

Executive Summary

Claims Committee Meeting, March 10, 2022

Board of Governors Meeting, March 23, 2022

Litigated Claims Update

CLAIMS LITIGATION – 2021 YEAR END (January 1, 2021 – December 31, 2021)

Overview of Incoming Lawsuits and Pending Volume:

From January 2021 through December 2021, Citizens was served with 10,085 lawsuits (9,945 Residential Property, 61 Commercial Property and 79 Liability) – averaging 878 new lawsuits per month. This reflects a 33% increase in the number of new incoming suits per month as compared to 2020 (average 633 per month).

Breakdown of 2021 YTD New Lawsuits:

First Party Residential Property – 9,945 Total (99% of Overall Total)

- Residential CAT	5,030	51%
- Residential Non-CAT	4,911	49%
- Residential Sinkhole	4	0%

First Party Commercial Property – 61 Total (<1% of Overall Total)

- Commercial CAT	59	97%
- Commercial Non-CAT	2	3%
- Commercial Sinkhole	0	0%

Third Party Liability – 79 Total (<1% of Overall Total)

As of December 31, 2021, pending volume totaled 16,895 lawsuits (16,606 Residential Property, 189 Commercial Property and 100 Liability). This reflects a 32% increase in pending as compared to 2020 (12,786 pending matters).

Breakdown of 2021 YTD Pending Lawsuit Volume:

First Party Residential Property – 16,606 Total (98% of Overall Total)

- Residential CAT	8,628	52%
- Residential Non-CAT	7,893	48%
- Residential Sinkhole	85	<1%

First Party Commercial Property – 189 Total (1% of Overall Total)

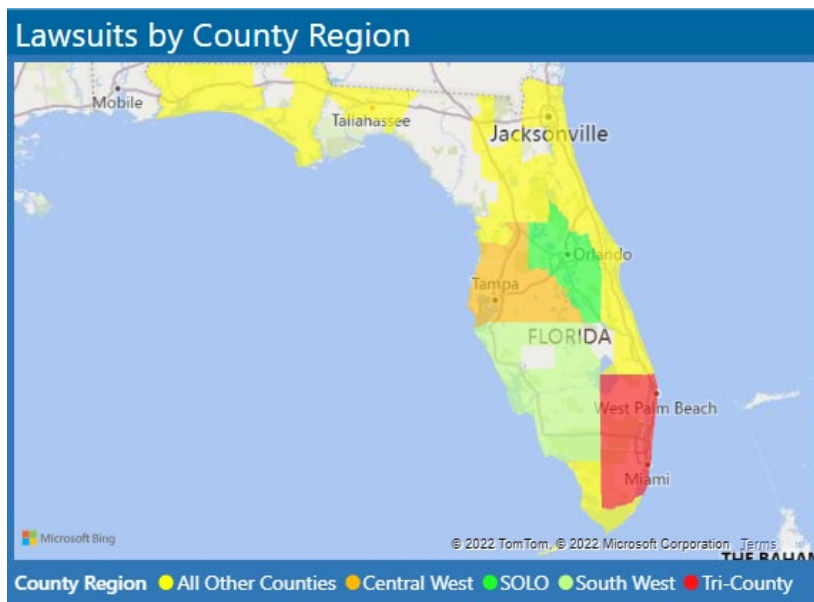
- Commercial CAT	178	94%
- Commercial Non-CAT	7	4%
- Commercial Sinkhole	4	2%

Third Party Liability – 100 Total (<1% of Overall Total)

