



USING APPRAISAL
and other claim resolution methods to
RESOLVE HURRICANE CLAIMS

Mediation

APPRAISAL

Litigation

Citizens Claims Task Force

Tallahassee, June 4, 2007

Contents

- **Claims' Mission**
- **Why are there disputes?**
- **Methods for resolving disputes**
- **What is Citizens doing to accelerate resolution?**
- **Your thoughts and questions**

Claims Mission Statement

Citizens claims is a customer focused organization intent on delivering fast, fair, honest and accurate claims service. We continuously strive to be efficient, dynamic and committed to managing claim costs, while adhering to the highest ethical standards.

Senate Bill 2498

Citizens shall manage its claim employees, independent adjusters, and others who handle claims to ensure they carry out the corporation's duty to its policyholders to handle claims carefully, timely, diligently, and in good faith,

Balanced against

Citizens' duty to the state of Florida to manage its assets responsibly to minimize its assessment potential.

Why are there disputes?

- Coverage
- Causation
- Scope
- Pricing
- Fees

Methods of Dispute Resolution

- Mediation
- Appraisal
- Litigation

Pending Claims

Status	Number of pending claims	Total Losses Paid on Pending Claims
Disputed:		
Appraisals	1433	\$29,944,766 + comm
Mediations	304	\$11,155,950 + comm
Litigation	986	\$79,007,543
Subtotal Disputed	2723	\$185,753,731
Non-disputed	787	\$116,874,155
Total of All Claims	3510	\$302,627,886

Data current as of 5/29/2007

Delayed Reporting

1110

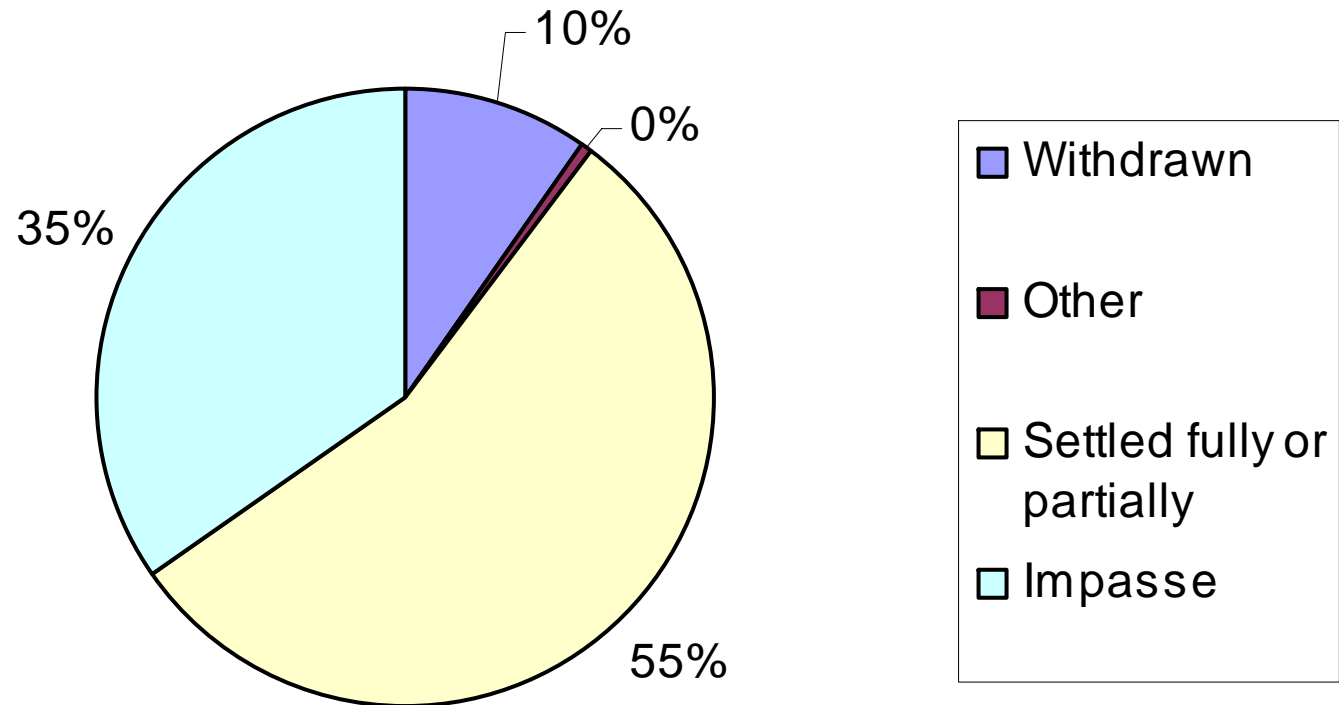
Number of hurricane claims from 2004 -05
that were reported for the first time in 2007

