

Hurricane Michael Data Call



**Florida Office of
Insurance Regulation**

David Altmaier
Florida Insurance Commissioner
November 12, 2019

Data Call Reporting

Since Hurricane Michael made landfall as a Category 5 hurricane on the Florida Panhandle on Wednesday, October 10, 2018, the OIR has conducted 44 distinct Hurricane Michael data calls. Reporting includes:

- Daily data calls beginning October 12, 2018 through November 9, 2018;
- Weekly data calls beginning November 16, 2018 through February 22, 2019;
- Bimonthly data calls from March 15, 2019 to April 26, 2019; and
- Monthly calls from May 31, 2019 through October 26, 2019.

The reporting of claims for Hurricane Michael is cumulative and OIR compels all insurers to report data as of each required reporting date, per section 624.307, Florida Statutes.

To learn more about the data collected as part of the catastrophe reporting, including the additional enhanced data call and Claims Survey applicable to the August, September and October 2019 data calls, please visit <https://floir.com/Sections/PandC/ProductReview/CatastropheReporting.aspx>.

Although the data provided by the insurers is reviewed by OIR when it is received, it is not immediately audited or independently verified by on-site visits. If the data indicates obvious errors, OIR requires the insurance company to review and, if necessary, resubmit its data.

OIR continues to evaluate data call responses and other data for potential violations of Florida law by insurers.



Claims Data as of October 25, 2019

Below is the Hurricane Michael claims data reported by insurers as of October 25, 2019.

Lines of Business	Number of Claims Reported	Claims Closed with Payment	Claims Closed without Payment	Number of Open Claims	Percent of Claims Closed
Residential Property	99,554	74,363	13,790	11,401	88.5%
Homeowners	73,222	53,567	10,528	9,127	87.5%
Dwelling	15,993	11,950	2,444	1,599	90.0%
Mobile Homeowners	9,423	8,307	657	459	95.1%
Commercial Residential	916	539	161	216	76.4%
Commercial Property	11,152	5,042	2,594	3,516	68.5%
Private Flood	242	169	53	20	91.7%
Business Interruption	872	351	250	271	68.9%
Other Lines of Business	37,953	32,975	4,293	685	98.2%
TOTAL	149,773	112,900	20,980	15,893	89.4%

Total Estimated Losses: \$7,439,396,739



County*	Number of Claims Reported	Claims Closed with Payment	Claims Closed without Payment	Number of Open Claims	Percent of Claims Closed
Bay	89,772	68,997	9,197	11,578	87.1%
Calhoun	4,083	3,500	287	296	92.8%
Franklin	2,347	1,312	874	161	93.1%
Gadsden	6,280	4,666	1,144	470	92.5%
Gulf	8,254	6,102	1,265	887	89.3%
Holmes	1,030	746	237	47	95.4%
Jackson	14,047	11,646	1,226	1,175	91.6%
Jefferson	192	136	52	4	97.9%
Leon	10,236	6,730	3,182	324	96.8%
Liberty	1,185	1,016	118	51	95.7%
Wakulla	1,439	983	425	31	97.8%
Washington	3,614	2,914	491	209	94.2%
REST of the state	7,294	4,152	2,482	660	91.0%
TOTAL	149,773	112,900	20,980	15,893	89.4%

*Hamilton, Madison, Suwannee and Taylor counties are not included in the county breakdown due to claims of Trade Secret but are included in the overall claims data.



Executive Summary

As of October 25, 2019, insurers reported the total number of claims for Hurricane Michael is 149,773 with more than \$7.4 billion in estimated insured losses. This includes 99,554 residential property claims, 11,152 commercial property claims, 242 private flood claims, 872 business interruption claims and 37,953 other lines of business claims.

- Insurers report having closed a total of 133,880 claims, which represents 89.4% of all claims filed to date. Of those claims, 112,900 were closed with payment, 20,980 were closed without payment¹, and 11,401 personal residential claims remain open.
- From September to October 2019, the number of reported open claims decreased by approximately 8%, which is almost double the rate from August to September 2019.
- The number of reported closed claims without payment has decreased. This may indicate insurers may have reopened claims after determining the policyholder met the deductible; after determining that coverage, which was previously not afforded, was able to be afforded under the policy. The OIR Market Conduct unit is reaching out to companies regarding the data to review the handling of these claims.
- Insurers reported the top five reasons claims remained opened which included:
 - Awaiting documentation from insured or involved parties;
 - Waiting for repairs to be made or completed;
 - Engineer and contractor issues in agreed pricing, rates or shortage;
 - Public Adjuster and attorney issues with soliciting for increased settlement or awaiting final adjustments; and
 - Supplemental claims handling and payment issues.

