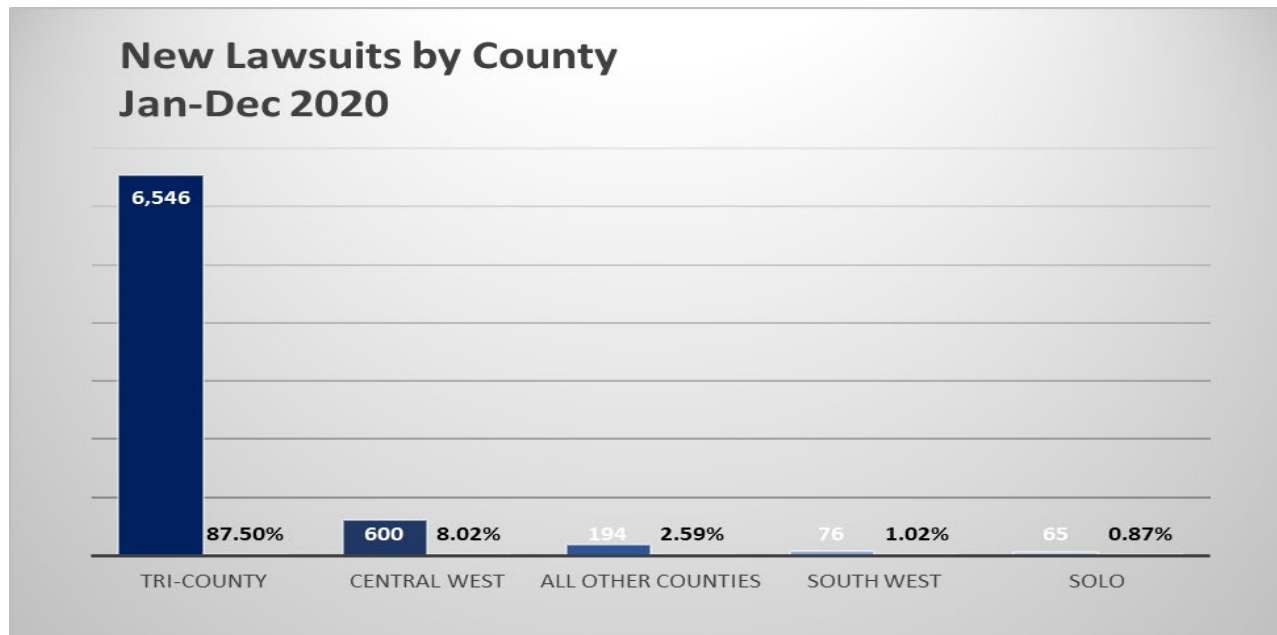
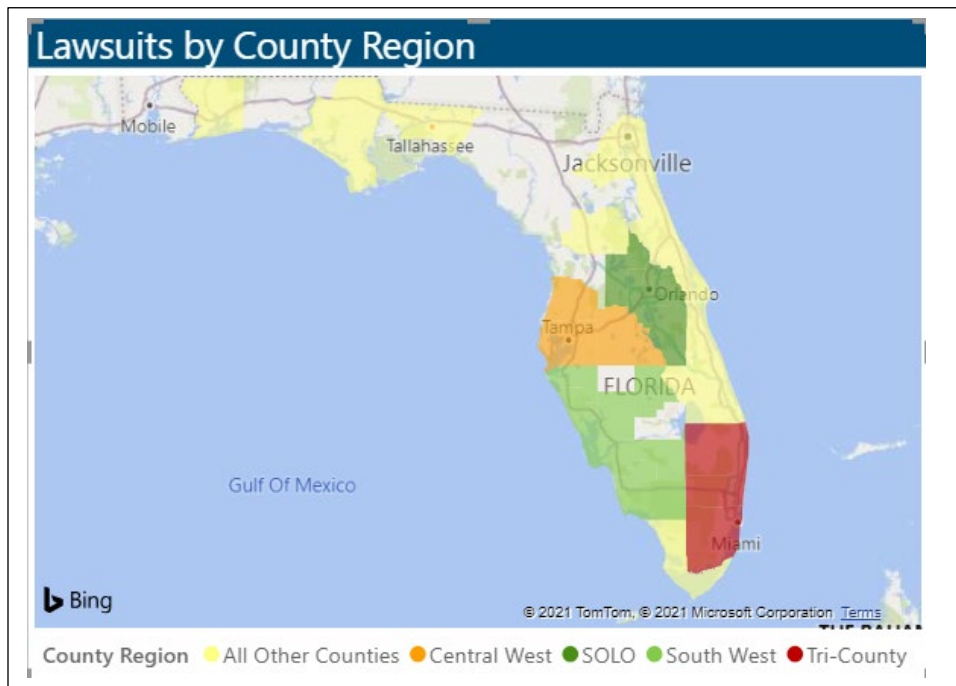
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88% of the incoming residential property lawsuits arose out of the Tri-County area. This distribution has remained fairly consistent since March 2014:

- Tri-County 88%
- Central West 8%
- South West 1%
- SOLO <1%
- All Other Counties <3%



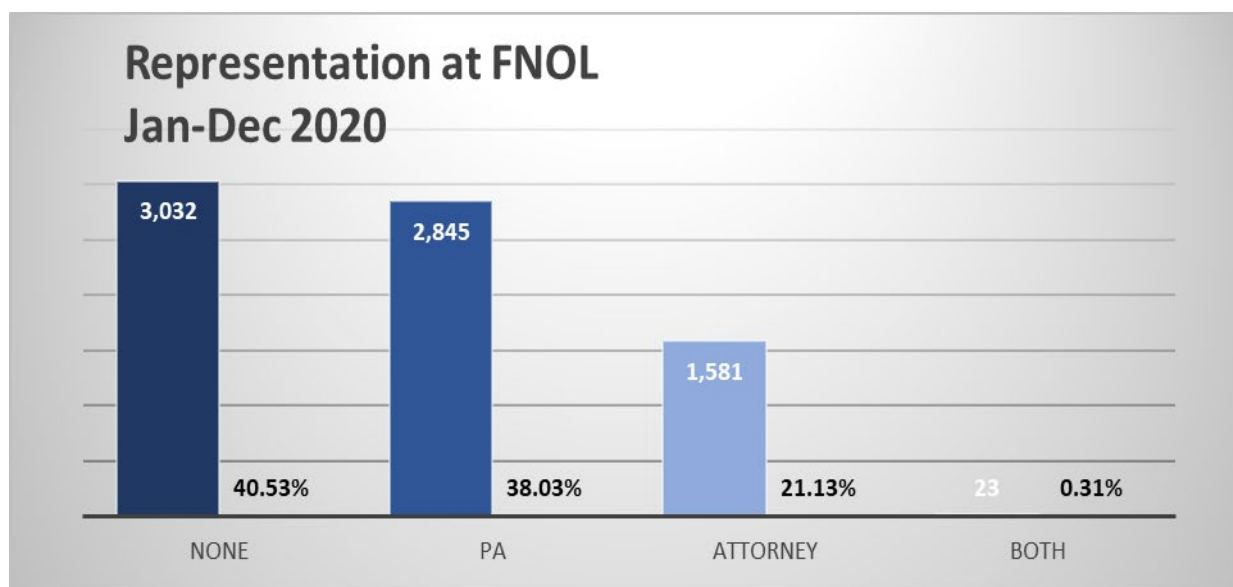
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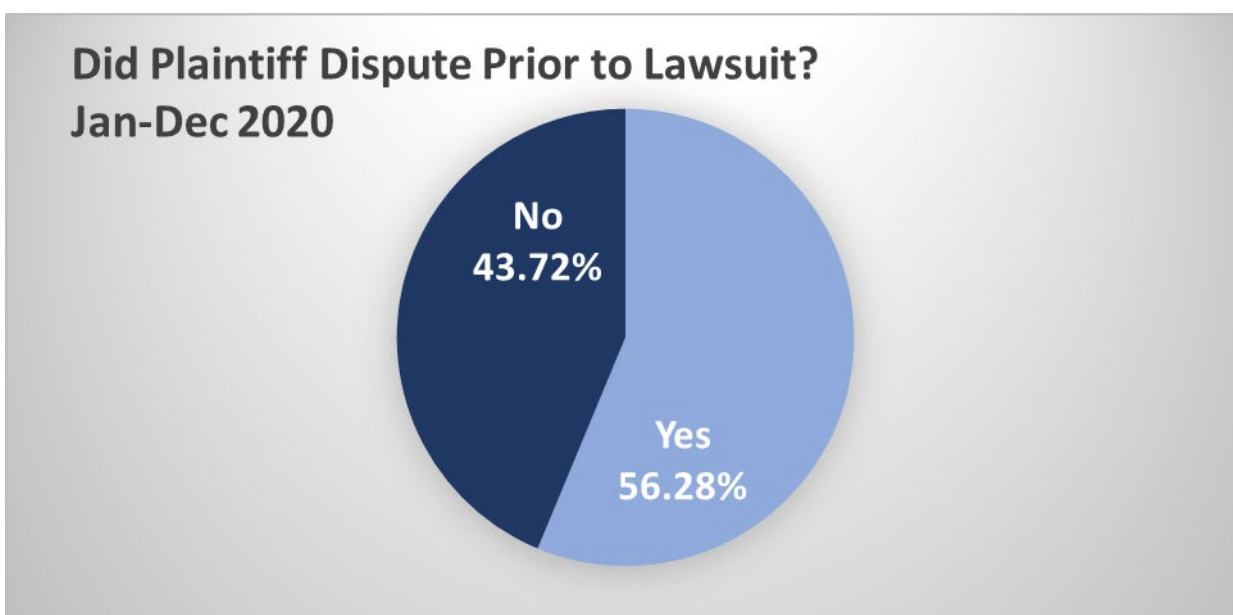
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The Plaintiff was represented at First Notice of Loss in 59% of incoming residential property lawsuits, which is a slight increase as compared to 2019 (55%):