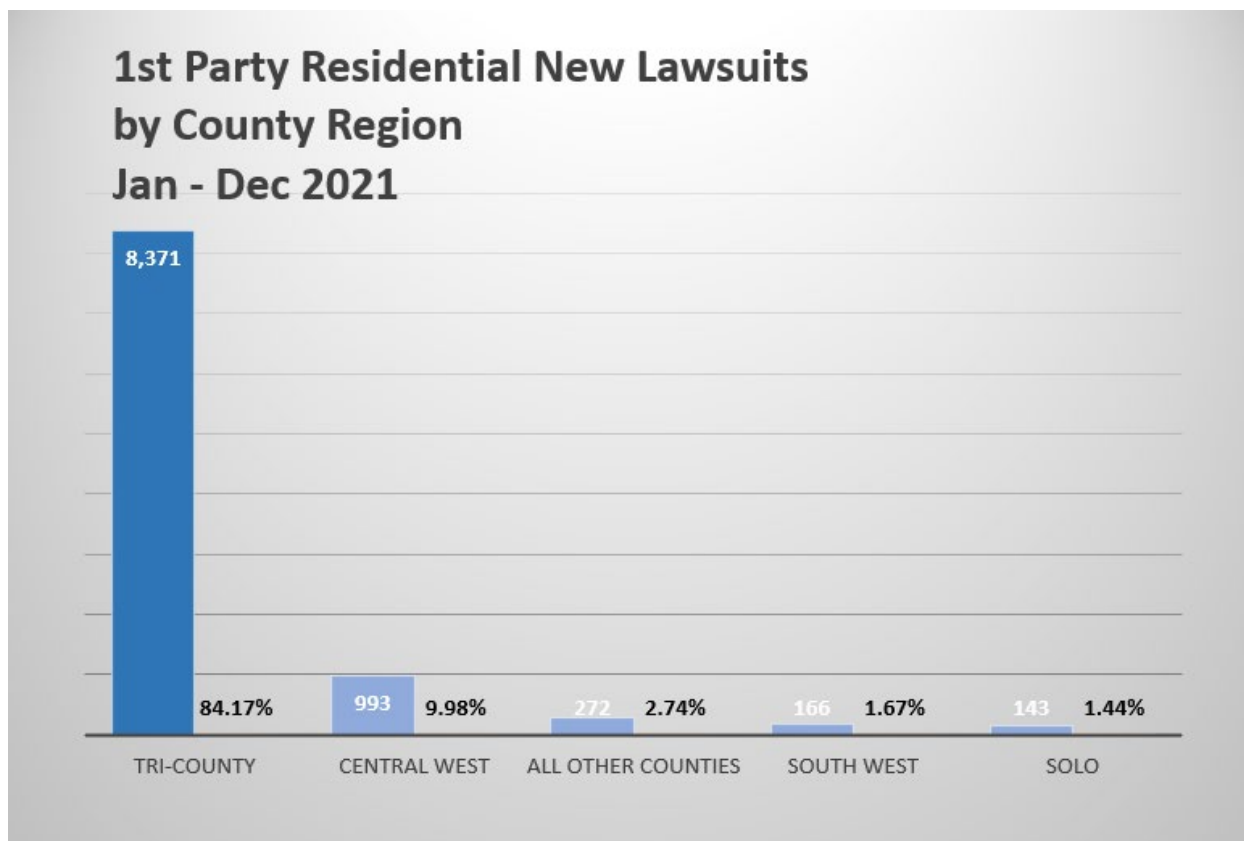
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84% of the incoming residential property lawsuits arose out of the Tri-County area. This is a 4% decrease compared to 2020.



Region where Served	Lawsuits	% Grand Total
Tri-County	8371	84.17%
Central West	993	9.98%
All Other Counties	272	2.74%
South West	166	1.67%
SOLO	143	1.44%
Total	9945	100.00%