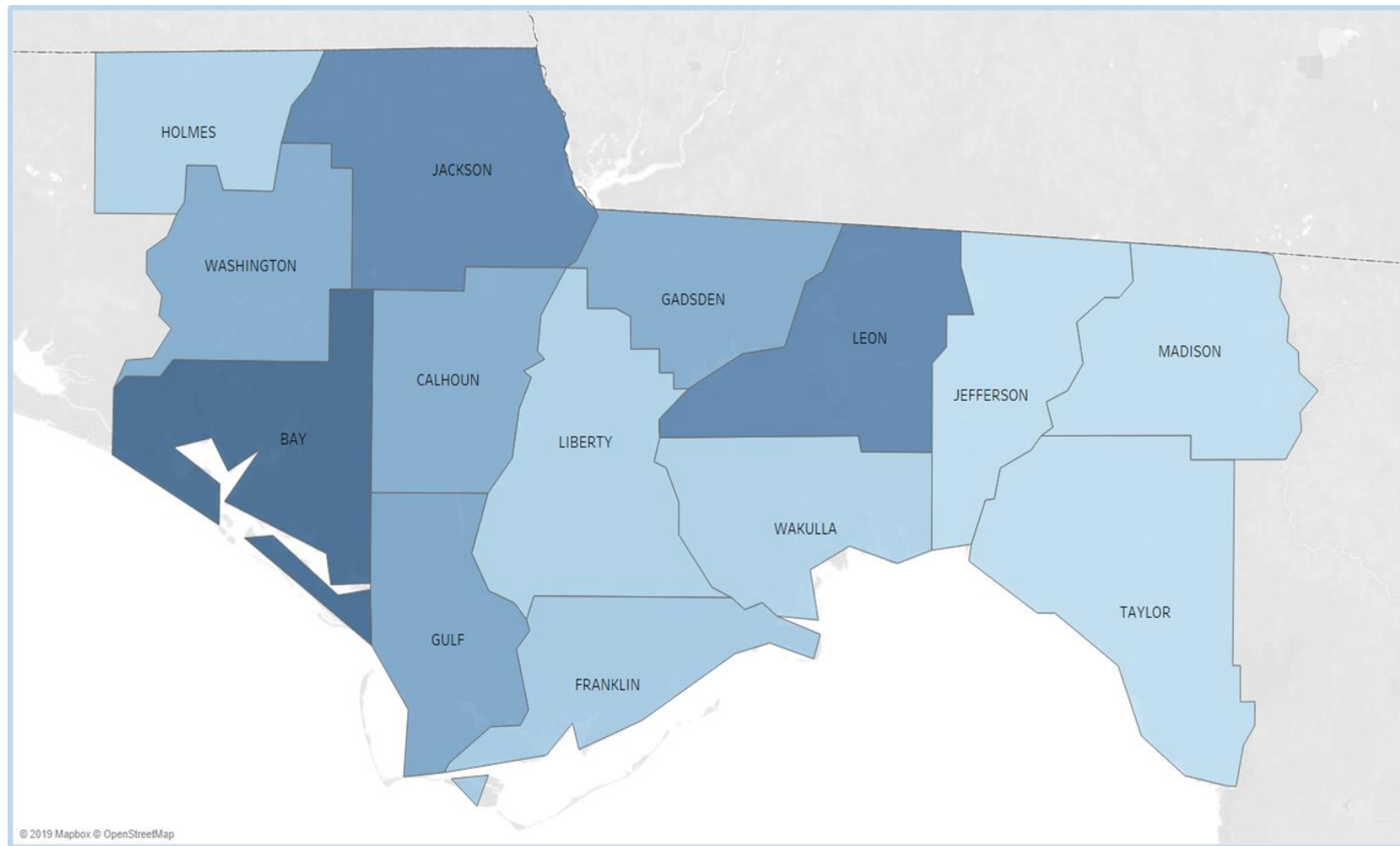
OIR is currently conducting 12 examinations on insurers to review Hurricane Michael claims handling practices, per section 624.3161, Florida Statutes.

The following graphics display data submitted by insurance companies. These graphics are a tool to provide a current snapshot regarding Hurricane Michael's impact on Florida.

1. The most common reasons to close a claim without payment are that the damage did not exceed the hurricane deductible, or the policy did not cover the cause of loss, for instance the damage was caused by flood and the policy did not provide coverage for flood damage.



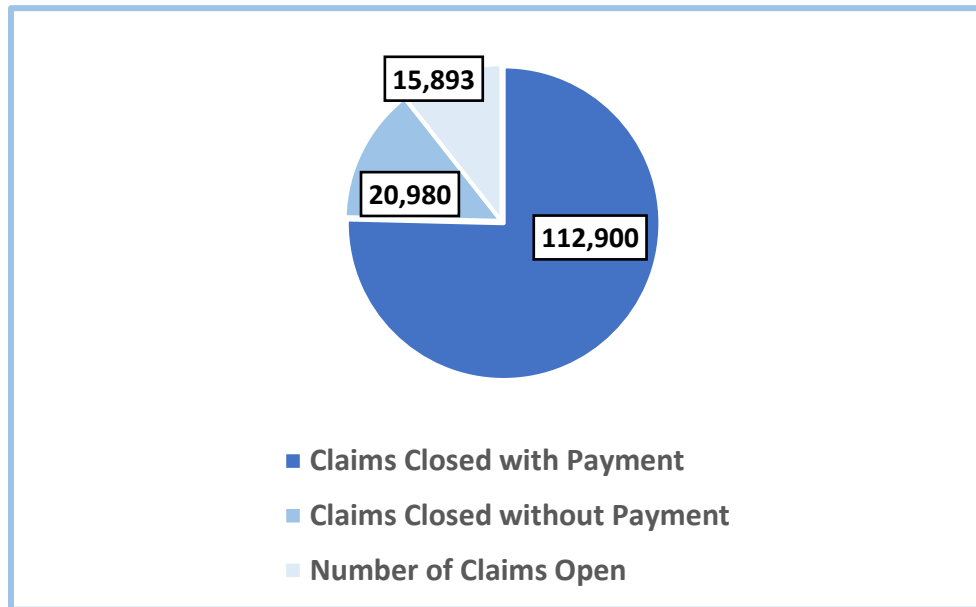
Florida Counties Impacted by Hurricane Michael



Bay County had the highest number of reported claims from Hurricane Michael, with 89,772 claims accounting for almost 60% of all claims filed. Jackson County had 14,047 claims, Leon County had 10,236 claims, and Gulf County had 8,254 claims. *(Data through October 25, 2019)*



