

Executive Summary

Claims Committee Meeting, June 23, 2022

Board of Governors Meeting, July 13, 2022

Litigated Claims Update

CLAIMS LITIGATION – 2022 YEAR TO DATE (January 1, 2022 – April 30, 2022)

Overview of Incoming Lawsuits and Pending Volume:

From January 2022 through April 2022, Citizens was served with 3,881 lawsuits (3,832 Residential Property, 17 Commercial Property and 32 Liability) – averaging 970 new lawsuits per month. This reflects a 12% increase in the number of new incoming suits per month as compared to this same time period last year (2021 average for January through April – 870).

Breakdown of 2022 YTD New Lawsuits:

First Party Residential Property – 3,832 Total (99% of Overall Total)

- Residential CAT	1,559	41%
- Residential Non-CAT	2,270	59%
- Residential Sinkhole	3	0%

First Party Commercial Property – 17 Total (<1% of Overall Total)

- Commercial CAT	14	82%
- Commercial Non-CAT	3	18%
- Commercial Sinkhole	0	0%

Third Party Liability – 32 Total (<1% of Overall Total)

As of April 30, 2022, current pending volume totaled 18,455 lawsuits (18,160 Residential Property, 189 Commercial Property and 106 Liability). This reflects a 28% increase in pending as compared to this same time last year (14,380 pending matters).

Breakdown of 2022 YTD Pending Lawsuit Volume:

First Party Residential Property – 18,160 Total (98% of Overall Total)

- Residential CAT	9,173	50%
- Residential Non-CAT	8,909	49%
- Residential Sinkhole	78	<1%

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

- Commercial CAT	175	93%
- Commercial Non-CAT	10	5%
- Commercial Sinkhole	4	2%

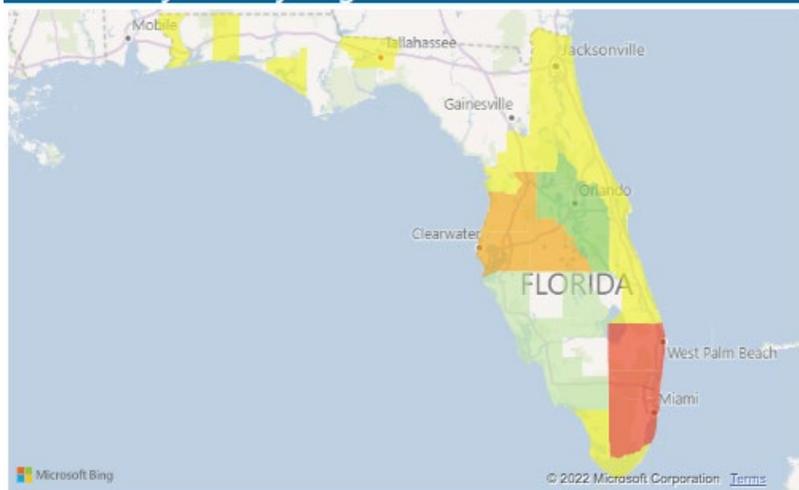
Third Party Liability – 106 Total (<1% of Overall Total)

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Lawsuits by County Region

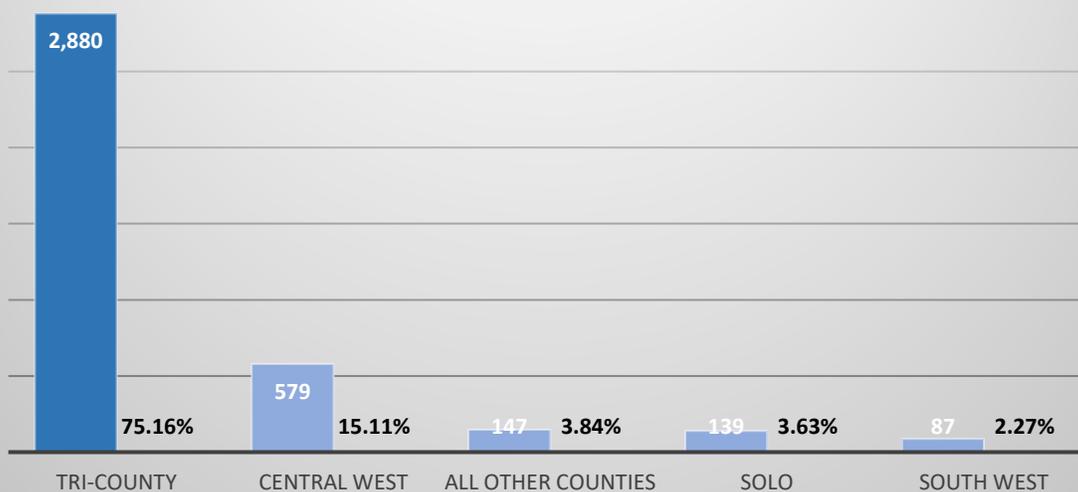


75% of the incoming Residential Property lawsuits arise out of the Tri-County area. This represents a 12% decrease in the distribution of Lawsuits originating from the Tri-County area, primarily due to the increasing distribution arising out of the Central West area.