- Public Adjuster 38%
- Attorney 21%
- Both PA & Attorney <1%



In 44% of the incoming residential property lawsuits the insured did not dispute Citizens' position or adjustment of the claim prior to filing suit which has decreased from 57% in 2019.



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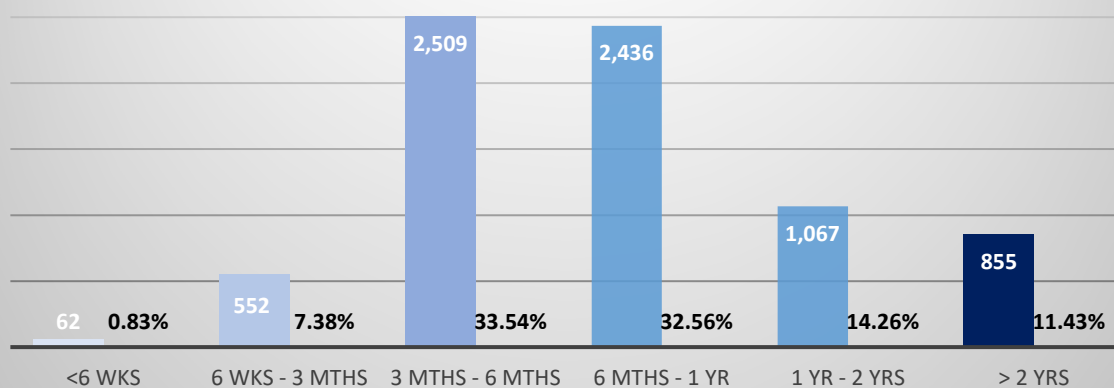
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A review of the timing of incoming lawsuits reveals that 42% of lawsuits were brought within 6 months of the First Notice of Loss (FNOL), reflecting an increase as compared to 2019 (38%).

- Within 6 weeks of FNOL <1%
- Within 3 months of FNOL 7%
- Within 6 months of FNOL 34%
- Within 1 year of FNOL 33%
- Within 2 years of FNOL 14%
- 2 or more years from FNOL 11%

FNOL to Lawsuit Served Jan-Dec 2020



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Water Loss, AOB and CAT:

Year End 2020

The leading cause of loss for new incoming Residential Property lawsuits were CAT losses which represented 51% of incoming lawsuits (a slight increase from 48% as compared to 2019 Year End). 37% of the CAT lawsuits were brought by the Insured, with 14% brought by AOB Vendors. AOB litigation represented 27% of new incoming residential property lawsuits, a significant decrease as compared to 2019 Year End (42%). Water loss litigation represented 28% of new incoming lawsuits (as compared to 24% for 2019 Year End).

For Commercial Property losses 73% of new incoming lawsuits were filed by the insured on CAT related losses. Commercial AOB losses represented 23% of incoming lawsuits, majority of which are also CAT. This is consistent with Commercial lawsuits for 2019.

CAT losses also remained the leading cause of loss in Residential Property pending volume, representing 48% of the pending for residential property lawsuits at 2020 Year End (compared to 43% in 2019 Year End). The overall percentage of pending AOB lawsuits at 2020 Year End was 28%, representing a 6% decrease as compared to 2019 Year End (34%). Pending Water loss has remained unchanged since 2018 at 27%.

Commercial Property pending volume was also represented by a majority of CAT losses with 76% filed by the insured and 17% filed by AOB vendors.

2021 UPDATE - January 2021

As of January 31, 2021, Citizens was served with 671 new lawsuits (652 Residential Property, 10 Commercial Property, 9 Liability). This reflects a 2% increase compared to January 2020.