Hurricane Michael Claims

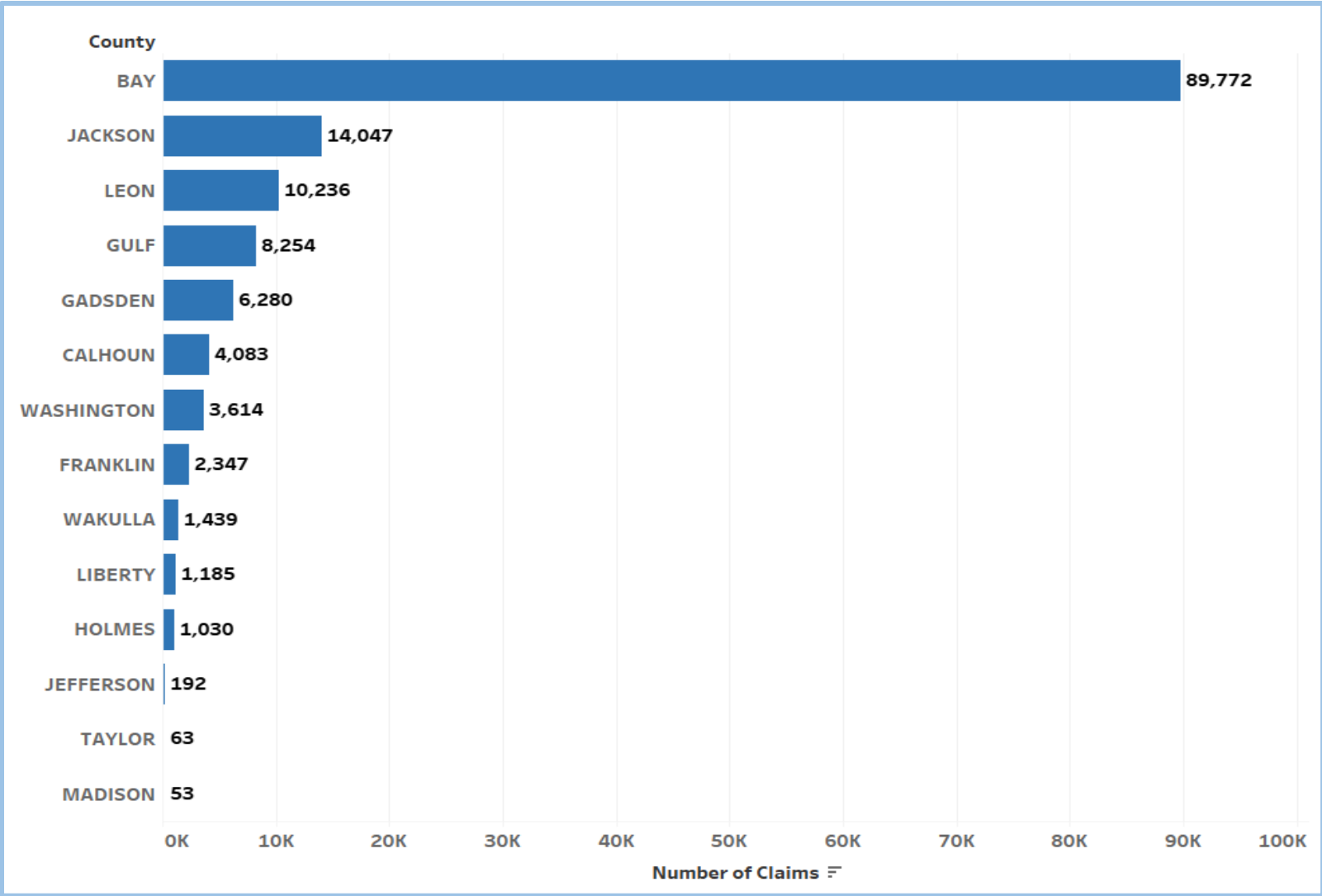


As of October 25, 2019, out of a total of 149,773 claims, insurers reported:

- 112,900 claims are **closed with payment** – Claimant has received payment in full, agreed upon settlement amount, and no additional payments are expected to be incurred by the insurer for this specific claim.
- 20,980 claims are **closed without payment** – Claim has been denied or no payment is to be made to the policyholder. The category includes claims determined to be below the policy deductible.
- 15,893 claims remain **open** – A settlement has not been reached or if settlement has been reached and payment is due, the claimant has not yet received payment of the full, agreed upon settlement amount.



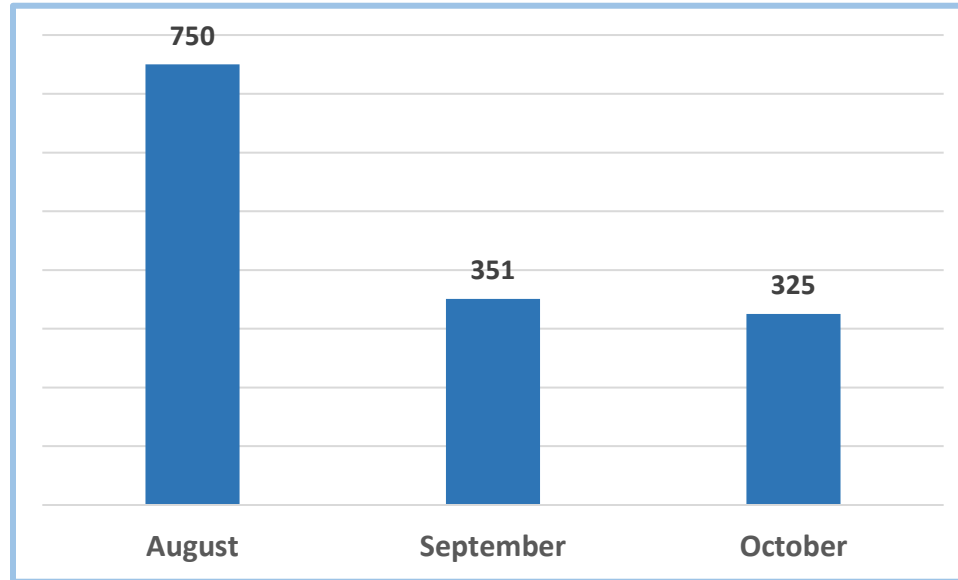
Total Number of Michael Claims in Panhandle Region



The above graph displays the total number of reported Hurricane Michael claims by county. *(Data as of October 25, 2019)*