County Region	Count of Lawsuits	% Grand Total
Tri-County	2880	75.16%
Central West	579	15.11%
All Other Counties	147	3.84%
SOLO	139	3.63%
South West	87	2.27%
Total	3832	100.00%

County Region ● All Other Counties ● Central West ● SOLO ● South West ● Tri-County

1st Party Residential New Lawsuits by County Region Jan-Apr 2022



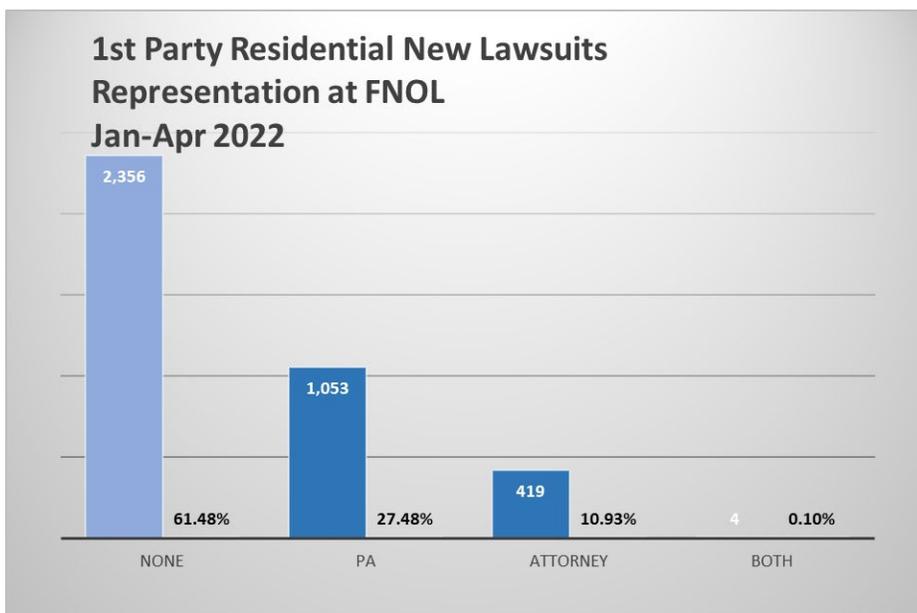
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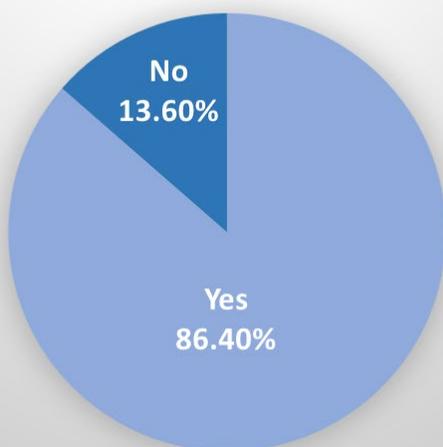
Board of Governors Meeting, July 13, 2022

The plaintiff was represented at First Notice of Loss in 39% of incoming residential property lawsuits. This represents a 33% decrease as compared to 2021:

- Public Adjuster 27%
- Attorney 11%
- Both PA & Attorney <1%



1st Party Residential New Lawsuits Did Plaintiff Dispute Prior to Lawsuit? Jan-Apr 2022



In 14% of the incoming Residential Property lawsuits the insured did not dispute Citizens' position or adjustment of the claim prior to filing suit which represents a 65% decrease compared to 2021. This is the expected and intended effect of the Notice of Intent statute. We anticipate this will continue to decline as we approach the 1 year anniversary of the statute.

