



Lisa Miller & Associates

Business Development, Government Consulting, Public Relations

Citizens Claims Committee Conference Call of 6-12-25:

(meeting agenda and supporting documents/reports available at <https://www.citizensfla.com/-/20250612-claims>) Meeting started at 1pm.

Claims Committee

- Josh Becksmith – Chair
- Jason Butts
- Erin Knight
- Frank White
- Jon Palmquist - Technical Advisor
- Jay Adams - Staff

Approval of Prior Claims Committee Meeting Minutes (March 6, 2025 Claims Committee Meeting)
[Prior Claims Meeting Minutes 03.06.25](#)

APPROVED

Chair Becksmith welcomed Frank White as a new member of the Claims Committee and to the Citizens Board of Governors.

Non-Litigated Claims Vice President Report (by Craig Sakraida, VP of Non-Litigated Claims)
[Non-Litigated Claims Update](#) (slide deck)

Chair Becksmith announced that the committee members had received this update from the slide deck and the Litigated Claims Update (below) in their packets and asked if there were any questions or clarification needed. Seeing none, he skipped both of these items and there was no formal presentation for the third consecutive Claims Committee meeting.

The slide deck contained the following five bullet points on non-litigated claims data:

- New claims have decreased 24% from April 2024 to April 2025; FNOL claims from the 2024 Hurricanes still be reporting
- Total claims pending have decreased 5% from April 2024 to April 2025
- New Non-Weather Water claims reported decreased 36% from April 2024 to April 2025
- Emergency Water Restoration Services acceptance rate has increased 13% from April 2024 through March 2025

- Managed Repair Program participation rate has decreased 4% from April 2024 through February 2025.

Highlights of Citizens' 2025 catastrophe testing conducted this spring are also included in the slide deck.

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

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

Likewise, this formal presentation was skipped over for the third meeting in a row. The slide deck provided litigation data from January through April 2025 as follows:

- Citizens had 2,342 lawsuits, averaging 586 new lawsuits per month, a decrease of 24% over the same four-month period in 2024 (772 lawsuits per month).
- Pending volume was 13,333 lawsuits as of April 30, 2025, a 22% decrease from the same time period last year.
- 43% of the incoming Residential Property lawsuits arose from the Tri-County area of South Florida, a decrease of 49% from the same period last year, primarily due to the increasing distribution arising out of other areas of the state.
- The plaintiff was represented at First Notice of Loss (FNOL) in 64% of incoming residential property lawsuits, a 25% decrease from the same period in 2024.
- The Notice of Intent to Litigate statute is working as intended: Less than 1% of first-party residential lawsuits had not previously disputed Citizens' position or claim adjustment before filing suit.
- 31% of lawsuits were brought within 6 months of the FNOL, a 28% decrease compared to the same period in 2024 "and is expected as we move farther away from a CAT event."
- AOB lawsuits continue to drop; they decreased 28% in the four-month period compared to the same period last year and now represent 12% of all new incoming lawsuits. Pending AOB lawsuits decreased by 52%, representing 15% of all pending lawsuits.
- Non-Weather Water lawsuits represented 22% of all new incoming lawsuit, a 37% decrease as compared to this time last year. Pending Non-Weather Water lawsuits have decreased by 29%, representing 22% of all pending lawsuits at this time.

The slide deck also contained an update on Citizens cases before the Florida Division of Administrative Hearings (DOAH), Citizens new dispute resolution method that may be invoked by either Citizens or the policyholder in lieu of a lawsuit. It's currently available to policyholders with a policy issued on/after February 1, 2023. As of May 14, 2025:

- 1,047 claim disputes have been referred to DOAH for dispute resolution, with 517 having fully resolved.
- The average resolution time is 85 days in the DOAH process, as compared to 622 days in the state court process.
- The average cost of defense to resolution is \$7,617, as opposed to an average cost of \$20,374 in state court.
- The majority of cases have been resolved through voluntary settlement (75%); that includes 52% of the cases where the insured accepted a nominal settlement amount (\$500 or less).
- The insured abandoned their dispute in 14% of the cases.

- 10% of the cases have proceeded to a Final Hearing before DOAH (as compared to state court where 1% of cases proceed to trial due to the overburdened system).

Citizens states “The DOAH dispute resolution program has proven beneficial to insureds as well as Citizens.”

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

Greg Rowe presented three contracts for approval and/or additional spending, which will ultimately go before the full Citizens Board of Governors at its June 25, 2025 meeting.

Comprehensive Material Analysis and Valuation Services for Insured Losses - Consent Item

Rowe explained that this service is required by Citizens Claims Department in order to accurately identify the grade of flooring materials based on certain specifications and to then provide a current retail price to be used for claims valuation purposes. “It's really critical in the claims process, because what that really does is it eliminates any pricing dispute for that particular flooring, as it's no longer an estimate. It's a specific amount,” Rowe told the committee.

