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Business Development, Government Consulting, Public Relations

Citizens Claims Committee Conference Call of 11-21-24:

(meeting agenda and supporting documents/reports available at <https://www.citizensfla.com/-/20241121-claims>)

Claims Committee

- Scott Thomas – Chair
- Josh Becksmith
- Jason Butts
- Jon Palmquist - Technical Advisor
- Jay Adams - Staff

Approval of Prior Claims Committee Meeting Minutes (September 12, 2024 Claims Committee Meeting)

[Prior Claims Meeting Minutes 09.12.24](#)

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Chief Insurance Officer Report (by Jay Adams, Chief Insurance Officer)

[Strategic Update](#) (slide deck)

Adams provided the following update on Citizens claims to date from this year's three Florida hurricanes:

Hurricane Debby

Citizens has received 3,033 claims with 87% closed. There were 74% closed without pay. Of those, 7.6% were denied flood claims.

Hurricane Helene

Citizens has received 14,253 claims with 90% closed. There were 68.5% closed without pay. Of those, 23% were denied flood claims.

Hurricane Milton

Citizens has received 54,554 claims with 74% closed. There were 44% closed without pay. Of those, 2% were denied flood claims.

He told the committee he will do a complete debrief on hurricane claims at the upcoming Board of Governors meeting on December 4.

Adams devoted the rest of his report to trying to put into proper perspective a recent Tampa Bay Times report, *State-run Citizens insurance had worst rate of paying Floridians' claims* and similar offshoots. Its sub-headline "More than half of its claims went unpaid, according to an analysis by an insurance industry ratings agency," was based on an analysis by Weiss Ratings of Citizens' 2023 filed claims. The paper reported: "Nearly 17,000 claims, or 50.4%, filed with Citizens Property Insurance, were either denied for a variety of reasons or didn't meet the policyholder's deductible." That made Citizens worse than its nearest private sector rivals at about 46%, according to the newspaper.

Adams said "some of the facts are misleading" in the article, noting a variety of reasons a claim may be closed without payment, regardless of the year in question:

- Hurricane deductibles range from 2% to 10%, "so they're pretty significant deductibles," Adams noted.
- The claim may have been for flood or storm surge, which is not covered by Citizens' policies.
- The policy may not have been in force. "If a carrier came in and depopulated some of the policies that were involved in one of these storms, that particular carrier after they assume the policy, is responsible for the claim handling. So a lot of the policyholders get confused during the process, and they will submit a claim to Citizens," Adams said.

He said, as far as this year's three storms, that neither Debby nor Helene had hurricane force winds on the west coast of Florida, where Citizens has a lot of policies – again, that cover wind, not flood. Adams said his own assessments across Florida found very few homes with any type of wind damage "and didn't see significant damage that would be structural unless a tree or something like that fell," he added.

Hurricane Milton is another story. "There are pockets across the state that did get some pretty significant wind damage, but again, not to the point that it's knocking homes off foundations, ripping the structure apart. We didn't see any of that as we did our inspections," said Adams.

So the answer – the difference between Citizens and private carriers – may lie in the deductibles of each company.

"These articles talked a lot about denials," said Adams. A lot of these claims have not been denied. Now, the ones that have strictly flood or surge damage, they strictly are denied claims. Many of the others were covered claims, but they fell under the deductible limit. So you might say, 'Is there truth behind Citizens probably having the highest close without payment rate?' And I think that's probably very factual, yes, but why would that be? Well, Citizens is the insurer of the last resort. We are writing the most risky policies in the state. We are the ones that are writing the coastal homes. We're the ones that are writing the wind-only coverage. And all of these policies have very high all other peril (AOP) deductibles. So if it was not a hurricane, it would fall under the AOP, and those deductibles are probably higher than some of the other carriers that are writing across the state, which, again, loss may fall under that amount. And then our hurricane deductibles, I would venture to say, are also probably more substantial than a lot of the other carriers."

Adams also said Citizens is highly regulated, between state audits and examinations by the Florida Office of Insurance Regulation, “and we come out with pretty good grades all the time for claim handling.” He said Citizens made an effort to expedite any claim denial from the recent hurricanes, so that a policyholder could provide the proof of denial to FEMA in order to qualify for federal disaster assistance for damages.

Committee members expressed their support for Adams and his claims team. “It’s frustrating...it’s horrible and just not accurate...and pretty irresponsible in my view,” said Chair Scott Thomas, of the news stories. “I’ve been extremely disappointed in what I’ve read in these articles as well,” said committee member Jason Butts. “You know, it seems to be the day and age where it’s just click bait to try to get people into these articles that are just not correct factually.” He encouraged any journalists on the conference call “to dive deeper,” noting Citizens has some of the best experts in the industry to help educate the public.

Non-Litigated Claims Vice President Report (by Craig Sakraida, VP of Non-Litigated Claims)

[Non-Litigated Claims Update](#) (slide deck)

The committee skipped a formal presentation. The presentation materials show the following highlights:

- New claims reported have increased 125% from September 2023 due to Hurricane Helene
- Total claims pending have increased 20% from September 2023 due to Hurricane Helene
- Non-Weather Water claims reported have increased from July through September from 1,588 to 1,704 per month; overall though, new Non-Weather Water claims reported decreased 15% from September 2023
- Emergency Water Restoration Services acceptance rate has increased 15% from September 2023
- Managed Repair Program participation rate has decreased 4% from September 2023

Claims Litigation Vice President Report (by Elaina Paskalakis, VP of Claims Litigation)

[Litigated Claims Update](#) (slide deck)

The committee skipped a formal presentation. The presentation materials show the number of new lawsuits from January through September remains flat (averaging 798 new lawsuits per month) compared to the same time period in 2023. Current pending volume of 16,518 lawsuits reflects an 11% decrease from the same time period last year. 33% of lawsuits are brought within 6 months of the First Notice of Loss (FNOL), a 28% increase compared to 2023. The plaintiff was represented at FNOL in 67% of incoming residential property lawsuits. This represents a 32% increase as compared to 2023, with Public Adjusters representing just over half of those cases.

Assignment of Benefits (AOB) lawsuits continue to drop (down 70% compared to the same nine-month period in 2023) now representing about 8% of all new incoming lawsuits. AOBs now represent 19% of all pending lawsuits.

Elaina Paskalakis reported that Citizens is starting to see the benefits of the Florida Department of Administrative Hearings (DOAH) alternative dispute resolution method as the volume of referrals

increases. This method may be invoked by the policyholder or Citizens in lieu of a lawsuit for policies issued on/after February 1, 2023.

“We've sent over about 260 claims there, and there's still about 196 of those pending, so roughly 63 have resolved, but **the vast majority are resolving through voluntary settlement**. So it's actually helping in that it's helping us be able to resolve claims without even having to really litigate in the DOAH system as well,” said Paskalakis. Most of those DOAH claims (96%) were invoked by Citizens. Most (91%) involved denied claims.

Vendor Update (by Greg Rowe, Senior Director of Claims Vendor & System Management)

[Roof and Property Reporting Services - Consent Item](#)

Citizens, due to claims from Hurricanes Helene and Milton, has increased its use of the aerial images of structures and related measurements provided by its current contractor Eagleview Technologies, for roof and property reporting services. Staff is seeking approval to spend an additional \$3.4 million under its current contract. This would increase the total spend to \$6.45 million.

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Addendums

[Recovery Cases of Interest](#)

[Special Investigations Unit](#)

New Business

NONE

Adjournment: 1:30pm