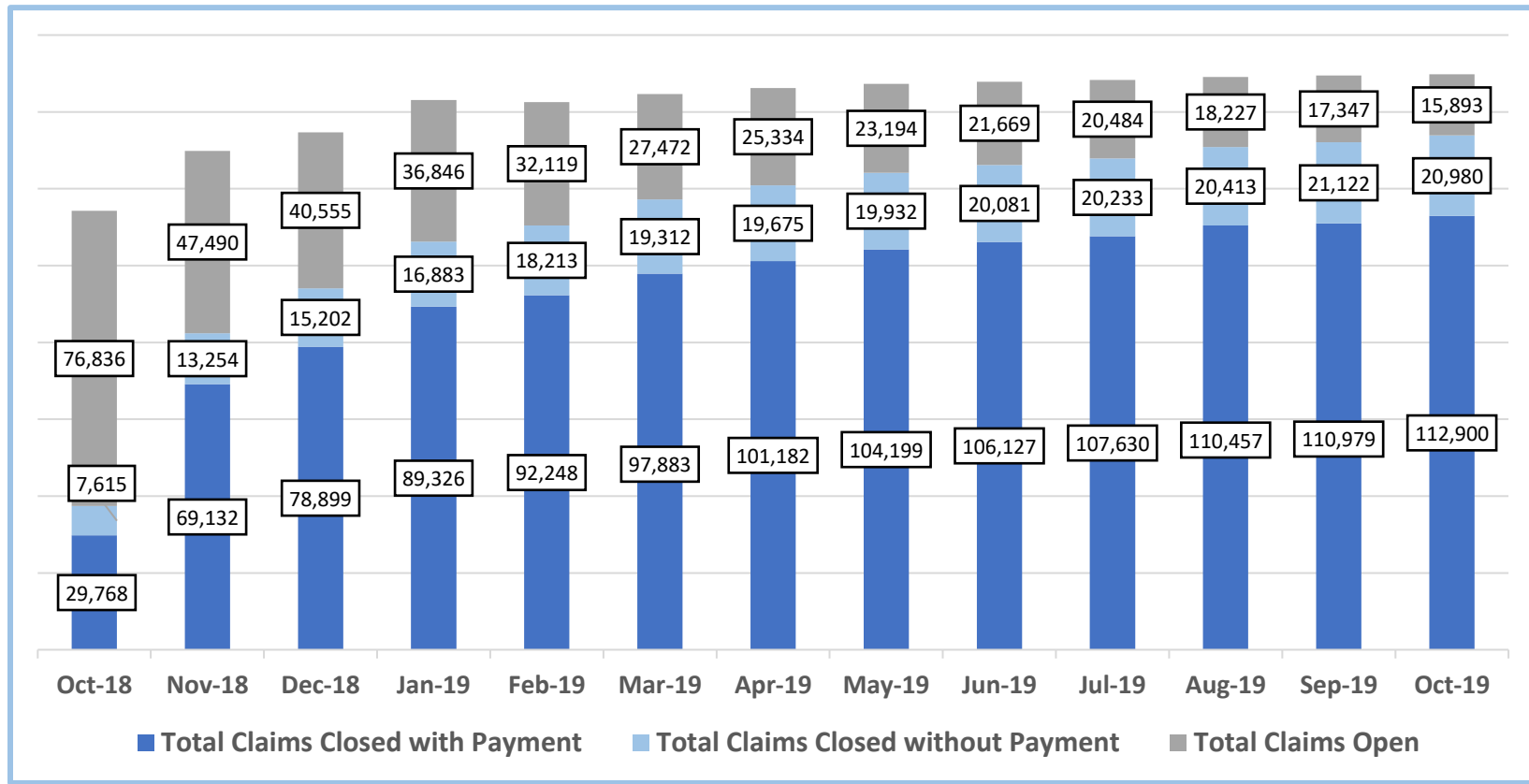
Total Number of New Claims Opened in the Last 90 Days Across All Lines



Insurers reported 1,426 claims in the last 90 days, indicating policyholders have continued to file new claims through the latest reporting period. It is important to note; section 627.70132, Florida Statutes, allows policyholders to file a claim within three years of the hurricane's initial landfall or when the windstorm caused the covered damage, in accordance with the terms of the policy.