The current vendor of 15 years, ITEL Laboratories, whose contract expires this December, has been found to be the only vendor in the market who provides this service. As a result, Citizens staff is seeking a single-source solicitation contract with ITEL for a three-year term, not to exceed \$630,000 (\$450,000 in Non-Cat claims and \$180,000 in Cat claims), which will be paid as a Loss Adjusting Expense.

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Claims Legal Services - Consent Item

Rowe explained that despite positive trends in the recent reduction of lawsuits filed against Citizens, it is spending more money than it anticipated in this area and needs more – to the amount of an extra \$200 million.

The Citizens Board of Governors in December 2021 approved a \$500 million package of legal services over five years (through February 2027) for outside law firms to provide representation in claims-related pre-suit and litigation matters. The Board required staff to spend in increments of \$50 million and to return to the board for approval for each increment.

As of January 1, 2025, Citizens had spent about \$399 million of the \$500 million. The Claims Committee and later the full Board in March approved an additional \$50 million increment with the understanding that it would cover legal costs through mid-2025. Rowe returned today to ask the committee for the final \$50 million increment – plus an additional \$200 million that Citizens staff believes it will need to fund legal expenses through the original February 2027 period. He told the committee that as of March 1, 2025, Citizens had spent about \$445 million of the \$500 million.

“Catastrophe claims accounted for around 50% of the overall contractual spend and being that cat spend wasn't originally budgeted for, absent those cat claims we would have been well within the original requested contract spend of \$500 million,” explained Rowe, referencing the [slide deck](#). “There is a second table that shows the average monthly spend on this contract dating back to 2022 and as you can see, from 2022 to 2024, the average monthly spend had been increasing year over year. The good news is for 2025 that actually has decreased on a monthly basis. And the table also shows the number

of pending lawsuits has decreased below 15,000 matters, which is great, being that we were over 19,000 matters in 2022. So I think both the decrease in spend and the reduction in our monthly litigation are indicators that our litigation strategies have certainly proven to be highly effective,” Rowe told the committee, referencing the table below.

Year	Average Monthly Legal Spend	Average Monthly Pending Litigation	Average % of Matters w/ Current Contract Rates
2022	\$ 10,308,154.26	19,447	38.7%
2023	\$ 12,182,964.77	19,109	74%
2024	\$ 13,396,561.96	16,937	91%
2025	\$ 11,716,880.33	15,235	95%

However, the rate of reduction in legal spending stemming from the reduction in new and pending lawsuits has been moderated by the simultaneous increase in hourly defense counsel rates that went into effect for all new matters assigned after the contract effective date of February 3, 2022. Previously assigned matters were billed under a firm’s lower 2017 contract rates.

Rowe said that of the total \$250 million spending authority being requested today, staff estimates that \$125 million will be for catastrophe-related litigation with the remaining \$125 million for non-catastrophe litigation.

QUESTIONS:

Butts Q: “The amount of spend on this obviously, just continues to kind of blow my mind, what we spend on attorneys to fight stuff.... By what percentage did that (attorney rates) go up? You would think that right now, with less litigation, based on the changes that have been made legislatively, that we have a lot of attorneys out there that may be working for a few dollars less, since there's not so many lawsuits. Is that not the case?

Rowe A: “It’s a great point.... So as you can see, I think it's approximately 95% of the claims matters that we have on the books today are on those new rates.... But when the contract stipulates that the rates do go up, we have to do that.

Butts Q: “How long are we locked into those rates?”

Rowe A: “So in 2022, those rates went up about 15% across the board. And then in February, they went up another 4% contractually. And so we have one more increase before year seven, which is an optional year, so we could look at that strategically and go back out and solicit those services to see if we can get a better rate.

Chair Becksmith: “Obviously it's a necessary evil, but I do think that to Governor Butts’ point that as litigation matters come down in this case, we, meaning Citizens, should obviously be doing our due diligence, which I know you guys will in these contracts, to make sure that we're getting the best representation for the best rate.”

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[ELMS Single Source Extension Contract - Consent Item](#)

Rowe explained that this is Citizens' Enterprise Litigation Management System. Staff is seeking approval for a contract with Mitrastech Holdings, Inc. to continue providing Citizen's litigation management system. This one-year contract term, estimated at \$600,000 would provide a transitional period to Citizens new vendor, the Litify ELMS system.

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Addendums

[Recovery Cases of Interest - Addendum](#)

[SIU Addendum](#)

New Business

NONE

Adjournment: 1:22pm