

# Executive Summary

Claims Committee Meeting, September 1, 2022

Board of Governors Meeting, September 21, 2022

## Litigated Claims Update

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

#### Overview of Incoming Lawsuits and Pending Volume:

From January 2022 through June 2022, Citizens was served with 5,907 lawsuits (5,847 Residential Property, 21 Commercial Property and 39 Liability) – averaging 985 new lawsuits per month. This reflects a 10% increase in the number of new incoming suits per month as compared to this same time period last year (2021 average for January through June – 895).

#### Breakdown of 2022 YTD New Lawsuits:

##### First Party Residential Property – 5,847 Total (99% of Overall Total)

- Residential CAT	2,401	41%
- Residential Non-CAT	3,443	59%
- Residential Sinkhole	3	0%

##### First Party Commercial Property – 21 Total (<1% of Overall Total)

- Commercial CAT	18	86%
- Commercial Non-CAT	3	14%
- Commercial Sinkhole	0	0%

##### Third Party Liability – 39 Total (<1% of Overall Total)

As of June 30, 2022, current pending volume totaled 19,139 lawsuits (18,851 Residential Property, 184 Commercial Property and 104 Liability). This reflects a 25% increase in pending as compared to this same time last year (15,256 pending matters).

#### Breakdown of 2022 YTD Pending Lawsuit Volume:

##### First Party Residential Property – 18,851 Total (98% of Overall Total)

- Residential CAT	9,410	50%
- Residential Non-CAT	9,368	50%
- Residential Sinkhole	73	<1%

##### First Party Commercial Property – 184 Total (1% of Overall Total)

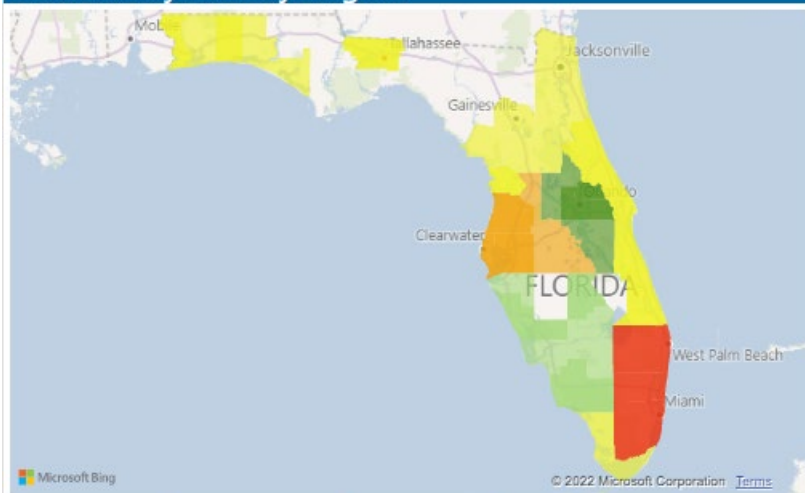
- Commercial CAT	171	93%
- Commercial Non-CAT	9	5%
- Commercial Sinkhole	4	2%

##### Third Party Liability – 104 Total (<1% of Overall Total)

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## Lawsuits by County Region

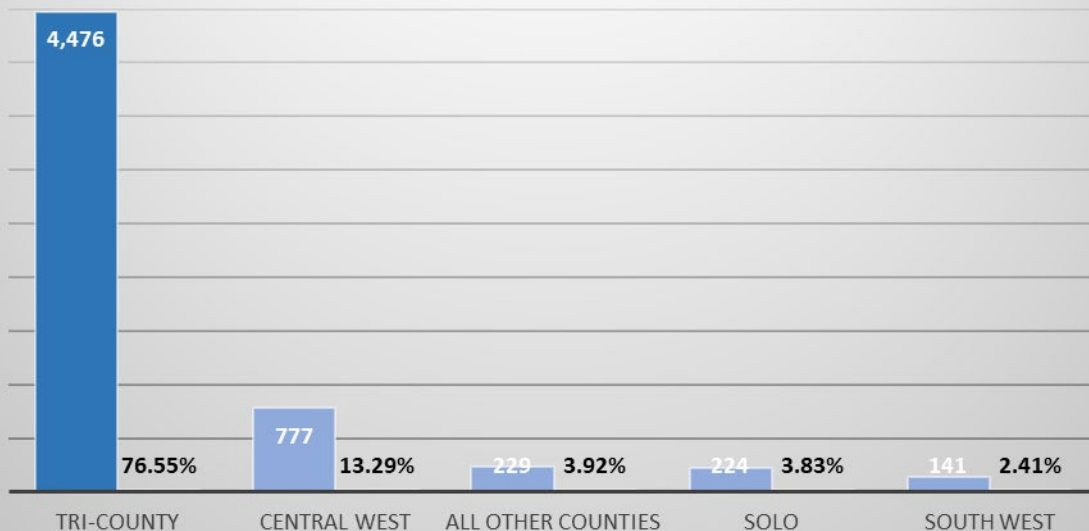


77% of the incoming Residential Property lawsuits arise out of the Tri-County area. This represents a 9% decrease in the distribution of Lawsuits originating from the Tri-County area, primarily due to the increasing distribution arising out of the Central West area.