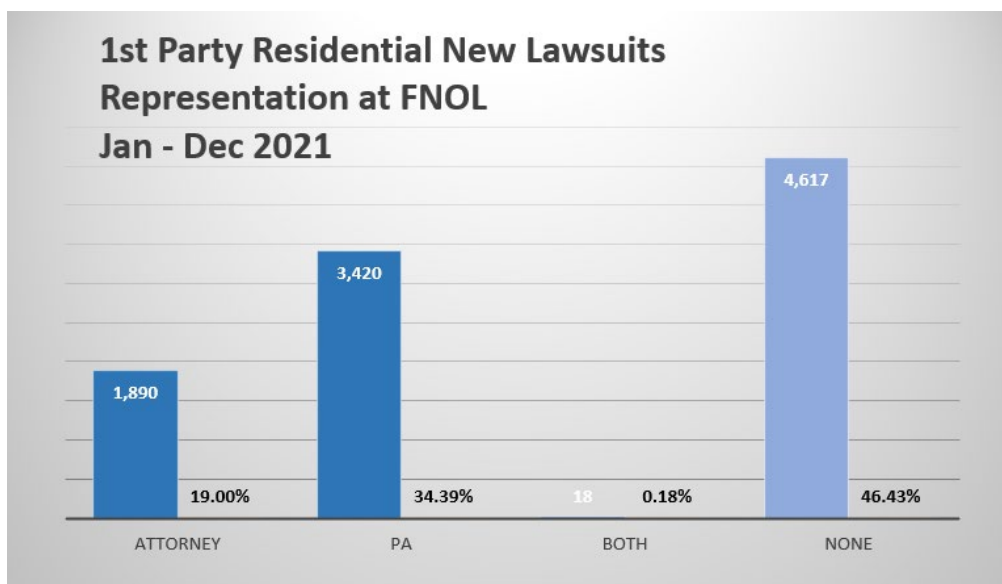
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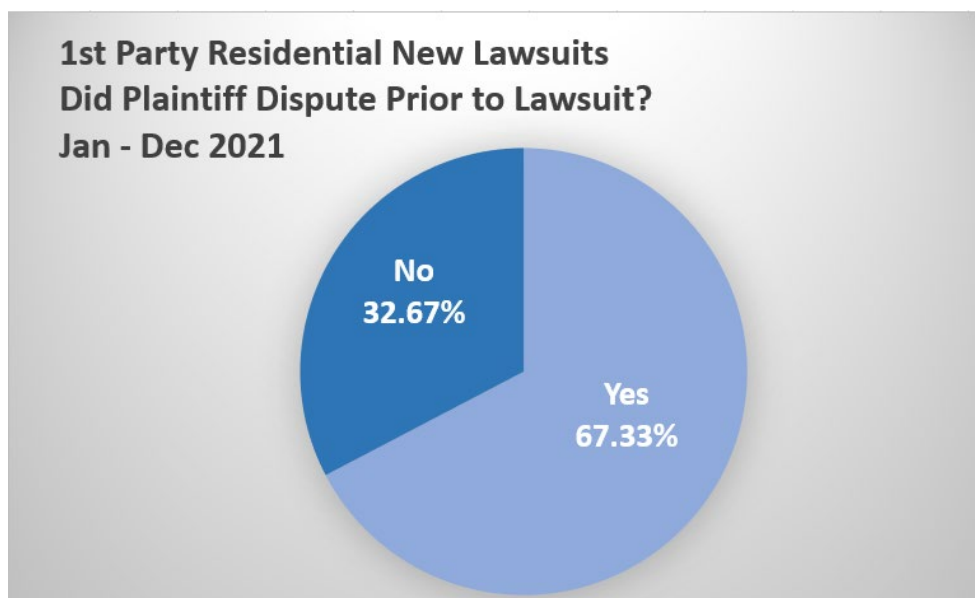
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The plaintiff was represented at First Notice of Loss in 54% of incoming residential property lawsuits, a decrease of 8% as compared to 2020:

- Attorney 19%
- Public Adjuster 34%
- Both Attorney & PA <1%



In 33% of the incoming residential property lawsuits the insured did not dispute Citizens' position or adjustment of the claim prior to filing suit which shows a 25% decrease from 2020.