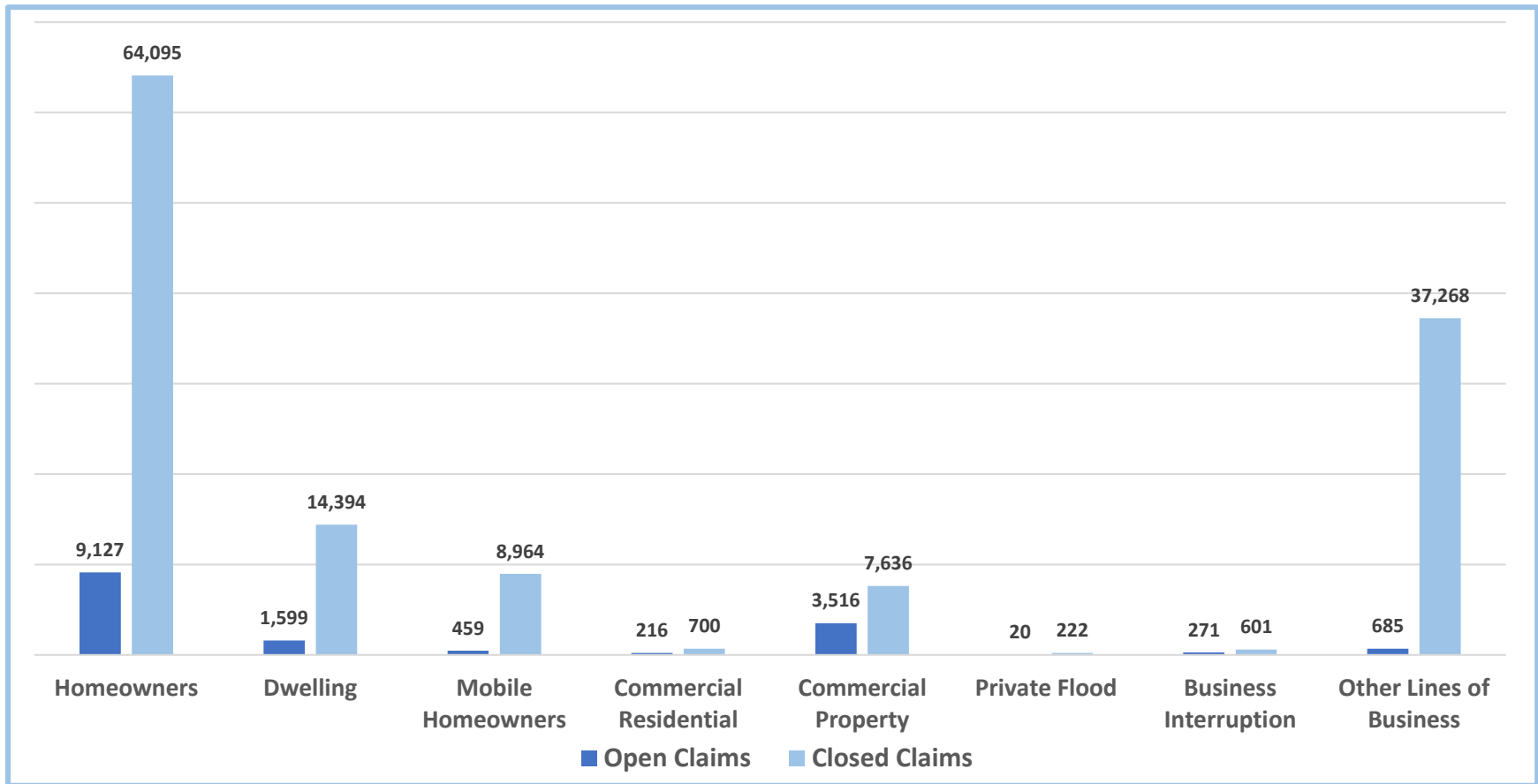
Claims Data by Month



In the first two months following Hurricane Michael, insurers reported more than 82,000 claims were closed. Since October 2018, reported claims have been closed at an average rate of 3,300 claims per month.



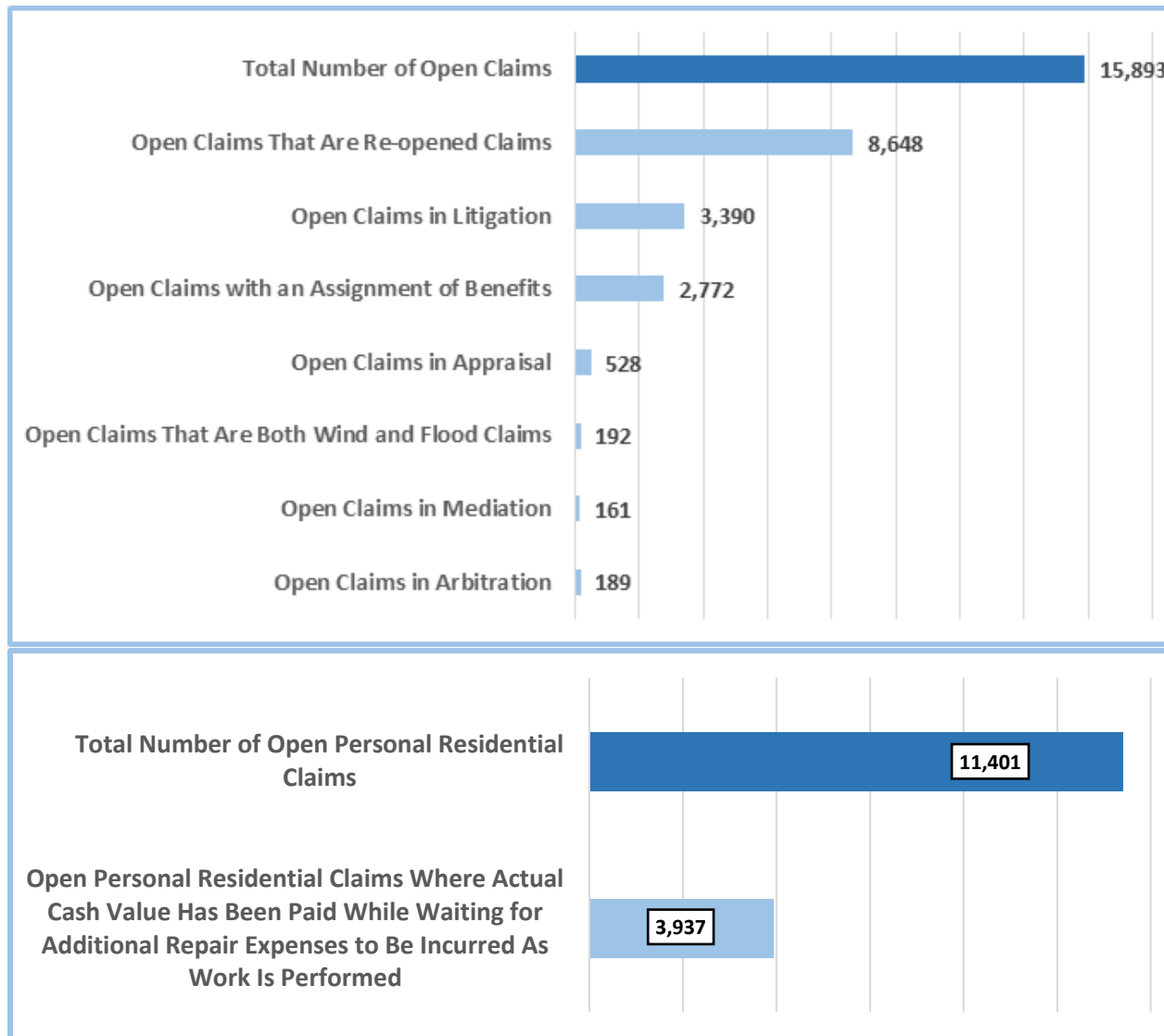
Open and Closed Claims by Line of Business



The above chart lists the number of open and closed claims by line of business as reported on October 25, 2019, for Homeowners, Dwelling, Mobile Homeowners, Commercial Residential, Commercial Property, Private Flood, Business Interruption, and Other Lines of Business.



Number of Open Claims by Category



The above chart outlines the status of all Hurricane Michael claims reported open as of October 25, 2019. It is important to note; some claims may be represented in more than one category. A definition of each category is provided on page 11.



Claims Category Definitions:

Open personal residential claims where actual cash value has been paid while waiting for additional repair expenses to be incurred as work is performed: Actual cash value is initially paid to the insured to begin repairs on the insured property and supplementary payments, up to the replacement cost limits, are issued as additional repairs are completed.

