

# Citizens Property Insurance Update

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INCON



# Paid-to-Ultimate-Monthly Wilma



Shows the monthly development of each storm as of 6-30-2018. The Paid-to-Ultimate is the amount that was cumulative paid amount as of the end of the indicated month divided by the ultimate amount; the Incurred-to-Ultimate is the case incurred amount that was cumulative as of the end of the indicated month divided by the ultimate amount; the Paid-to-Incurred is the amount paid at the end of each month divided by the case incurred at the end of the month.

<u>Months Old</u>	Wilma - Coastal		Wilma - Coastal		
	<u>Paid</u>	<u>Incurred</u>	Paid-to-Ultimate	Incurred-to-Ultimate	Paid-to-Incurred
1	1,097,833	173,416,901	0.1%	9.4%	0.6%
2	78,421,618	496,648,550	4.3%	26.9%	15.8%
3	417,768,606	710,887,549	22.6%	38.5%	58.8%
4	772,696,823	905,308,956	41.9%	49.1%	85.4%
5	923,427,393	1,010,545,087	50.1%	54.8%	91.4%
6	1,052,501,724	1,101,257,230	57.1%	59.7%	95.6%
7	1,124,271,537	1,157,418,164	60.9%	62.7%	97.1%
8	1,182,514,192	1,206,141,770	64.1%	65.4%	98.0%
9	1,229,705,706	1,246,572,113	66.7%	67.6%	98.6%
10	1,256,612,608	1,271,732,323	68.1%	68.9%	98.8%