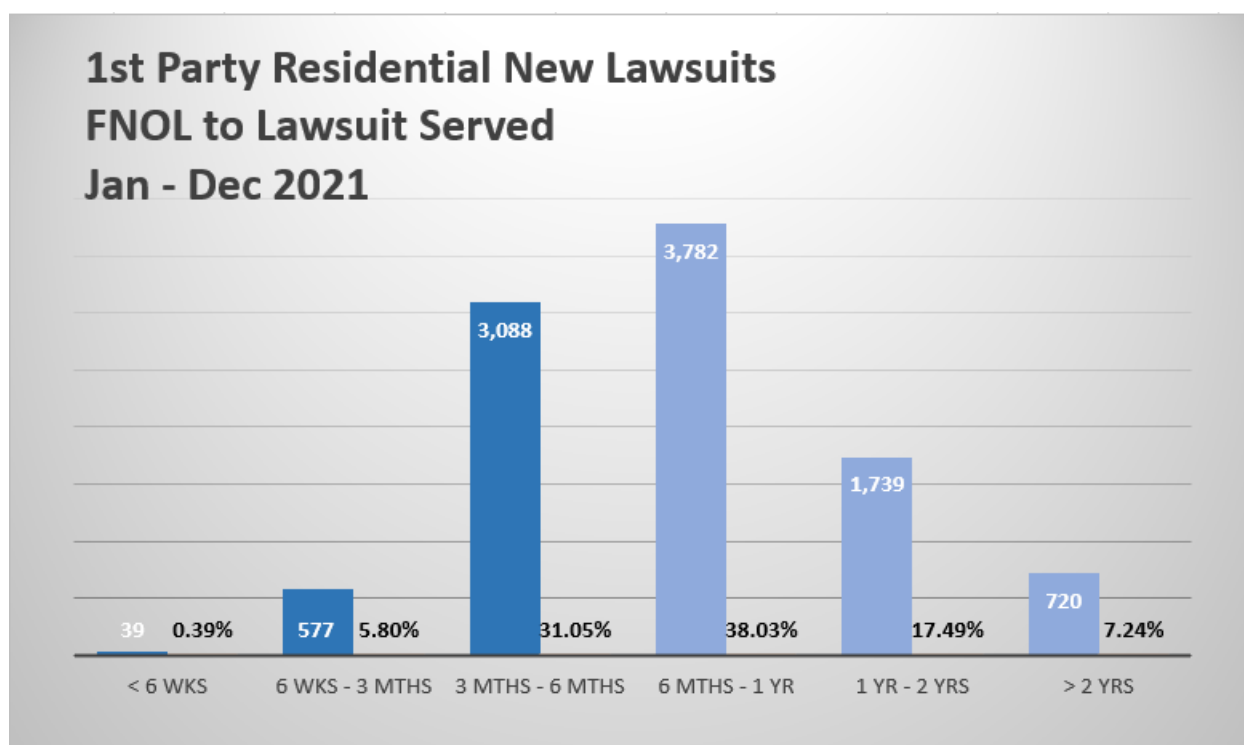
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A review of the timing of incoming lawsuits reveals that 37% of lawsuits were brought within 6 months of the First Notice of Loss (FNOL). There is decrease of 12% compared to 2020.

- Within 6 weeks of FNOL <1%
- Within 3 months of FNOL 6%
- Within 6 months of FNOL 31%
- Within 1 year of FNOL 38%
- Within 2 years of FNOL 17%
- 2 or more years from FNOL 7%



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CAT, AOB and Water Loss:

Year End 2021

The leading cause of loss for new incoming Residential Property lawsuits were CAT losses which represented 51% of incoming lawsuits, which is consistent with 2020. 34% of the CAT lawsuits were brought by the Insured, with 17% brought by AOB Vendors. AOB litigation represented 31% of new incoming residential property lawsuits, a 14% increase compared to 2020. Water loss litigation represented 25% of new incoming lawsuits, a 9% increase over 2020.

For Commercial Property losses, 70% of new incoming lawsuits were filed by the insured on CAT related losses. Commercial AOB losses represented 26% of incoming lawsuits, the majority of which are also CAT. This is consistent with Commercial lawsuits for in 2020.

CAT losses also remained the leading cause of loss in Residential Property pending volume, representing 50% of the pending for residential property lawsuits, a 3% increase compared to 2020. The overall percentage of pending AOB lawsuits represented 26% of the pending residential property lawsuits. Pending Water loss has decreased by 13% as compared to 2020, and represented 24% of all residential lawsuits.