Re-opened claims: These are claims that have been reopened due to denial of the original claim, additional work that needs to be completed to repair the insured property, or the actual cost of repairs being greater than the initial estimate.

Open claims that are both wind and flood claims: These are claims resulting from a combination of wind and flood damage that may be insured for wind damage by a private insurer and for flood damage by the National Flood Insurance Program or by the same or another private insurer. Flood insurance must be purchased as an endorsement to the homeowner's policy or as a separate policy.

Open claims in appraisal: These are claims in which the property is being evaluated for damage resulting from an insured peril or in which the insured and insurance company cannot agree on the amount of the insurer's liability for covered property loss and, upon written request, the dispute is being submitted to appraisal. Usually, each party selects an appraiser and the two appraisers select a neutral arbiter. Typically, any decision agreed to by at least two of the three parties (two appraisers and one arbiter) is binding on both the insured and the insurer.

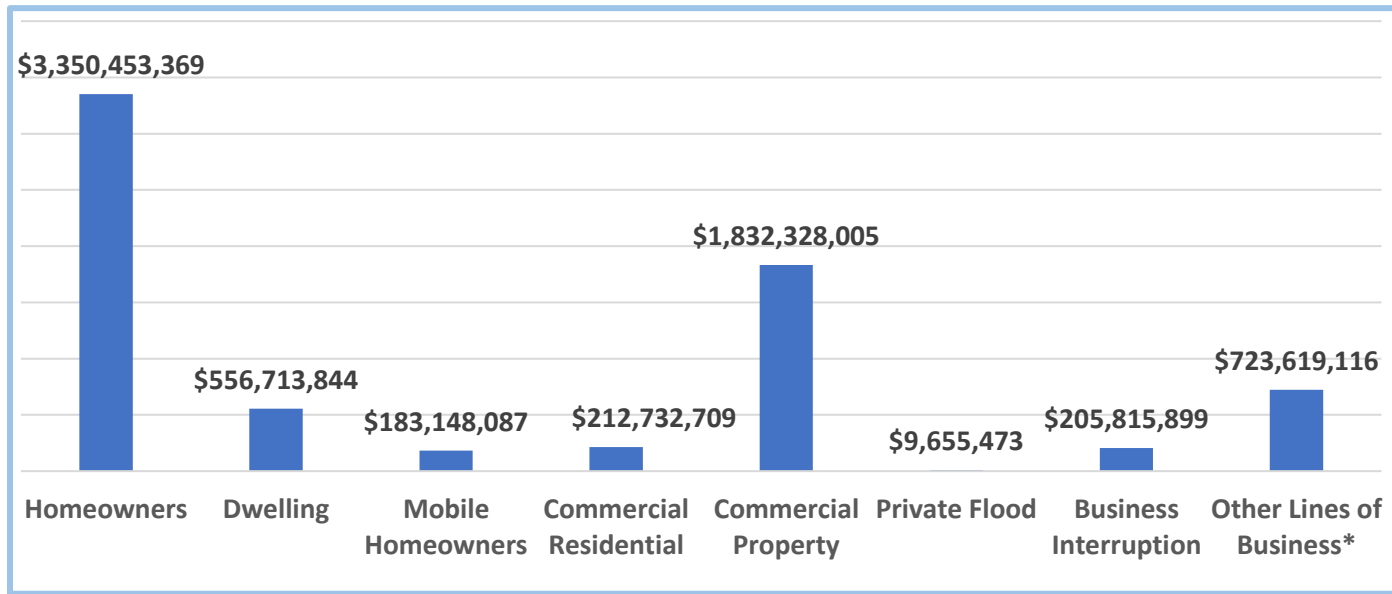
Open claims in litigation: These are claims in which legal action has been taken.

Open claims in mediation: These are claims involving a situation in which the parties agree to take part in a structured settlement negotiation through the guidance of a neutral third-party mediator. By participating in the process, the parties are not required to settle the claim on the terms suggested by the mediator, and the mediator does not have the authority to impose such a settlement. The mediation process may be terminated at any time by either party without cause.

Open claims in arbitration: These are claims in which the parties have opted into arbitration because they were unable to agree to a settlement. In such a claim, the two parties will each appoint an arbitrator. The arbitrators then select a third arbitrator. Typically, when at least two of the three arbitrators agree on a settlement amount, that decision is binding on both the insured and the insurer.