**Wilma Ultimate 1,844,598,205**

# Paid-to-Ultimate-Monthly Irma

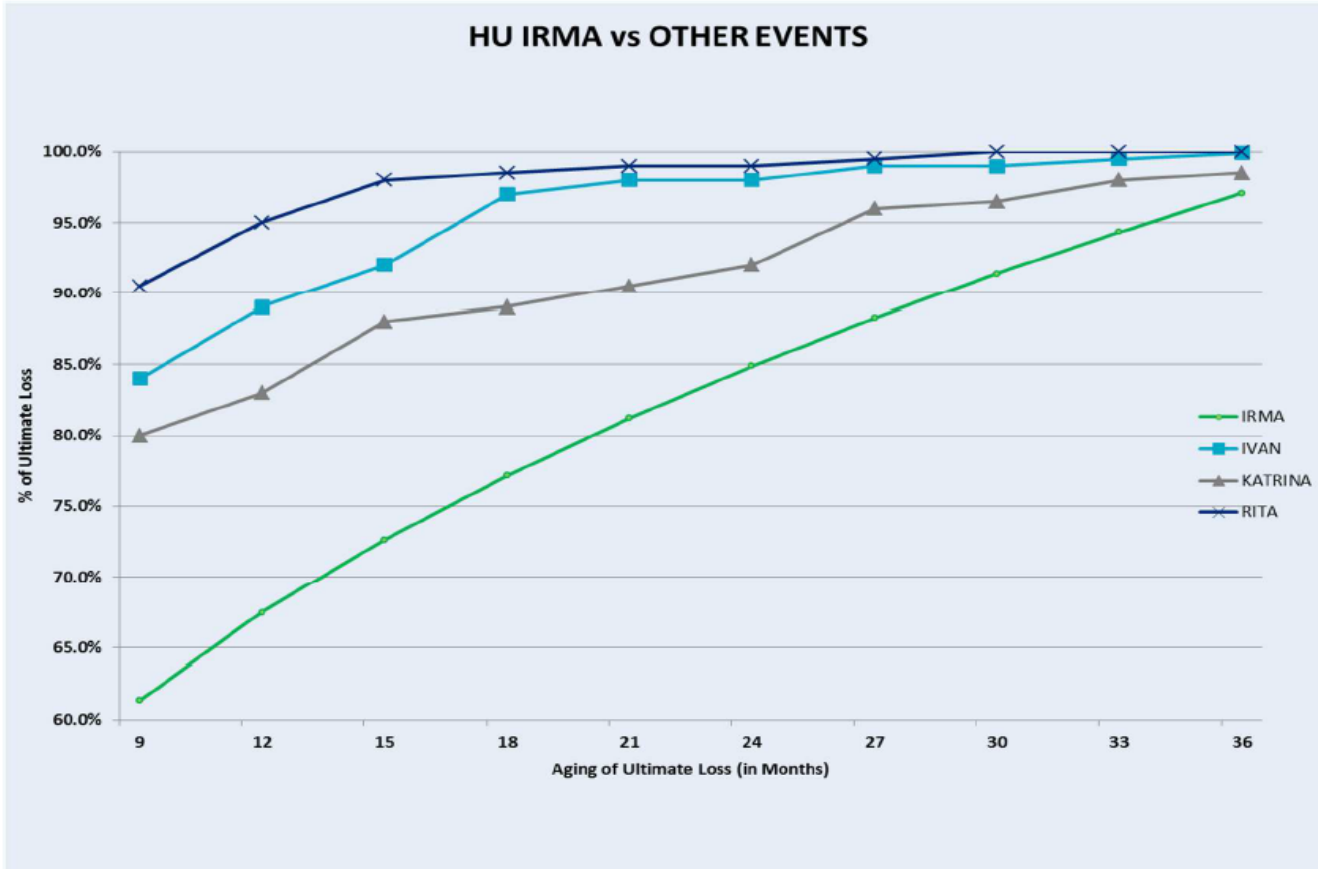


Shows the monthly development of each storm as of 6-30-2018. The Paid-to-Ultimate is the amount that was cumulative paid amount as of the end of the indicated month divided by the ultimate amount; the Incurred-to-Ultimate is the case incurred amount that was cumulative as of the end of the indicated month divided by the ultimate amount; the Paid-to-Incurred is the amount paid at the end of each month divided by the case incurred at the end of the month.

