

West. Neil, et al. v. SFF&CC, et al.

Hosier, Gary, et al. v. SFF&CC, et al.

P&C Claims
June 24, 2021

Fire Model Enhancement – Water & Wind/Hail

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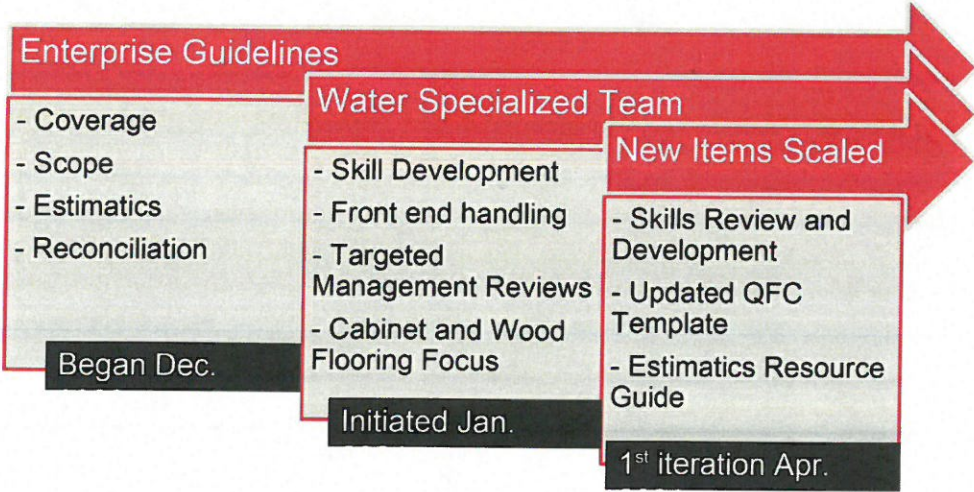
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Water – Overview



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Water – Next Steps

Lessons Learned

- Coverage and Scope opportunities
- Timing of Management Reviews

Additional Testing in Progress

- SFPSP with HO-6 Claims
- Estimatics and Reconciliation strategies with Fire Proximity



Future Updates/Deliverables

- Florida Vendor Test
- Increase and Enhancements to Accelerated Management Reviews

Water – Measurements

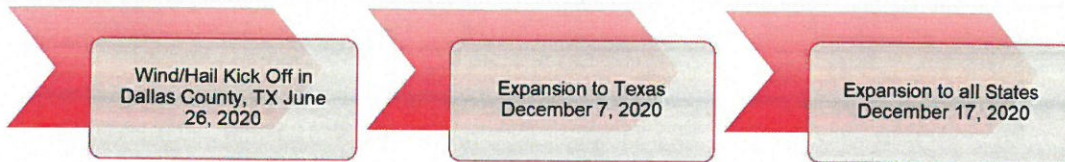


*note, March and April 2021 figures approximate

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Wind/Hail – Initial Analysis & Prioritized Tactics

- Claim Handling Hygiene - Small Hail ($\leq 1"$) & Light Wind (≥ 50 mph) - Early Team Manager Involvement	PERIL	HYPOTHESIS	METRIC	BASELINE	INDUSTRY BEST
	Wind	Unnecessary roof replacement on minor wind damages (50 mph or less)	% Full Roof Replacement (FRR) on Severity 3 Wind	63%	5-10%
	Hail	Unnecessary roof replacement on light hail damages (1" hail or smaller)	% Full Roof Replacement (FRR) on Severity 3 Hail	90%	5-10%
- Data Set Analysis: Texas, All Wind/Hail Losses (Cat and Non-Cat), 2017-2019 - Baseline: Analysis of 3-year data validated FRRs were paid at 63% frequency for Severity 3 Wind and 90% frequency for Severity 3 Hail - Industry Best: Industry Best FRR on light wind and small hail averages a 5-10% frequency, therefore an internal quality improvement opportunity of 53-55% for light wind and 80-85% for small hail - Quality Play: Establish parameters to engage Team Manager review when claim handler recommends full slope replacement or full roof replacement for claims with light wind (50 mph or less) or small hail (1" or smaller)					