County Region	Count of Lawsuits	% Grand Total
Tri-County	4476	76.55%
Central West	777	13.29%
All Other Counties	229	3.92%
SOLO	224	3.83%
South West	141	2.41%
<b>Total</b>	<b>5847</b>	<b>100.00%</b>

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

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

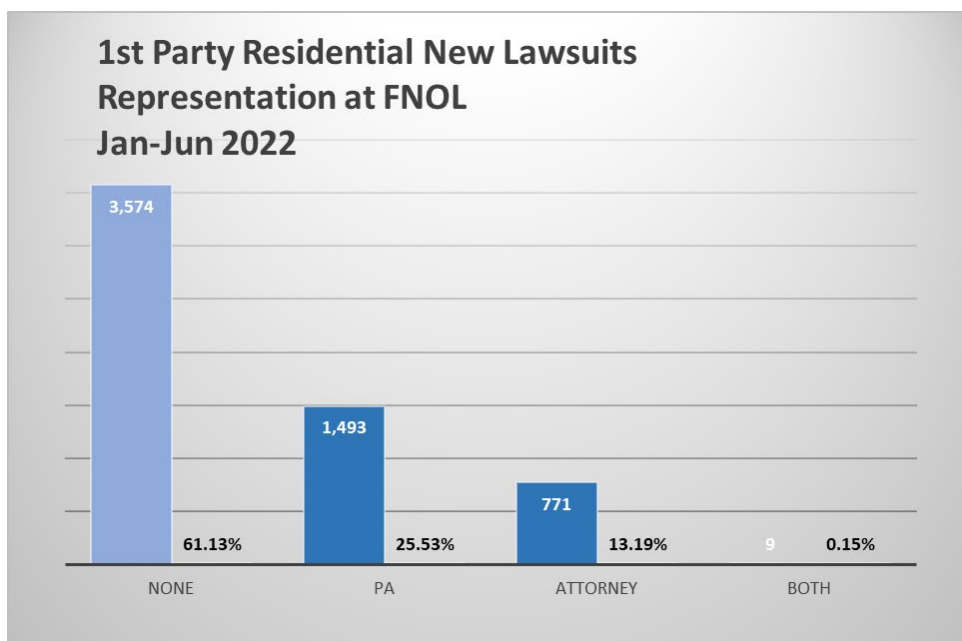


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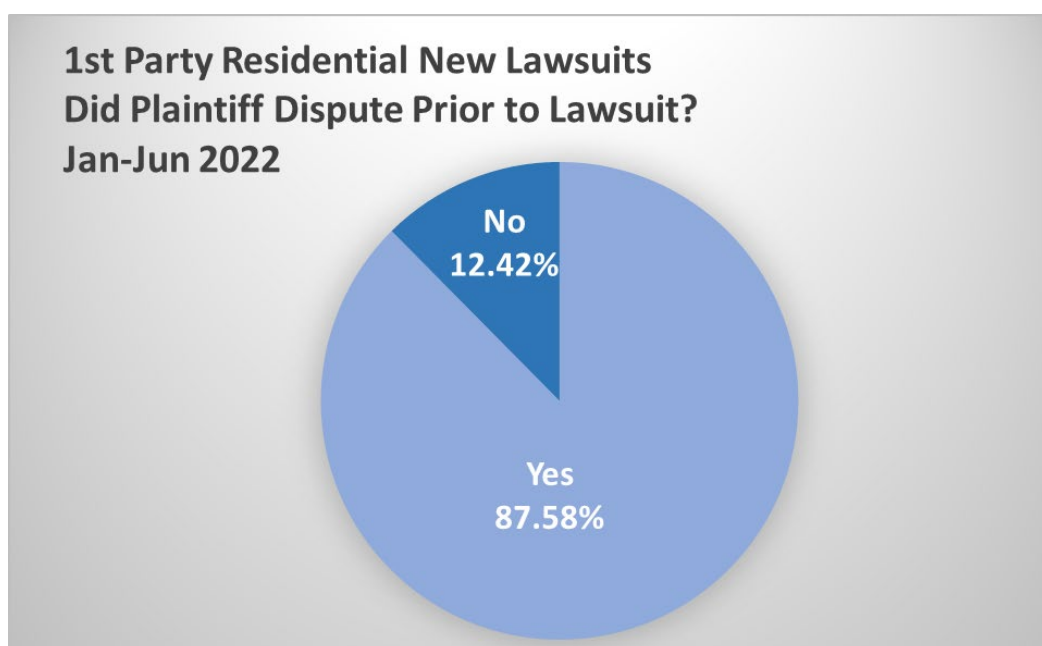
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The plaintiff was represented at First Notice of Loss in 39% of incoming residential property lawsuits. This represents a 32% decrease as compared to 2021:

- Public Adjuster 26%
- Attorney 13%
- Both PA & Attorney <1%



In 12% 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 68% decrease compared to 2021. This is the expected and intended effect of the Notice of Intent statute (NOI). We anticipate this will continue to decline as all current policies are subject to the NOI statute.



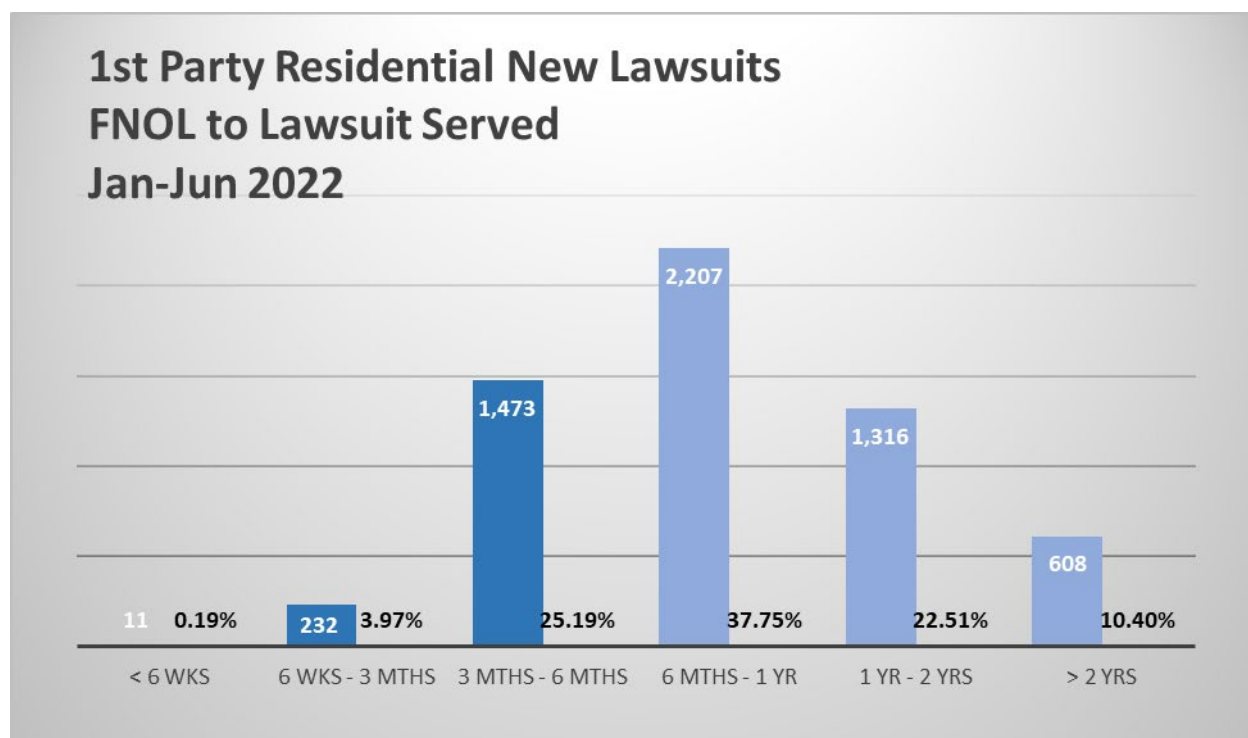
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A review of the timing of incoming lawsuits reveals that 29% of lawsuits are brought within 6 months of the First Notice of Loss (FNOL). This is a 31% decrease compared to 2021. This is expected as it is the historical trend that lawsuits are filed later in time in the absence of a recent hurricane event.