CAT Lawsuits remain the leading cause of loss for both new incoming and pending volume - 52% of all new incoming lawsuits and 49% of all pending lawsuits for January 2021.

AOB Lawsuits represent 24% of new incoming lawsuits, reflecting a 5% decrease as compared to January 2020. Pending AOB lawsuits have decreased by 18% as compared to January 2020, and now represent 28% of January 2021 Pending.

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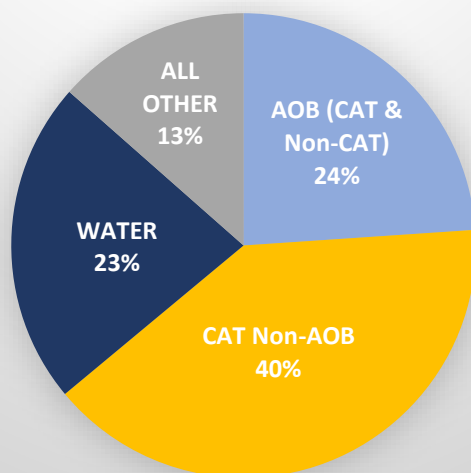
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RESIDENTIAL LAWSUITS - New Volume

Water Loss, AOB & CAT Non-AOB

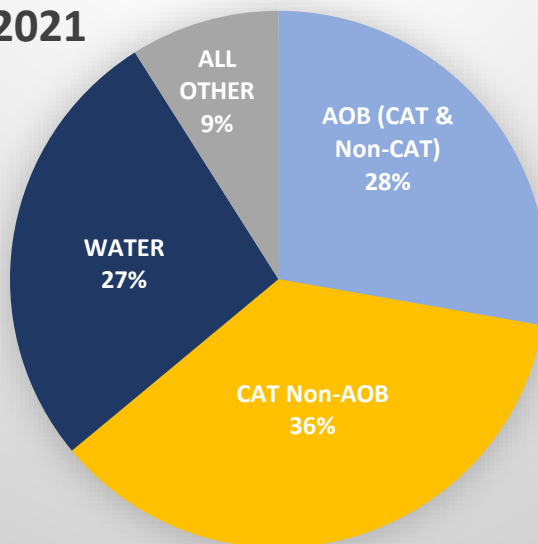
Jan 2021



RESIDENTIAL LAWSUITS - Pending Volume

Water Loss, AOB & CAT Non-AOB

As of Jan 31st, 2021



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CONCLUSION

CAT losses remained the leading cause of loss for both new incoming and pending lawsuits throughout 2020 and continue into 2021.

We are experiencing an ongoing trend in the decrease of AOB lawsuits, both in new incoming lawsuits that decreased significantly (15%) from 2019 to 2020 and in pending volume (5% decrease).

Water loss lawsuit rose 4% in 2020 as compared to 2019, with pending volume remaining stable since 2018.

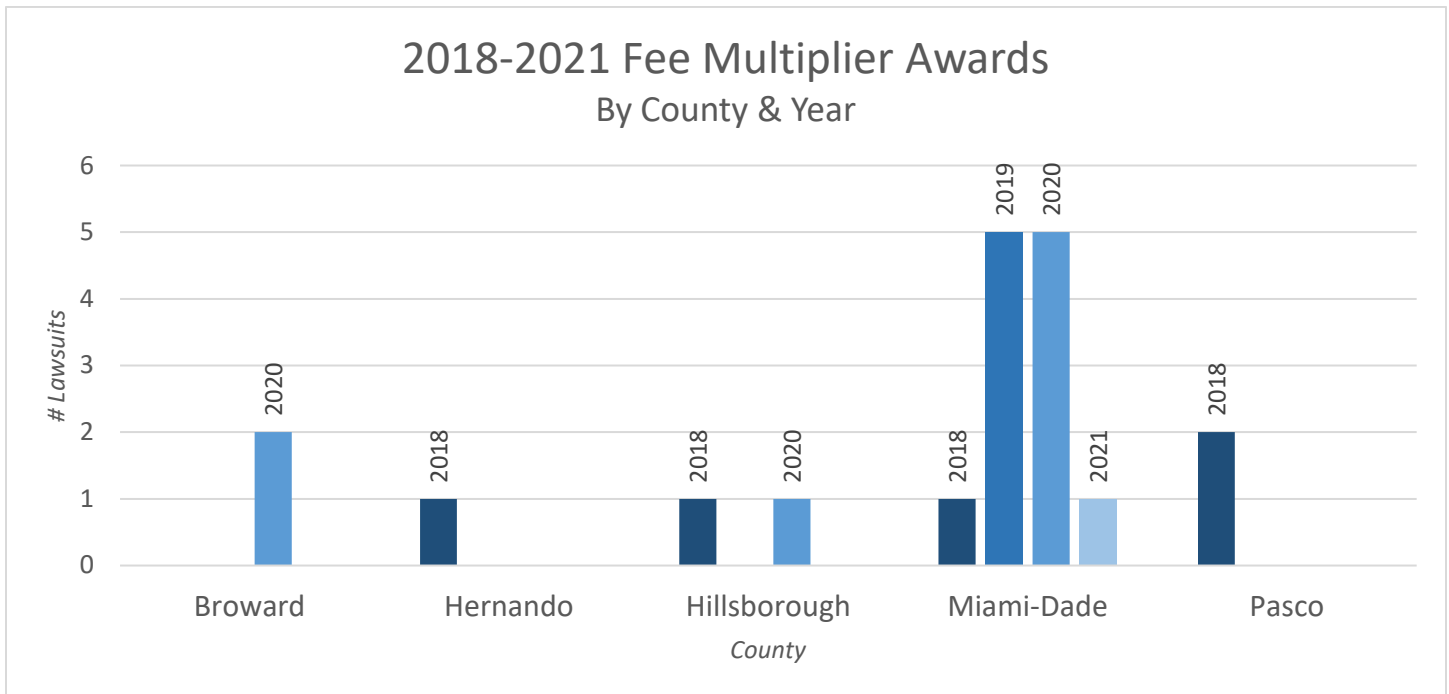
While the Tri-County area continues to lead the state in lawsuit volume, we are experiencing an increasing trend of new incoming lawsuits arising out of the Central West region of the state.