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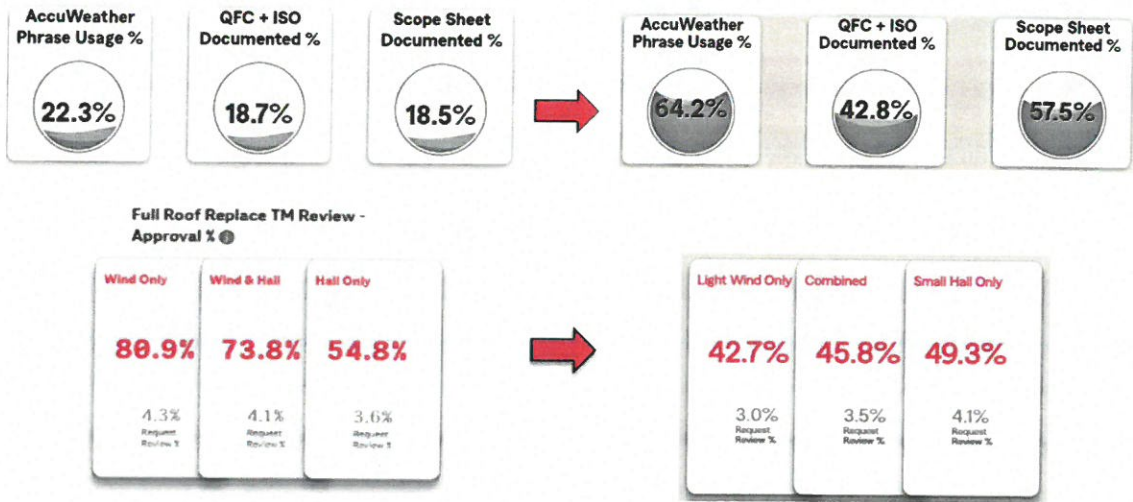
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Wind/Hail – Playbook

Fundamentals	Live Plays	Calibration
• Roof Skills Review • HAAG Refresher • Wind Loss Overview • Wind Evaluation Sheet • Art of the Conversation • Fire Data Accuracy Dashboard	• TM reviews on roof replacement recommendations (≤ 1", ≥ 50 mph, and Age & Condition) • Enhanced emphasis on Claim Handling Hygiene • Use of Structured Phrases to measure adoption • Weekly Monitoring & Surveying • Targeted Reinspections	• Age & Condition reviews in all states • ITEL vendor solution for shingle identification / availability • EagleView Connect Explorer • Policy Endorsement

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Wind/Hail – February 2021 vs June 2021

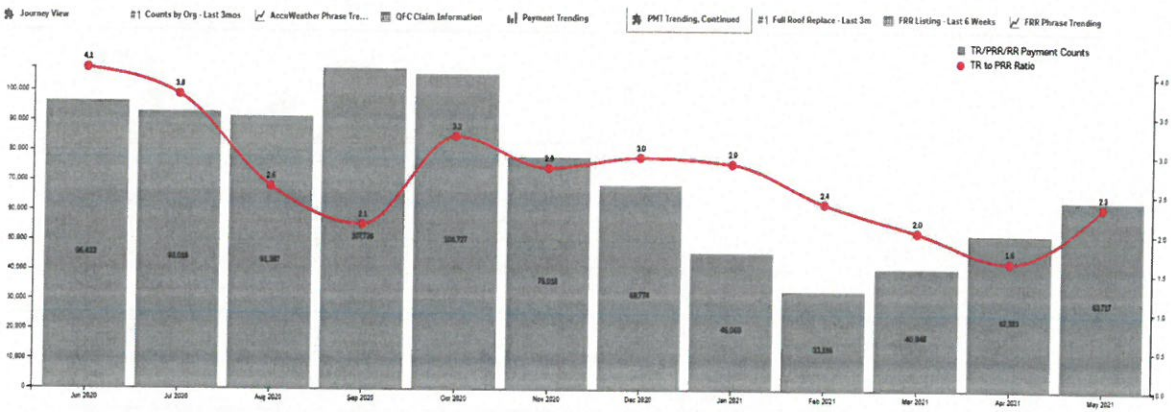


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Wind/Hail Total Roof to Partial Roof Replacement Ratio



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Wind/Hail – Continuous Improvement

- Wind/hail peril NPI increased +\$1.49B (+45.3%) YOY yet decreased -\$74.0M (-1.5%) in the past three months. Jurisdictions with YOY increases greater than +\$90M were Louisiana, Iowa, Alabama, Texas, and Georgia; Colorado experienced the largest decrease (-\$110.9M). Pending counts decreased YOY (-16,108) yet increased in the past three months (+6,212).