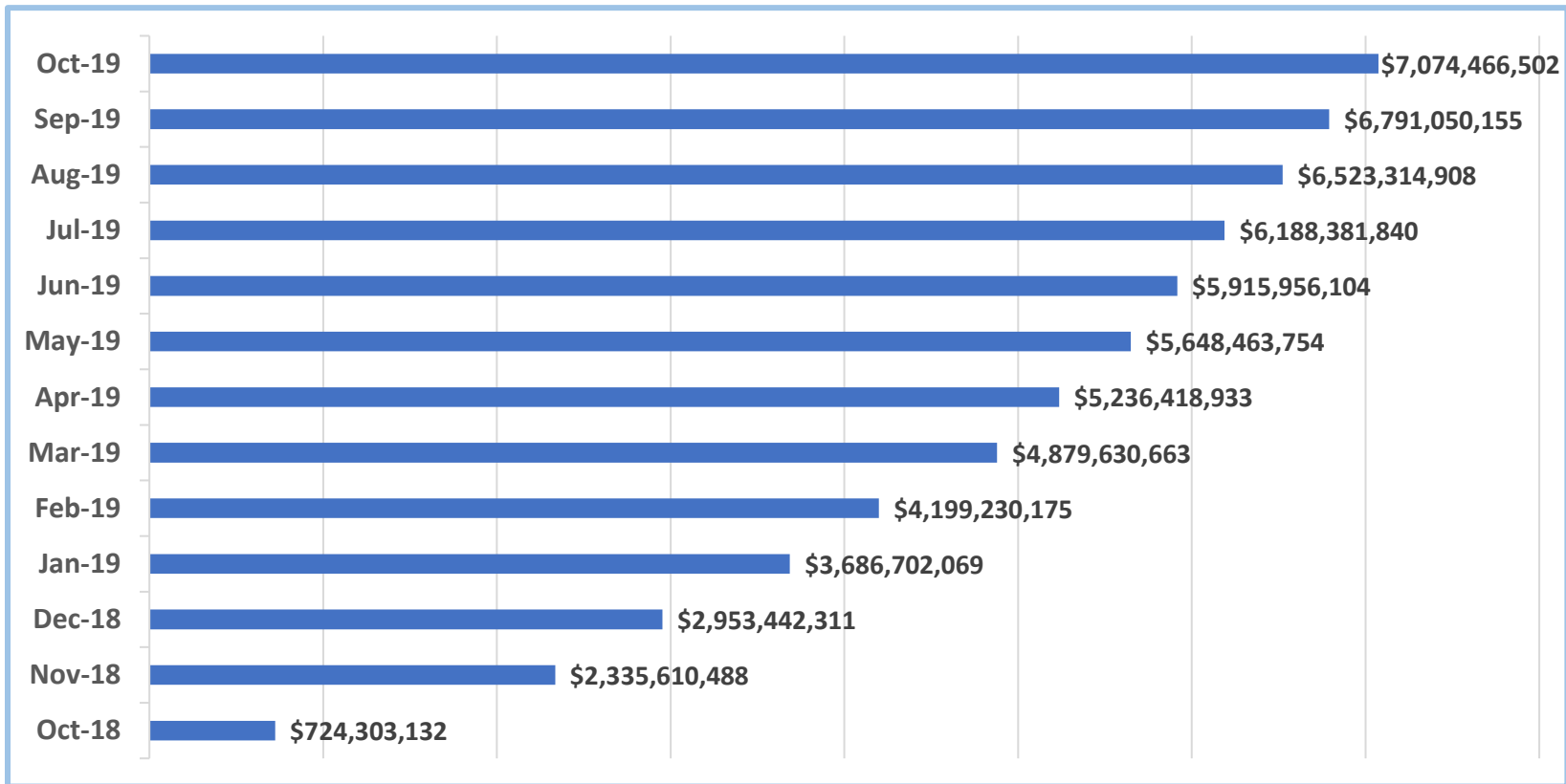
Paid Losses by Line of Business



Insurers reported, of the more than \$7 billion in paid losses, homeowners' coverage represents 47.4% or \$3.4 billion of paid claims, followed by commercial property at 25.9% or \$1.7 billion. Paid losses are indemnity payments that exclude adjustment expense. Payments are the net of actual salvage and subrogation recoveries. For applicable lines, they include losses associated with loss of use, additional living expense, fair rental value and other factors.



Paid Losses by Month



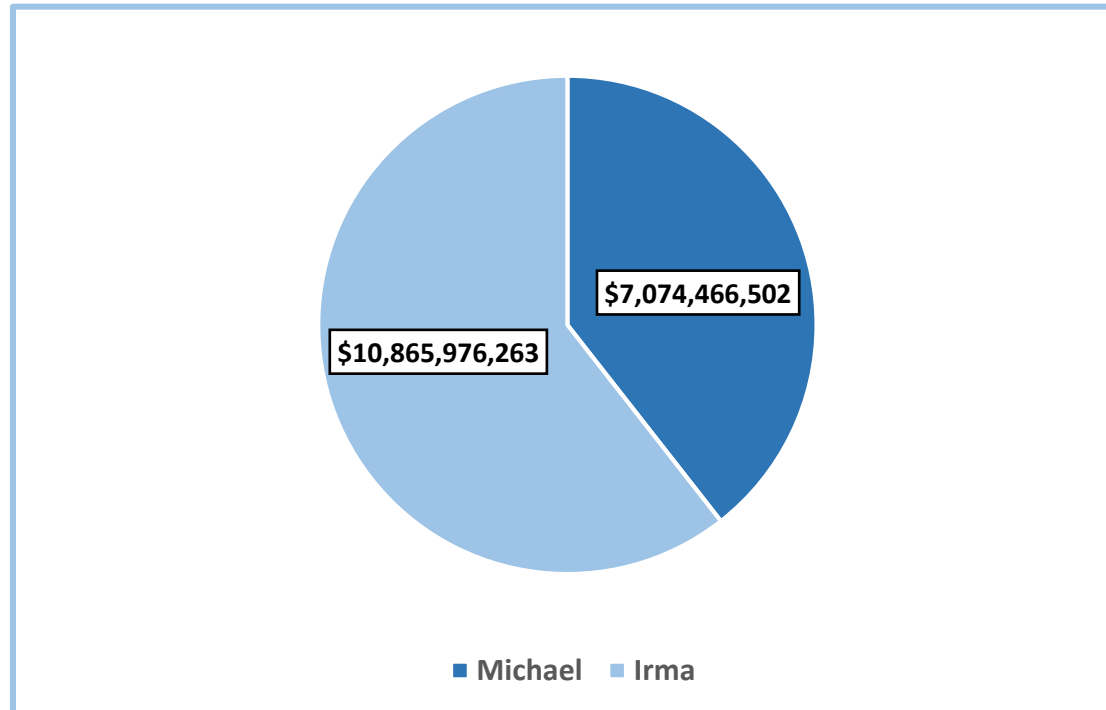
The above graph represents the progression of paid losses reported monthly as of the date for each data call.



