

# LITIGATED CLAIMS UPDATE

CLAIMS COMMITTEE MEETING SEPTEMBER 10, 2015  
BOARD OF GOVERNORS MEETING SEPTEMBER 30, 2015

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## EXECUTIVE SUMMARY

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### Claims Litigation – 2015 Update (January through June)

Following the significant reorganization of the Claims Litigation department that took place in 2014, Citizens has experienced a steady decrease in pending lawsuits. Currently, the number of pending lawsuits is approximately 7,800 – a 58% reduction as compared to June 2014 (13,400 lawsuits). Correspondingly, the Closing Ratio has increased as a result of process redesign, with an average Closing Ratio of 179% year to date as compared to 2014 average of 121%. Overall, the new structure and processes have led to an increase in efficiency in the resolution of litigated claims.

### Triage Evaluation of Incoming Lawsuits

The Claims Litigation department continues to employ the early evaluation of all incoming residential, non-Sinkhole lawsuits. The triage evaluation determines the strength of the coverage position, appropriate handling unit and dedication of appropriate resources, and early identification of settlement and trial candidates.

From January through June 2015, the Triage team reviewed a total of 3,634 new lawsuits.

The leading cause of loss for all new incoming lawsuits remains Water Loss which represents 89% of incoming suits.

15% of incoming lawsuits involve an Assignment of Benefits (AOB) where the suit is brought against Citizens by a water mitigation company.

97% of incoming lawsuits arise out of the Tri-County area

- Miami-Dade 68%
- Broward 23%
- Palm Beach 6%

The insured was represented at First Notice of Loss in 86% of incoming lawsuits

- Public Adjuster 46%
- Attorney 37%
- Both PA & Attorney 3%

The insured disputed Citizens' position regarding coverage and/or damages prior to bringing a lawsuit in 37% of all lawsuits. Conversely, in 63% of the incoming lawsuits the insured did not dispute Citizens' position prior to filing suit.

A review of the timing of incoming lawsuits reveals the majority of lawsuits are brought within 6 months of the First Notice of Loss (FNOL)

- Within 6 weeks of FNOL 1%
- Within 3 months of FNOL 13%
- Within 6 months of FNOL 56%
- Within 1 year of FNOL 19%
- 2 or more years from FNOL 11%

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## CONCLUSION

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The reorganization of the Claims Litigation department continues to drive a reduction in overall pending litigation volume, enhanced customer service to policyholders through efficient and timely resolution of claims without the need for protracted litigation, cost containment through early identification of settlement candidates (avoiding unnecessary litigation expenses), and consistency in claims handling through defined strategies.

The vast majority of new incoming lawsuits continue to arise out of water loss claims in the Tri-County area. This trend has remained consistent since the inception of the triage evaluation, which began in March 2014. Trends also reveal a shortened time period to filing suit, the majority of which are filed within six months of the First Notice of Loss, along with increased representation of the insured at the time the loss is reported. The majority of lawsuits are also filed in the absence of the insured disputing Citizens' position at the time of the adjustment of the claim.

## RECOMMENDATION

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There is no recommendation at this time.