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Florida Focused Insurers Close Claims Consistently despite Storms of 2016, 2017, and 2018

Despite the major storms of 2016, 2017, and 2018, a study by Demotech, Inc. indicates that Florida focused property insurers are closing reported claims at a pace consistent with prior years. “Although we recognize that consumers, regulators, reinsurers, and others have expressed a level of frustration with outstanding claim counts, a review of the publicly available financial information indicated that the closure rates for accident years 2016, 2017, and 2018 are consistent with prior years despite the additional claims activity caused by Hurricanes Matthew, Irma, and Michael,” says Joe Petrelli, President, Demotech, Inc.

The study, using data from S&P Global, compiled information from the annual statements of 91 insurance companies writing 80% or more of their Homeowners direct premium written in Florida. Using Schedule P – Part 5A – Homeowners Claim Counts, Demotech calculated claim closure rates based upon the claim count information reported to the National Association of Insurance Commissioners. “Despite named storms making landfall in Florida in 2016, 2017, and 2018, the closure rates for all accident years 2009 through 2018 were fairly steady,” noted Rachel Wilkins, Analyst, Demotech, Inc. The percentage of claims outstanding after 12 months was 12.8% for 2016, 14.0% for 2017, and 15.5% for 2018. Comparably, the average percentage of outstanding claims at 12 months for years 2009 through 2018 was 14.3%. The analysis is attached.

“Seamless processing of claims is impossible. Consumers who submit claims have had their lives disrupted. If they could return to their prior status within seconds, the trauma and frustration would still be tragic. As the need to recognize unique circumstances and nuances serve to protract the investigatory and valuation process, the frustration grows. Similarly, it is often difficult to separate a consumer’s frustration with the vendor providing repairs from the frustration with the claim settlement process,” says Petrelli. “The consistency of claim closure rates over a ten year period implies that carriers are consistently resolving open claims.”

About Demotech, Inc.

Demotech, Inc. is a financial analysis firm specializing in evaluating the financial stability of regional and specialty insurers. Since 1985, Demotech has served the insurance industry by assigning accurate, reliable and proven Financial Stability Ratings® (FSRs) for Property & Casualty insurers and Title underwriters. FSRs are a leading indicator of financial stability, providing an objective baseline of the future solvency of an insurer. Demotech's philosophy is to review and evaluate insurers based on their area of focus and execution of their business model rather than solely on financial size. Visit www.demotech.com for more information.

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Schedule P Part 5A Combined Claim Counts for 91 Companies Writing at Least 80% of their Homeowners Premium in FL

Total Outstanding Claims

	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
2009	19,169	4,558	2,235	1,985	1,306	914	179	97	65	214
2010	20,821	7,399	3,053	1,842	1,154	378	187	116	184	x x x
2011	25,771	5,313	2,895	1,768	637	337	196	219	x x x	x x x
2012	22,164	4,493	2,428	956	567	316	221	x x x	x x x	x x x
2013	20,272	4,475	2,381	1,293	919	617	x x x	x x x	x x x	x x x
2014	25,786	7,003	3,593	2,073	1,807	x x x	x x x	x x x	x x x	x x x
2015	35,812	9,805	4,984	3,274	x x x	x x x	x x x	x x x	x x x	x x x
2016	39,079	10,171	4,855	x x x	x x x	x x x	x x x	x x x	x x x	x x x
2017	98,729	37,177	x x x	x x x	x x x	x x x	x x x	x x x	x x x	x x x
2018	51,248	x x x	x x x	x x x	x x x	x x x	x x x	x x x	x x x	x x x

Total Reported Claims

	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
2009	159,742	172,545	174,292	176,367	176,367	176,367	176,367	176,367	176,387	176,539
2010	148,437	159,900	159,900	159,900	159,900	159,900	159,900	160,370	160,455	x x x
2011	160,963	174,229	174,450	175,071	175,380	175,888	177,247	177,349	x x x	x x x
2012	162,881	175,648	177,673	178,385	179,041	181,052	181,235	x x x	x x x	x x x
2013	153,346	169,637	172,774	174,089	176,252	176,729	x x x	x x x	x x x	x x x
2014	177,922	201,401	204,584	207,434	209,048	x x x	x x x	x x x	x x x	x x x
2015	203,212	228,357	233,279	235,841	x x x	x x x	x x x	x x x	x x x	x x x
2016	305,103	344,839	350,488	x x x	x x x	x x x	x x x	x x x	x x x	x x x
2017	703,635	879,794	x x x	x x x	x x x	x x x	x x x	x x x	x x x	x x x
2018	330,901	x x x	x x x	x x x	x x x	x x x	x x x	x x x	x x x	x x x

Outstanding Claims as a % of Reported Claims

	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
2009	12.0%	2.6%	1.3%	1.1%	0.7%	0.5%	0.1%	0.1%	0.0%	0.1%
2010	14.0%	4.6%	1.9%	1.2%	0.7%	0.2%	0.1%	0.1%	0.1%	x x x
2011	16.0%	3.0%	1.7%	1.0%	0.4%	0.2%	0.1%	0.1%	x x x	x x x
2012	13.6%	2.6%	1.4%	0.5%	0.3%	0.2%	0.1%	x x x	x x x	x x x
2013	13.2%	2.6%	1.4%	0.7%	0.5%	0.3%	x x x	x x x	x x x	x x x
2014	14.5%	3.5%	1.8%	1.0%	0.9%	x x x	x x x	x x x	x x x	x x x
2015	17.6%	4.3%	2.1%	1.4%	x x x	x x x	x x x	x x x	x x x	x x x
2016	12.8%	2.9%	1.4%	x x x	x x x	x x x	x x x	x x x	x x x	x x x
2017	14.0%	4.2%	x x x	x x x	x x x	x x x	x x x	x x x	x x x	x x x
2018	15.5%	x x x	x x x	x x x	x x x	x x x	x x x	x x x	x x x	x x x

Source: S&P Global, formerly SNLFinancial