- Within 6 weeks of FNOL <1%
- Within 3 months of FNOL 4%
- Within 6 months of FNOL 25%
- Within 1 year of FNOL 38%
- Within 2 years of FNOL 23%
- 2 or more years from FNOL 10%



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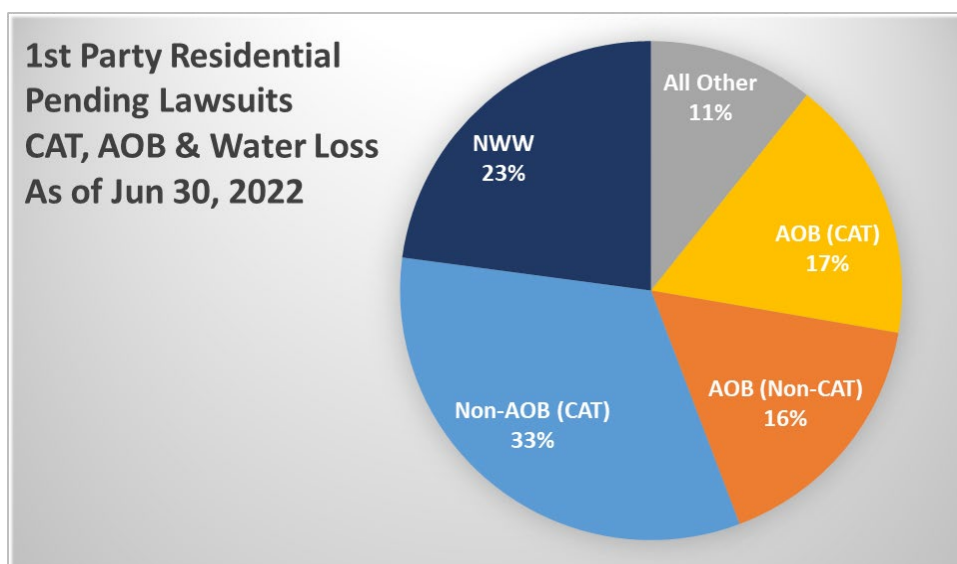
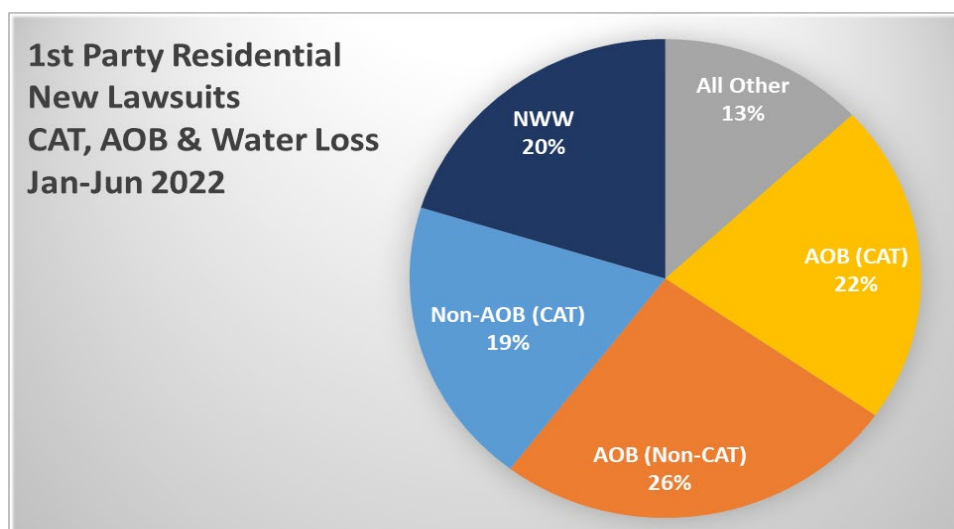
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## Water Loss, AOB and CAT:

The overall distribution of new incoming CAT lawsuits have decreased by 24%, now representing 41% of all new incoming lawsuits. Pending CAT lawsuits remain at 50% of all pending lawsuits as of June 30, 2022 and continues to be the leading cause of loss in pending lawsuits.

The overall distribution of AOB Lawsuits have increased by 78%, now representing 47% of all new incoming lawsuits and making AOB the leading lawsuit type for new incoming lawsuits. Pending AOB lawsuits have also increased by 24%, now representing 33% of overall pending as compared to this same time period in 2021.

Non-Weather Water (NWW) Lawsuits represent 20% of the overall distribution of new incoming lawsuits and 23% of all pending, a 10% and 8% decrease respectively compared to the same time period in 2021.



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## CONCLUSION

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Both new incoming and pending litigation volume continue to rise, as has been the trend for quite some time now. AOB also continues to remain the highest percentage of new incoming litigation and represents a significantly higher proportion of both new and pending litigation volume as compared to last year.

The Tri-County area remains the highest producing area for new lawsuits, however we are seeing a proportional decrease over time as there is an increasing trend of lawsuits generated out of the Central West region of the state.

Some benefits of the NOI statute are being experienced in litigation in terms of Citizens' awareness of an insured's disagreement with the adjustment of the claim prior to a lawsuit. This provides Citizens with the opportunity to resolve a dispute for a covered claim without protracted litigation.