Commercial Property pending volume also represented by majority CAT losses with 76% filed by the insured and 18% filed by AOB vendors.

Non-Weather Water Lawsuits represented 24% of all new incoming and pending volume, a 4% decrease as compared to 2020.

January 2022 Update:

As of January 31, 2022, Citizens was served with 943 lawsuits (931 Residential Property, 1 Commercial Property, 11 Liability). This reflects a 41% increase compared to January 2021.

CAT Lawsuits represent 41% of all new incoming lawsuits, an 11% increase compared to January 2021. Pending CAT Lawsuits now represent 52%, a 40% increase compared to the same time period last year keeping CAT as the leading cause of loss in both new and pending lawsuits.

AOB Lawsuits represent 39% of new incoming lawsuits which represents a 127% increase compared to January 2021. Pending AOB lawsuits have also increased by 38% as compared to January 2021 and now represents 29% of January 2022 Pending.

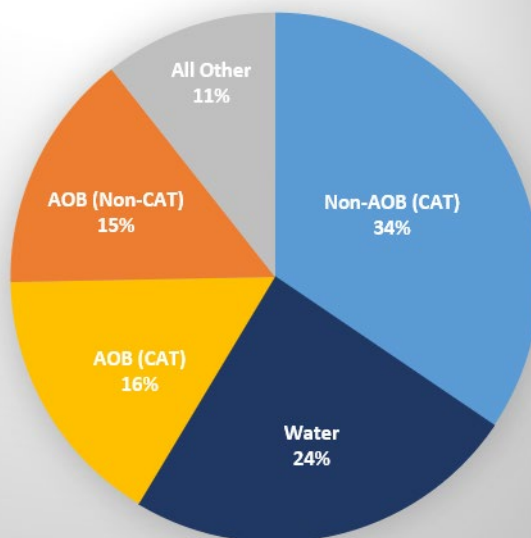
Non-Weather Water Lawsuits currently represent 25% of new incoming and 24% of pending, a 61% and 22% increase respectively from January 2021.

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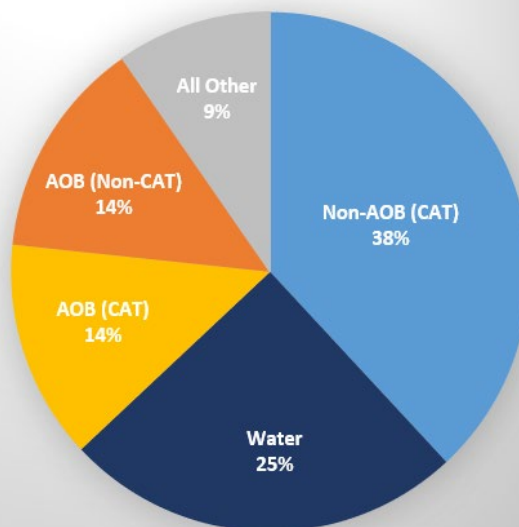
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1st Party Residential New Lawsuits CAT, AOB & Water Loss Jan - Dec 2021



1st Party Residential Pending Lawsuits CAT, AOB & Water Loss As of Dec 31, 2021



CONCLUSION

Citizens has experienced a significant increase in new, incoming lawsuits over the last several months with a 41% increase as compared to January 2020. CAT losses remain the leading cause of loss for both new incoming and pending lawsuits as had been the trend consistently throughout 2021 and continuing in 2022.

A significant increase has also been realized with AOB lawsuits in both new, incoming and pending volume. The vast majority of these AOB suits are related to CAT losses from 2020 storms (particularly Tropical Storm Eta).

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Water loss lawsuits are also now on a sharp upward trend, reversing the previous downward trend experienced from 2020 to 2021.

The sharp increase in new, incoming litigation is due to the increasing policy count in combination with the 2020 CAT losses. The climbing pending volume is due in large part to the lingering effects of the Covid response by the state court system.

While it is still too early to realize the impact of SB76 on litigation, we do expect to start seeing the effects of the statutory design in mid-2022.