*Our quality focus and claim handling are guided by and in support of *Our Commitment to Our Policyholders*

Total Homeowners Wind/Hail Peril (including Catastrophe) Trends by Jurisdiction

Data as of May 2021	% Net Paid Indemnity (sorted)	Net Paid Indemnity (Millions)	Net Paid Indemnity			Incurred Pure Premium		Incurred Frequency		Paid Severity		Pending Counts	
			YOY Δ (Millions)	YOY Δ Percent	Vs. P5YR Avg*	YOY Δ Percent	Vs. P5YR Avg*	YOY Δ Percent	Vs. P5YR Avg*	YOY Δ Percent	Vs. P5YR Avg*	YOY Δ Percent	Vs. P5YR Avg*
Louisiana	18.4%	\$1,115.8	+\$979.3	+717.8%	+1,139.8%	+\$93.9%	+1,128.5%	+237.4%	+414.8%	+106.7%	+138.6%	-18.8%	+135.3%
Texas	9.6%	\$561.3	+\$87.4	+17.7%	-7.2%	-1.7%	-11.5%	+17.7%	-19.1%	-16.5%	+9.4%	-25.8%	+11.9%
Illinois	8.7%	\$530.1	-\$46.2	-8.0%	+10.2%	-22.1%	-4.3%	-14.2%	-6.2%	-9.2%	+2.0%	-68.7%	-44.7%
Iowa	6.3%	\$380.0	+\$290.9	+328.6%	+457.7%	+\$291.1%	+434.4%	+312.8%	+446.5%	-5.2%	-2.2%	-52.0%	-12.9%
Minnesota	4.7%	\$287.7	+\$28.5	+11.0%	+27.7%	+10.7%	+27.3%	+4.0%	+10.8%	+6.4%	+14.5%	+70.4%	+84.6%
Georgia	4.7%	\$286.0	+\$96.6	+61.0%	+24.5%	+38.2%	+18.8%	+21.8%	-10.2%	+13.5%	+32.2%	-17.1%	+60.2%
Alabama	3.5%	\$214.4	+\$131.1	+187.4%	+131.2%	+128.3%	+118.4%	+110.1%	+108.8%	+8.7%	+5.6%	+18.4%	+192.2%
Ohio	3.1%	\$188.7	-\$12.9	-6.4%	+62.1%	-11.9%	+47.6%	-16.6%	+12.7%	+5.7%	+31.6%	-49.9%	-19.4%
Oklahoma	3.0%	\$182.3	+\$6.7	+3.8%	+36.0%	-11.7%	+19.6%	-10.8%	+14.2%	-1.0%	+4.8%	-60.0%	-13.8%
Missouri	3.0%	\$179.8	-\$12.4	-6.5%	+12.0%	-27.3%	-8.2%	-39.0%	-28.0%	+19.3%	+27.6%	-82.2%	-69.3%
Colorado	2.7%	\$165.5	-\$114.4	-40.9%	+40.3%	-44.0%	-44.6%	-52.9%	-65.4%	+18.8%	+60.2%	-18.6%	-57.6%
Tennessee	2.6%	\$160.4	-\$24.3	-13.2%	+64.4%	-32.2%	+34.5%	-48.2%	-18.4%	+30.6%	+64.8%	-61.3%	-11.6%
Florida	2.6%	\$155.5	+\$16.0	+11.5%	+8.4%	-3.1%	-7.7%	+16.8%	-33.2%	-16.8%	+38.1%	+13.9%	+122.6%

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Wind/Hail – Law of Recency

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Questions?



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