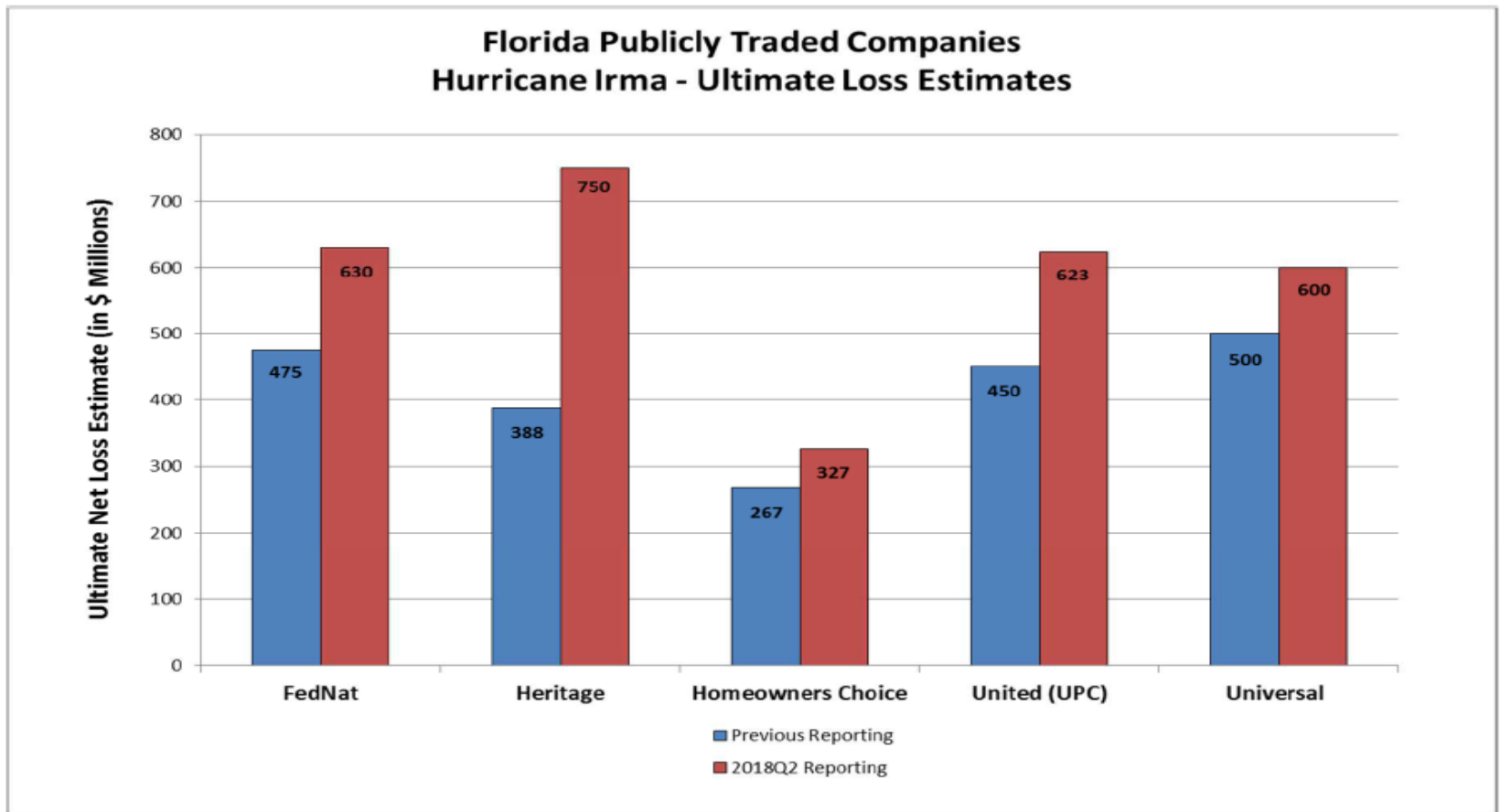
<u>Months Old</u>	Irma - Coastal		Irma - Coastal		
	<u>Paid</u>	<u>Incurred</u>	<u>Paid-to-Ultimate</u>	<u>Incurred-to-Ultimate</u>	<u>Paid-to-Incurred</u>
1	6,267,684	183,726,179	0.7%	21.9%	3.4%
2	102,978,029	265,342,651	12.3%	31.6%	38.8%
3	211,441,390	303,380,347	25.2%	36.2%	69.7%
4	279,412,417	322,124,174	33.3%	38.4%	86.7%
5	302,522,893	340,056,721	36.1%	40.6%	89.0%
6	321,251,310	359,074,148	38.3%	42.8%	89.5%
7	340,631,036	387,387,406	40.6%	46.2%	87.9%
8	353,974,612	411,234,451	42.2%	49.0%	86.1%
9	370,199,968	436,941,804	44.2%	52.1%	84.7%
10	390,312,928	464,709,406	46.6%	55.4%	84.0%

**Irma Ultimate 838,443,987**

# Hurricane Irma Loss Development Estimate for Irma & Other Actual Historical Events\*



\*Historical event information from Sanders Cathcart 2011 CARE Seminar presentation, "Catastrophe Loss Development." Irma loss information from FL OIR website extrapolated to potential ultimate loss.



\*Information from publically available sources



# Carrier Litigation Experience

Litigation has been increasing steadily for all carriers.

	2013	2014	2015	2016	2017	2018 Q2
<b>Citizens Property Insurance Company</b>						
All	9,146	9,525	7,653	10,061	7,624	6,762
AOB	860	1,062	1,250	3,242	2,718	1,611
AOB %	9%	11%	16%	32%	36%	24%
<b>All Other Carriers</b>						
All	18,270	22,122	30,167	31,790	41,524	33,849
AOB	4,613	4,820	6,645	5,968	9,772	7,879
AOB %	25%	22%	22%	19%	24%	23%
<b>Total All</b>	<b>27,416</b>	<b>31,647</b>	<b>37,820</b>	<b>41,851</b>	<b>49,148</b>	<b>40,611</b>
<b>Total AOB</b>	<b>5,473</b>	<b>5,882</b>	<b>7,895</b>	<b>9,210</b>	<b>12,490</b>	<b>9,490</b>
<b>Total AOB %</b>	<b>20%</b>	<b>19%</b>	<b>21%</b>	<b>22%</b>	<b>25%</b>	<b>23%</b>

Data source – DFS LSOP 2013-2018 Q2

Note: 2018 Q2 data includes Hurricane Irma



# Tri-County Market Share Impact on Litigation

Market share in tri-county increases litigation on average six times.