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Addendum to Litigated Claims Update

Fee Multipliers Awarded 2018-2021 (based on Fee Order Date)

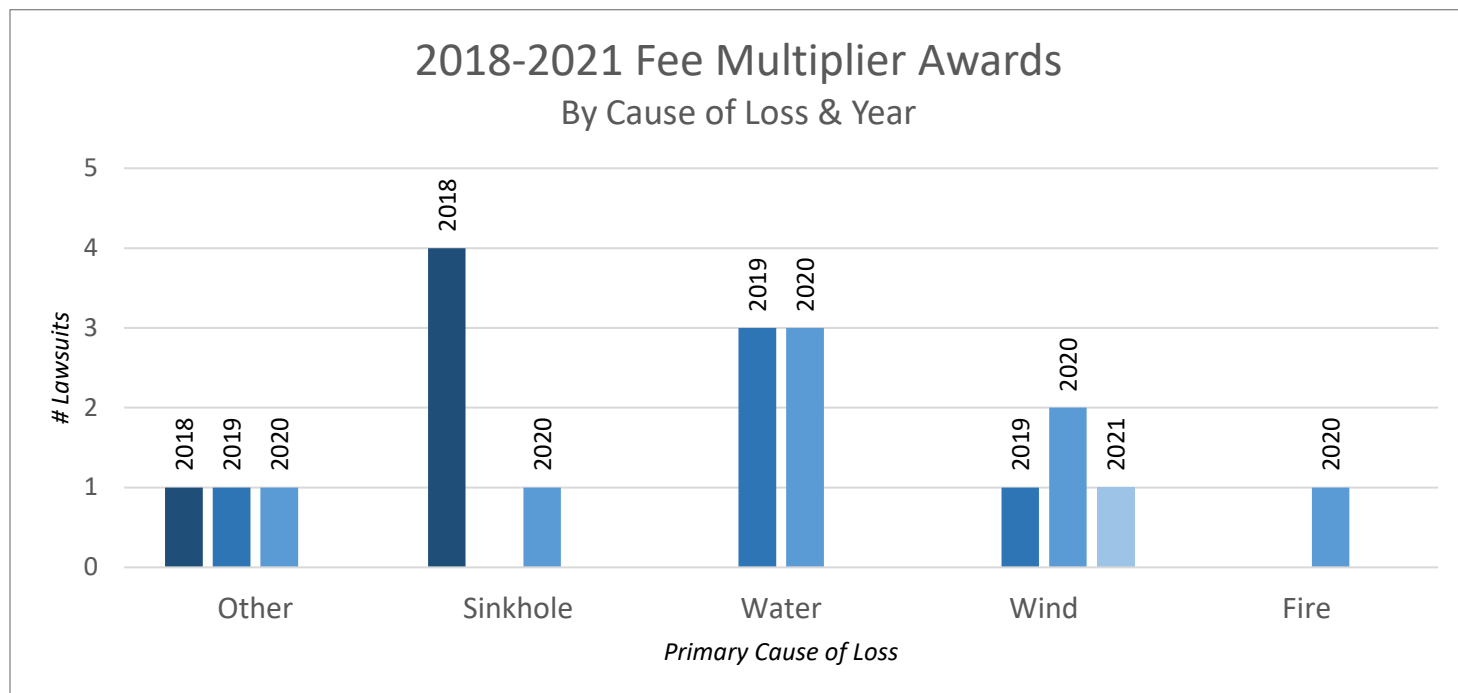


County	Year of Fee Order				Grand Total
	2018	2019	2020	2021	
Broward	0	0	2	0	2
Hernando	1	0	0	0	1
Hillsborough	1	0	1	0	2
Miami-Dade	1	5	5	1	12
Pasco	2	0	0	0	2