926

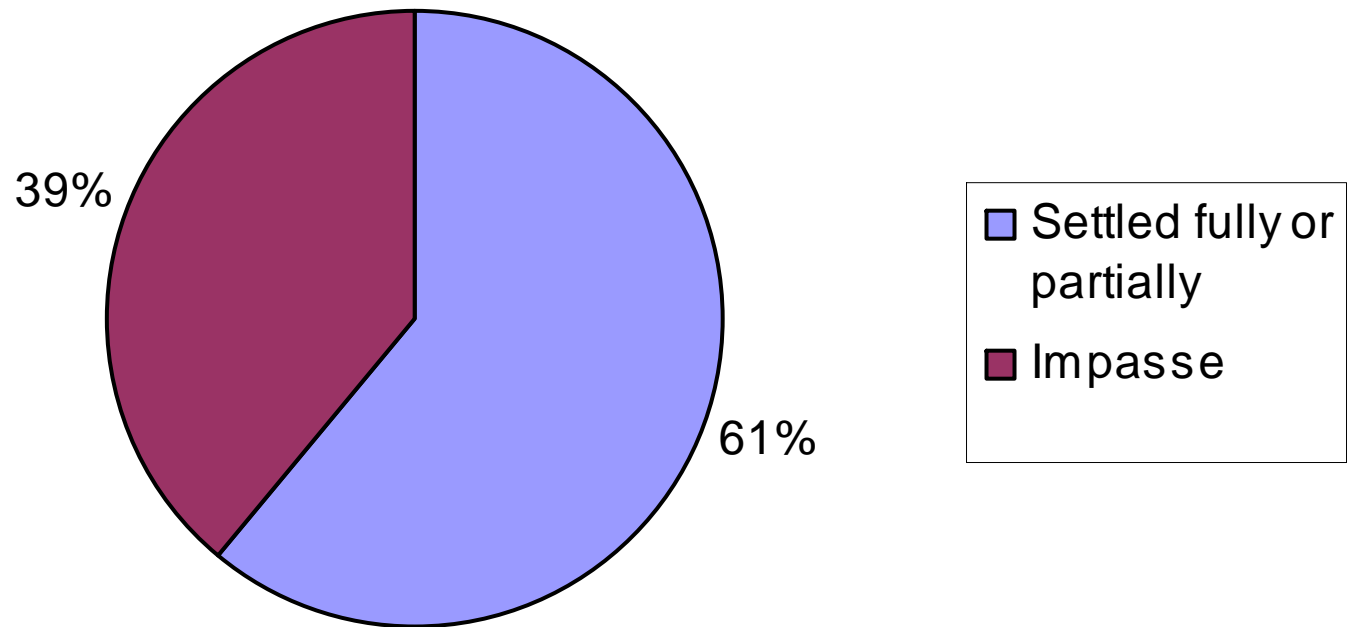
of these claims have been closed

Data current as of 5/30/2007

Progress in Mediation



Progress in Mediation



A fresh Approach to Mediation

Goal

Resolve more claim disputes at mediation

- Negotiate earlier in the process
- Staff re-inspections and negotiations
- Claims committee & roundtable
- Construction consultants
- Policy release

Relationship between Mediation and Appraisal

In the last 12 months.....

4452

•Number of requests for appraisal

521

•Number of claims that went to mediation before appraisal

3931

•Number of claims that went straight to appraisal

Progress in Appraisal

In the last 12 months.....

4452

- Number of requests for appraisal

\$260,453,402

- Claims dollars paid

1,433

- Number of claims currently pending in appraisal

A Fresh Approach to Appraisal

Goal

Resolve more cases before they reach appraisal

- **Earlier identification of potential disputes**
- **Better use of the mediation process**
- **Initiate negotiations earlier in the process**
- **Continue negotiations after appraisal begins**

Litigation

856 lawsuit (986 claims)

- Number of pending lawsuits (number of related claims) arising out of the 2004 -05 storm seasons

282

- Number of wind/flood lawsuits

574

- Number of other hurricane lawsuits

Litigation

The Wind/Flood Issue

Is Citizens liable to pay flood damage when the house is a total loss from the combined effects of wind and flood?

- Most suits are in the Panhandle
- Double recovery in excess of home's value
- Citizens' enabling statute is different
- Supreme Court will decide issue

A Fresh Approach to Litigation

- Review of all cases to re-evaluate the nature of the dispute
- Is the suit based on legal issue? Or,
- Is the suit base on a difference in value?

Accelerated Resolution Strategy -- Highlights

- **Mediation**

Citizens will re-focused its efforts on mediations as the first and best settlement opportunity

- **Appraisal**

Citizens will emphasize direct negotiations after the dispute has been assigned to the appraisers

- **Litigation**

Citizens will re-double its efforts to identify value disputes and negotiate for earlier settlement opportunities



*Your Thoughts,
Comments or Questions*

Mediation

APPRAISAL

Litigation

Citizens Claims Task Force

Tallahassee, June 4, 2007