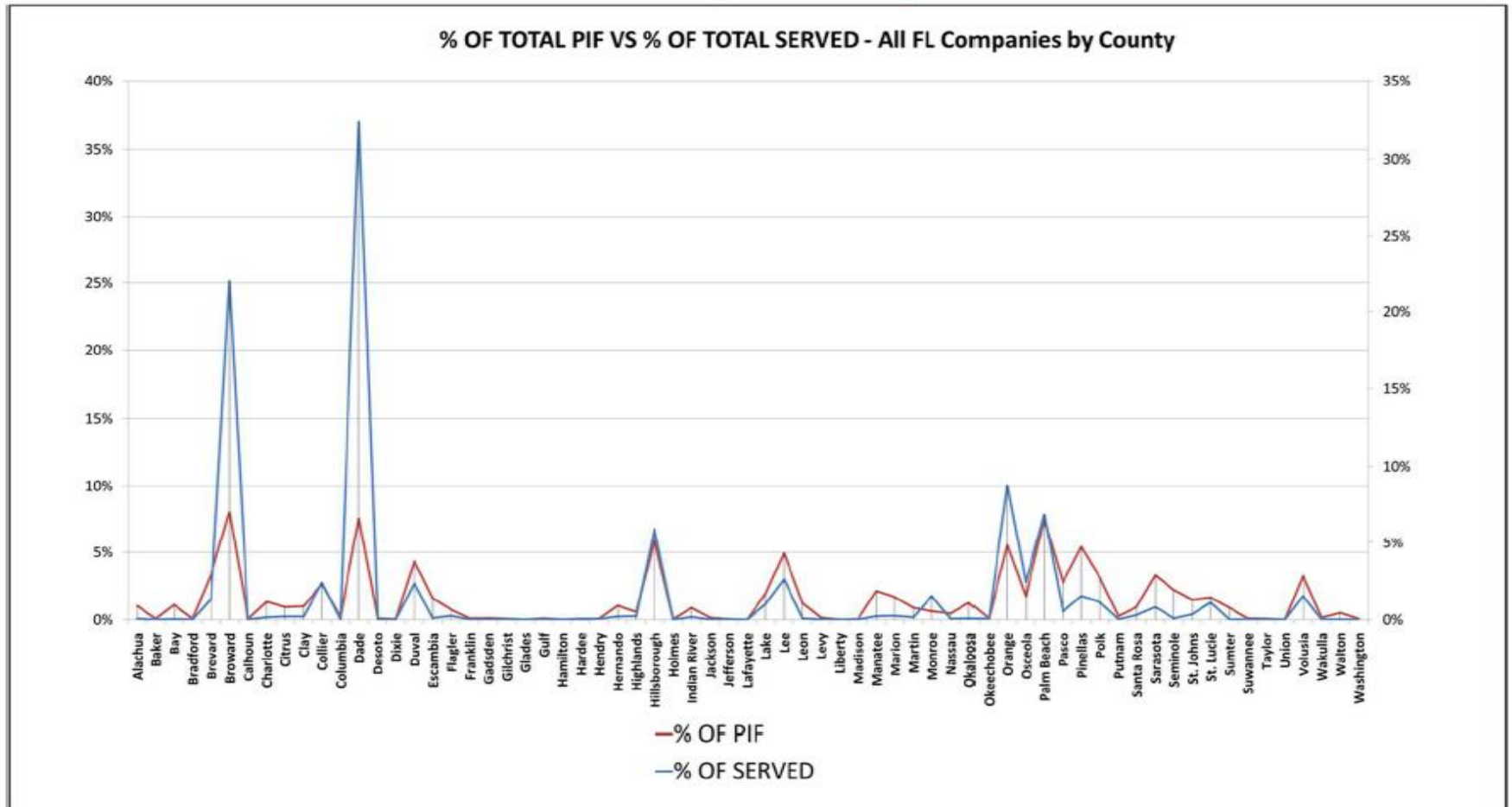
Insurer Name	Percent of Business in Tri-County Area		Percent of Policies Litigated		Increased Litigation Factor
	as of 9/30/2015	as of 9/30/2017	Tri-County Area	Rest of State	
Citizens Property Insurance Corporation	59%	61%	1.8%	0.2%	8.6
Florida Family Insurance Company	31%	32%	0.0%	0.0%	3.1
Florida Peninsula Insurance Company	37%	30%	0.7%	0.1%	9.5
Heritage Property & Casualty Insurance Company	35%	28%	0.6%	0.1%	7.9
Homeowners Choice Property & Casualty Insurance Company, Inc	38%	37%	0.5%	0.1%	8.0
People's Trust Insurance Company	39%	40%	0.3%	0.1%	4.5
Tower Hill Insurance Company	24%	19%	0.4%	0.1%	6.8
United Property & Casualty Insurance Company	24%	23%	0.4%	0.1%	5.7
Universal Insurance Company	36%	41%	0.5%	0.1%	5.4