Grand Total	5	5	8	1	19

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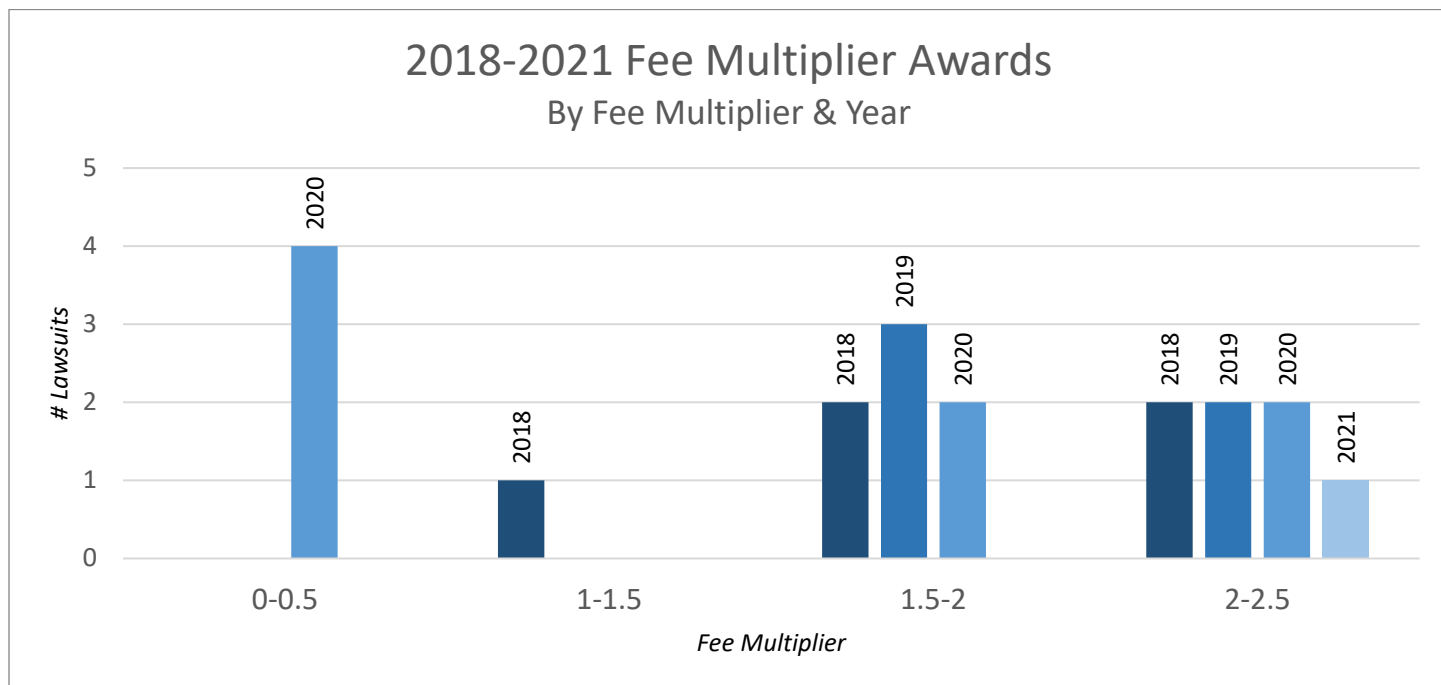


Individual Cases with Fee Multiplier Awards Primary Cause of Loss	Year of Fee Order				Grand Total
	2018	2019	2020	2021	
Other	1	1	1	0	3
Sinkhole	4	0	1	0	5
Water	0	3	3	0	6
Wind	0	1	2	1	4
Fire	0	0	1	0	1
Grand Total	5	5	8	1	19