A comparison of Hurricane Michael and Hurricane Irma

While Hurricane Irma affected a much larger area of the state, insurers report that Hurricane Michael is a costlier storm when comparing the number of claims with the amount of paid losses. As represented in the chart below, Hurricane Irma produced over one million claims, costing more than \$10.8 billion with an average claims cost of \$10,800. Conversely, Hurricane Michael, with 149,448 claims, produced more than \$7 billion in paid with an average claims cost of \$62,661.⁵

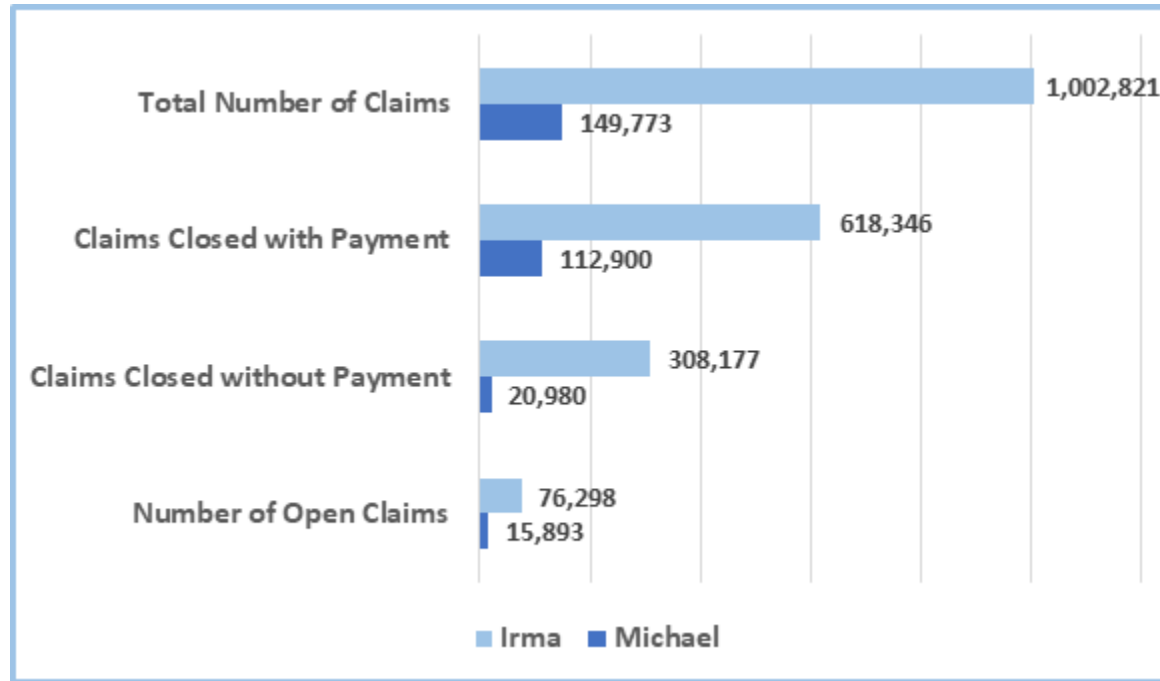
Paid Loss for Hurricane Michael and Hurricane Irma



2. Hurricane Irma losses are as of November 14, 2018, approximately 14 months after the storm as compared to Hurricane Michael losses at approximately 13 months after the storm.



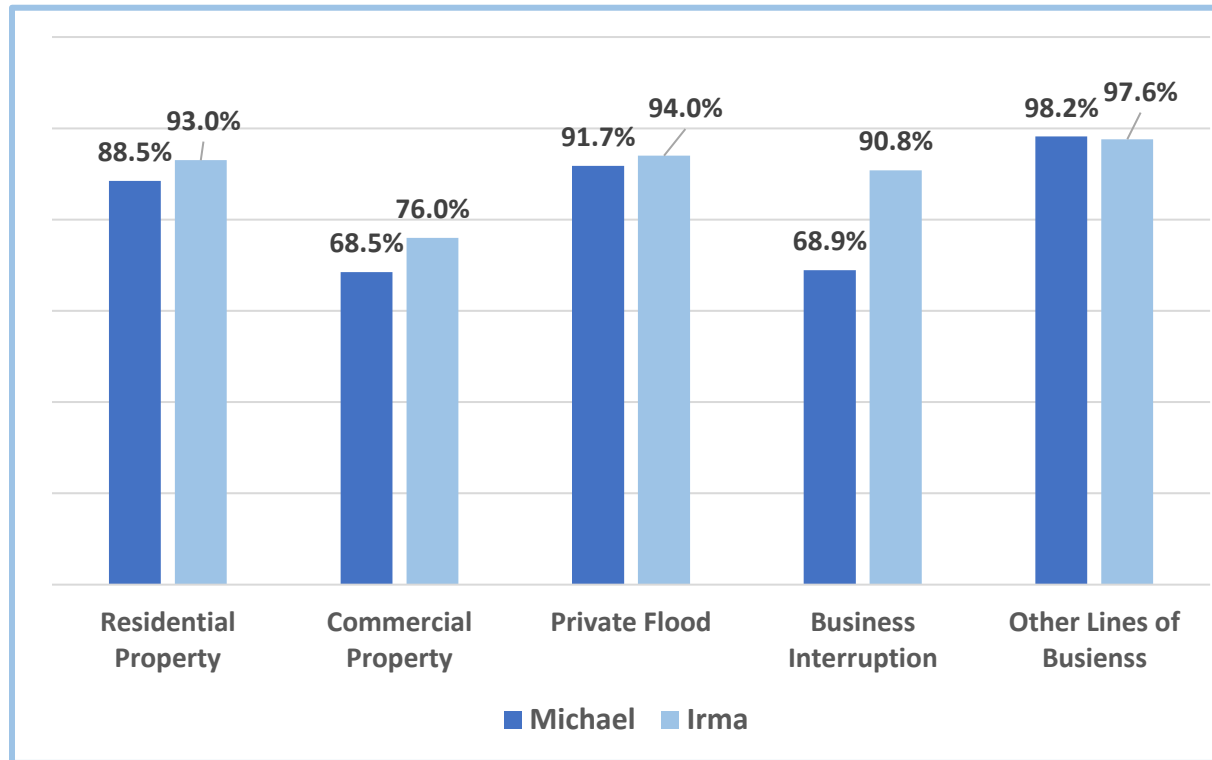
Comparison of Hurricane Irma and Hurricane Michael Claims Status



The above graphic provides a comparison of the reported claims' status for the 13-month time period following Hurricane Michael and the 14-month time period following Hurricane Irma.



Comparison of Hurricane Michael and Hurricane Irma Percentage of Claims Closed by Line of Business



The above graphic provides a comparison of the reported claims' status for the 13-month time period following Hurricane Michael and the 14-month time period following Hurricane Irma.