**Notes:**

- 1) The above data reflects the following multi-peril policies: "Personal Residential - Homeowners (Excl Tenant and Condo) - Owner Occupied" and "Personal Residential - Condominium Unit Owners" (for Citizens data that means HO3/HO8/HO6).
- 2) Litigation data is based on the Florida State Lawsuits Service of Process (LSOP) report which includes all insurance based lawsuits regardless of product type from 2016 Q1 through 2017 Q2. Number of suits from a quarter is divided by the PIF count at the end of that quarter.
- 3) PIF data comes from QUASR. We assumed there is a 6 month delay from LSOP date served and QUASR report quarter. So PIF data ranges from 2015 Q3 through 2017 Q3.
- 4) The percent of policies litigated shown is a weighted average of the percent of policies litigated by PIF over 2016 Q1 through 2018 Q1.
- 5) Increased Litigation Factor is the percent of policies litigated in Tri-County area divided by the percent of policies litigated in the Rest of State.



# Florida Property Carrier Sample Group PIF and Suit Served Count by County\*



\*DATA AS OF 6/30/2018 – Retrieved from FL DFS





# Litigated Indemnity Decreases while ALAE Increases

## PLA HO Non-Sinkhole/Non-Cat

<u>Accident Year</u>	<b>Litigated Severity</b>		<b>Non-Litigated Severity</b>	
	<u>Loss</u>	<u>ALAE</u>	<u>Loss</u>	<u>ALAE</u>
2008	\$35,068	\$8,727	\$9,831	\$732
2009	\$28,289	\$7,806	\$8,208	\$661
2010	\$23,770	\$8,038	\$7,835	\$616
2011	\$23,843	\$8,213	\$7,659	\$731
2012	\$24,373	\$8,499	\$6,869	\$809
2013	\$26,250	\$7,001	\$6,653	\$809
2014	\$25,594	\$6,322	\$6,844	\$845
2015	\$26,837	\$8,926	\$5,913	\$708
2016	\$24,372	\$10,662	\$4,897	\$813
2017	\$22,584	\$10,063	\$6,206	\$1,279

Note: 85% of the claims volume is Non Weather Water.



# Litigated Costs Compared To Plaintiff Costs

	2017	2018
Defense Counsel Cost	\$69.6M	\$40.9M
Plaintiff Counsel Settlement Percent Average	40%	42%
Plaintiff Counsel Cost When Known	\$49.8M	\$30.3M
Plaintiff Counsel Percent of Known Costs	84%	78%
Plaintiff Counsel Costs Adjusted to 100 percent	\$59.3M	\$38.8M
Suit Counts	5,609	3,049

**Note: Includes all litigation results**