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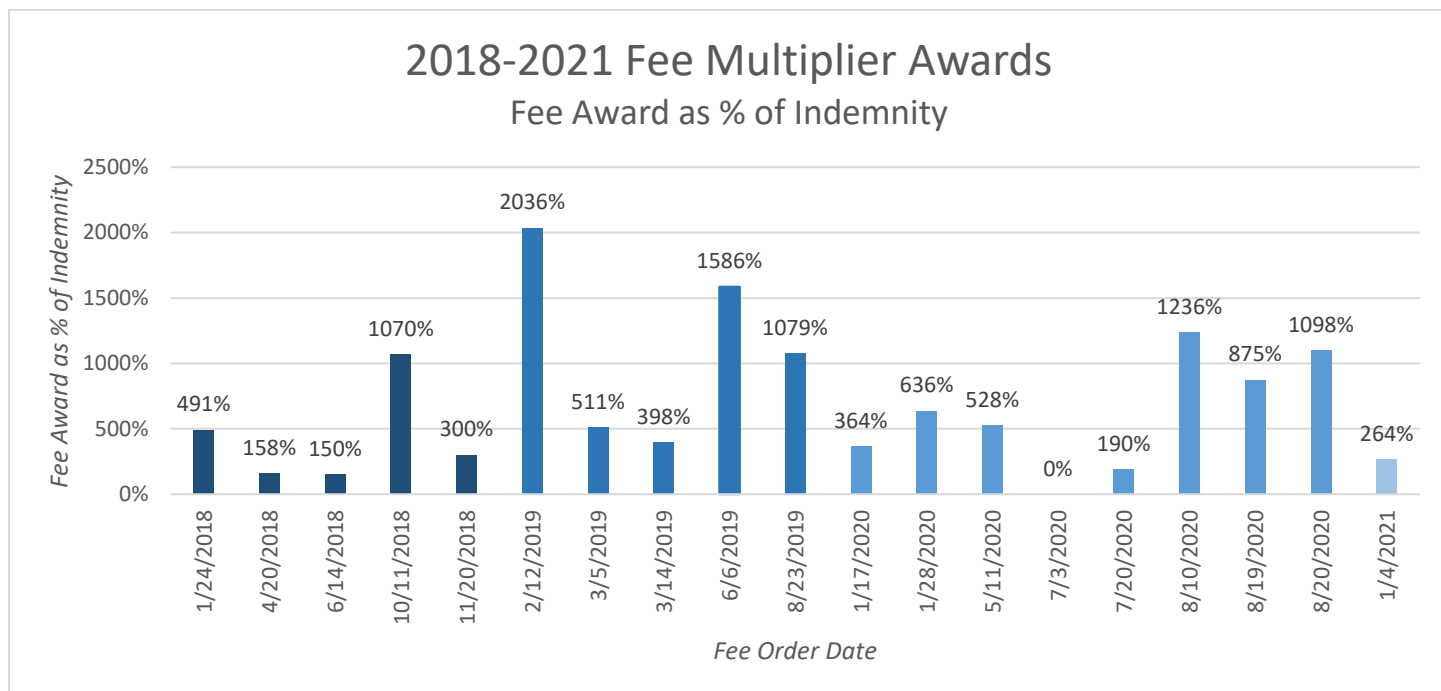


Individual Cases with Fee Multiplier Awards		Year of Fee Order				Grand Total
		2018	2019	2020	2021	
Fee Multiplier						
0-0.5				4		4
1-1.5		1				1
1.5-2		2	3	2		7
2-2.5		2	2	2	1	7
Grand Total		5	5	8	1	19

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Individual Cases with Fee Multiplier Awards			
Fee Order Date	% of Indemnity	Fee Order Date	% of Indemnity
1/24/2018	491%	1/17/2020	364%
4/20/2018	158%	1/28/2020	636%
6/14/2018	150%	5/11/2020	528%
10/11/2018	1070%	7/3/2020	0%
11/20/2018	300%	7/20/2020	190%
2/12/2019	2036%	8/10/2020	1236%
3/5/2019	511%	8/19/2020	875%
3/14/2019	398%	8/20/2020	1098%
6/6/2019	1586%	1/4/2021	264%
8/23/2019	1079%		

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2018-2021 Individual Cases with Fee Multiplier Awards