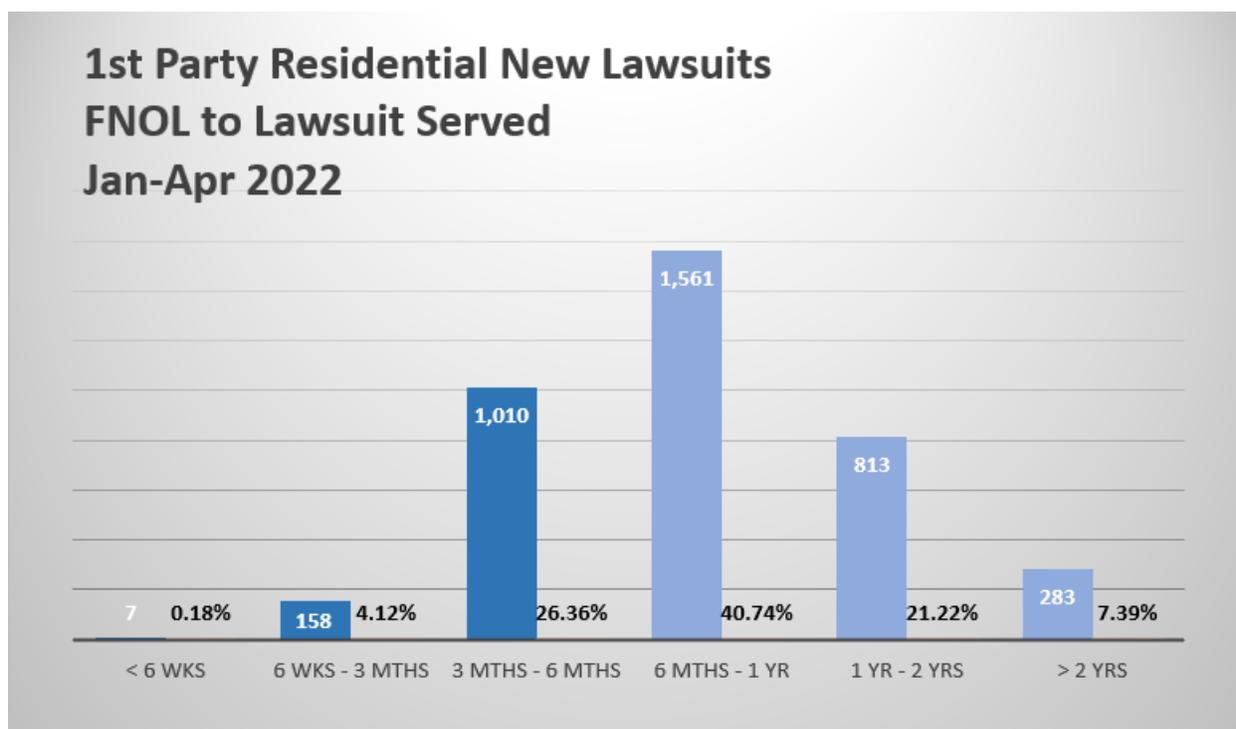
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A review of the timing of incoming lawsuits reveals that 31% of lawsuits are brought within 6 months of the First Notice of Loss (FNOL). This is a 34% decrease compared to 2021.

- Within 6 weeks of FNOL <1%
- Within 3 months of FNOL 4%
- Within 6 months of FNOL 26%
- Within 1 year of FNOL 41%
- Within 2 years of FNOL 21%
- 2 or more years from FNOL 7%



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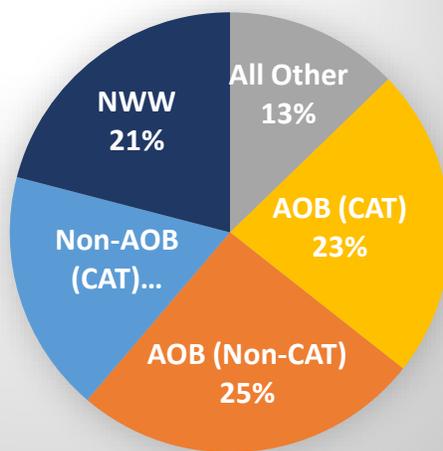
Water Loss, AOB and CAT:

New incoming CAT lawsuits in have decreased by 27% in distribution, now representing 41% of all new incoming lawsuits. Pending CAT lawsuits remain at 51% of all pending lawsuits from January 2022 through April 2022 and continues to be the leading cause of loss in pending lawsuits.

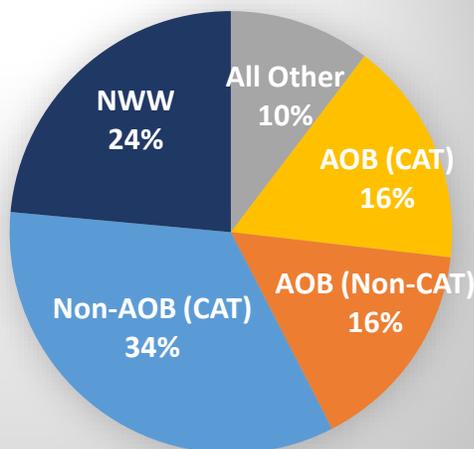
AOB Lawsuits, however, have increased by 93%, now representing 48% of all new incoming lawsuits making AOB the leading lawsuit type for new incoming lawsuits. Pending AOB lawsuits have also increased, by 19%, now representing 32%, as compared to January through April 2021.

Non-Weather Water Lawsuits represent 21% of all new incoming (3% decrease as compared to 2021) and 23% of all pending (6% decrease compared to the same time period last year).

1st Party Residential New Lawsuits CAT, AOB & Water Loss Jan-Apr 2022



1st Party Residential Pending Lawsuits CAT, AOB & Water Loss As of Apr 30, 2022



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CONCLUSION

Citizens continues to experience a increasing trend in new, incoming lawsuits primarily attributable to the increasing number of Policies in Force (PIF). This is also impacting the pending volume as we continued to work through the backlog in pending created by the effects of the prior Covid response by the state court system with the temporary suspension of court hearings/trials.

Citizens has experienced a very sharp rise in the distribution of new, incoming AOB lawsuits, an increase of 93% as compared to the same time period in 2021, which elevates AOB lawsuits to the leading lawsuit type for new volume.

Although the Notice of Intent statute does not take full effect over the PIF until July 2022 we are already seeing the effects over the new, incoming lawsuits as there has been a 65% decrease in the lawsuits filed without the insured first notifying Citizens of a dispute prior to filing. We expect this to continue to decrease as the statute has full effect over all PIF in July 2022.

We are also seeing a continued rising trend of lawsuits arising out of the Central West area that has been building over the last two years.