Date of Fee Order	County	Indemnity	Fee Multiplier	OC Fee After Multiplier	% Fee Awarded /Indemnity Paid
1/24/2018	Hernando	\$151,665.57	2.00	\$744,830.00	491%
4/20/2018	Pasco	\$111,494.63	1.75	\$176,299.37	158%
6/14/2018	Hillsborough	\$153,866.44	1.50	\$231,465.00	150%
10/11/2018	Miami-Dade	\$21,378.29	1.10	\$228,800.00	1070%
11/20/2018	Pasco	\$157,800.00	2.50	\$472,905.00	300%
2/12/2019	Miami-Dade	\$35,000.00	2.01	\$712,677.15	2036%
3/5/2019	Miami-Dade	\$117,620.26	2.50	\$600,537.50	511%
3/14/2019	Miami-Dade	\$60,000.00	1.50	\$239,040.00	398%
6/6/2019	Miami-Dade	\$2,754.10	1.75	\$43,691.25	1586%
8/23/2019	Miami-Dade	\$16,400.00	1.50	\$176,935.50	1079%
1/17/2020	Miami-Dade	\$35,000.00	1.80	\$127,440.00	364%
1/28/2020	Miami-Dade	\$40,000.00	0.00	\$254,331.50	636%
5/11/2020	Miami-Dade	\$35,000.00	2.00	\$184,940.00	528%
7/3/2020	Broward	\$25,215.23	0.00	\$0.00	0%
7/20/2020	Broward	\$10,439.18	0.00	\$19,805.00	190%
8/10/2020	Miami-Dade	\$5,000.00	2.00	\$61,800.00	1236%
8/19/2020	Miami-Dade	\$10,000.00	0.00	\$87,477.50	875%
8/20/2020	Hillsborough	\$23,687.65	1.75	\$259,975.63	1098%
1/4/2021	Miami-Dade	\$37,566.94	2.00	\$99,200.00	264%

2018-2020 Fee Multiplier Lawsuits

Trial Resolutions	Lowest	Highest
Multiplier Awarded	0.0	2.5
Fee Awarded (includes Multiplier)	\$0.00	\$744,830.00
Fee Award as % of Indemnity	0%	2036%

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2018-2021 Individual Cases with Fee Multiplier Awards

Appeal Results

	County	Indemnity	Fee Multiplier	OC Fee After Multiplier	% Fee Award / Indemnity Paid	Appeal Add'l Award	Appeal Multiplier
Pending	Miami-Dade	\$37,566.94	2.00	\$99,200.00	264%	Pending	Pending
Pending	Miami-Dade	\$35,000.00	1.80	\$127,440.00	364%	Pending	Pending
Affirmed - Plaintiff	Miami-Dade	\$35,000.00	2.01	\$712,677.15	398%	\$0.00	0.00
Affirmed - Plaintiff	Miami-Dade	\$117,620.26	2.50	\$600,537.50	511%	\$106,810.00	2.00
Affirmed - Plaintiff	Hillsborough	\$23,687.65	1.75	\$259,975.63	1098%	\$0.00	0.00
Affirmed - Plaintiff	Miami-Dade	\$60,000.00	1.50	\$239,040.00	2036%	\$0.00	0.00

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Addendum to Litigated Claims Update

Pending Lawsuits Financials for Lawsuits Received 08/1/2020 through 1/31/2021 (6-month span)

New Lawsuits Received 08/1/2020 thru 01/31/2021 (4161)

Duplicate Claims Excluded (332)

Closed Matters Excluded (124)

As of Jan 31, 2021	1st Party Property - Residential	1st Party Property - Commercial	3rd Party Liability - PD & BI	TOTAL
Pending Lawsuits	3,645	32	28	3,705
Claim Level Indemnity Paid (Lit & Non-Lit)	\$15,533,094.94	\$271,266.03	\$109,000.00	\$15,913,360.97
- Claim Level Indemnity Paid Non-Litigated	\$9,161,739.84	\$212,253.16	\$2,000.00	\$9,375,993.00
- Claim Level Indemnity Paid Litigated	\$6,371,355.10	\$59,012.87	\$107,000.00	\$6,537,367.97
LAE Paid (Lit & Non-Lit)	\$13,622,887.82	\$340,647.07	\$46,322.43	\$14,009,857.32
- LAE Non-Litigated	\$5,499,789.81	\$296,257.07	\$1,804.20	\$5,797,851.08
- LAE Litigated	\$8,123,098.01	\$44,390.00	\$44,518.23	\$8,212,006.24
Reserves Outstanding Indemnity	\$26,857,633.80	\$6,404,500.00	\$185,500.00	\$33,447,633.80
Reserves Outstanding LAE Non-Litigated	\$279,057.64	\$26,613.93	\$1,425.00	\$307,096.57
Reserves Outstanding LAE Litigated	\$37,939,334.39	\$1,157,976.60	\$240,886.67	\$39,338,197.66