

# Executive Summary

Claims Committee Meeting, November 17, 2022

Board of Governors Meeting, December 7, 2022

## Litigated Claims Update

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

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

From January 2022 through September 2022, Citizens was served with 9,378 lawsuits (9,280 Residential Property, 34 Commercial Property and 64 Liability) – averaging 1,042 new lawsuits per month. This reflects a 19% increase in the number of new incoming suits per month as compared to this same time period last year (2021 average for January through September – 878).

#### Breakdown of 2022 YTD New Lawsuits:

First Party Residential Property – 9,280 Total (99% of Overall Total)

- Residential CAT	3,711	40%
- Residential Non-CAT	5,600	60%
- Residential Sinkhole	5	0%

First Party Commercial Property – 34 Total (<1% of Overall Total)

- Commercial CAT	31	91%
- Commercial Non-CAT	3	9%
- Commercial Sinkhole	0	0%

Third Party Liability – 64 Total (<1% of Overall Total)

As of September 30, 2022, current pending volume totaled 20,376 lawsuits (20,092 Residential Property, 176 Commercial Property and 108 Liability). This reflects a 25% increase in pending as compared to the same time last year (16,240 pending matters).

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

First Party Residential Property – 20,092 Total (99% of Overall Total)

- Residential CAT	9,687	48%
- Residential Non-CAT	10,335	51%
- Residential Sinkhole	70	<1%

First Party Commercial Property – 176 Total (1% of Overall Total)

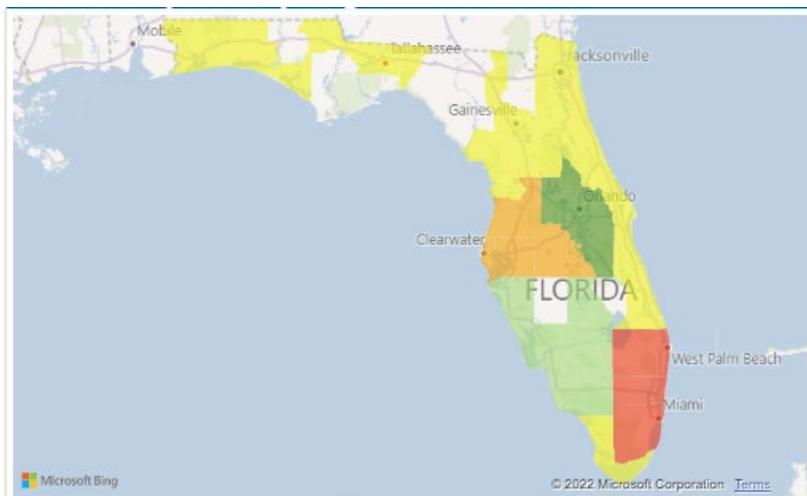
- Commercial CAT	163	93%
- Commercial Non-CAT	9	5%
- Commercial Sinkhole	4	2%

Third Party Liability – 108 Total (<1% of Overall Total)

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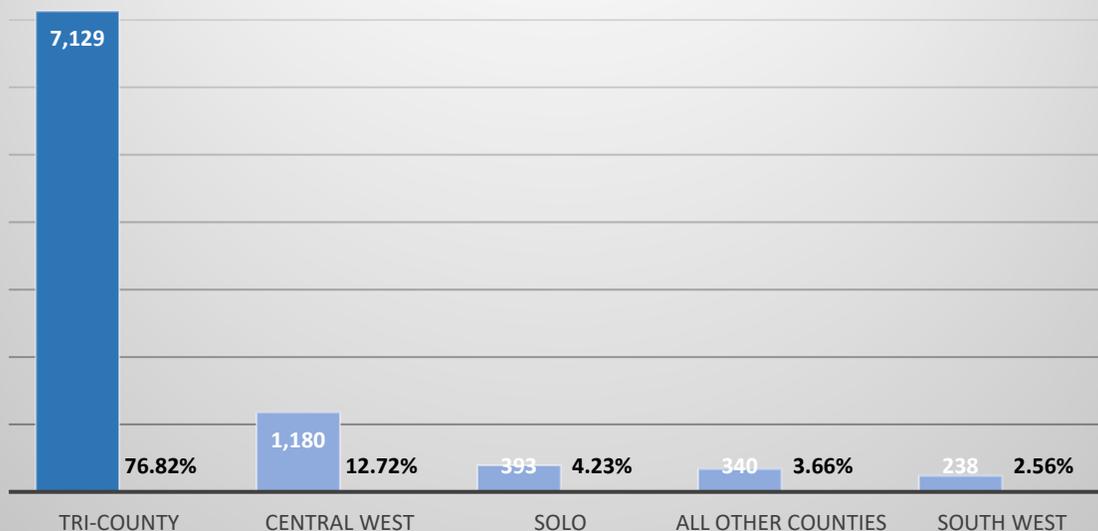
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77% of the incoming Residential Property lawsuits arise out of the Tri-County area. This represents an 8% decrease in the distribution of Lawsuits originating from the Tri-County area, primarily due to the increasing distribution arising out of the Central West area.

County Region	Count of Lawsuits	% Grand Total
Tri-County	7129	76.82%
Central West	1180	12.72%
SOLO	393	4.23%
All Other Counties	340	3.66%
South West	238	2.56%
<b>Total</b>	<b>9280</b>	<b>100.00%</b>

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



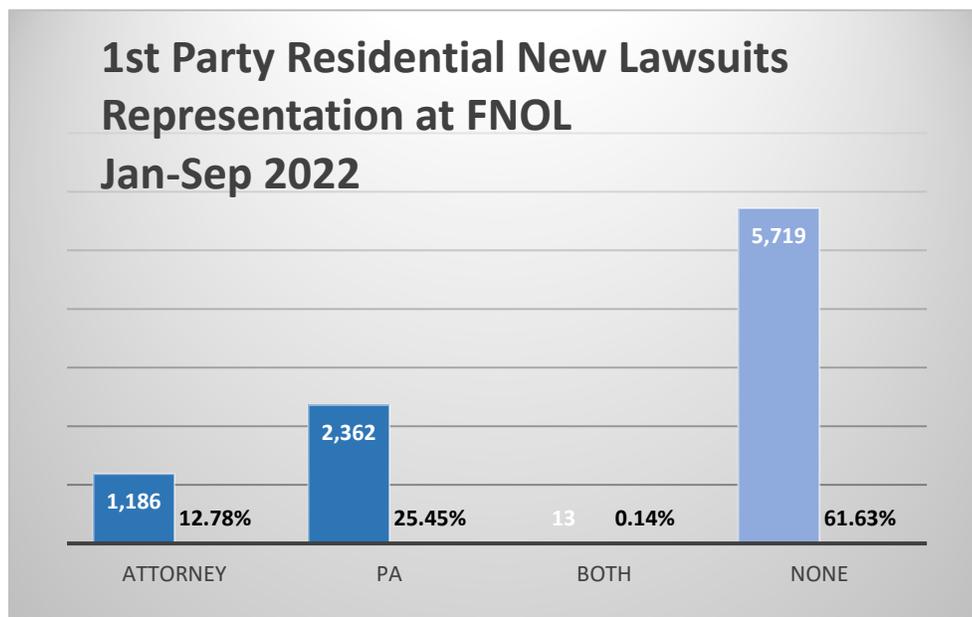
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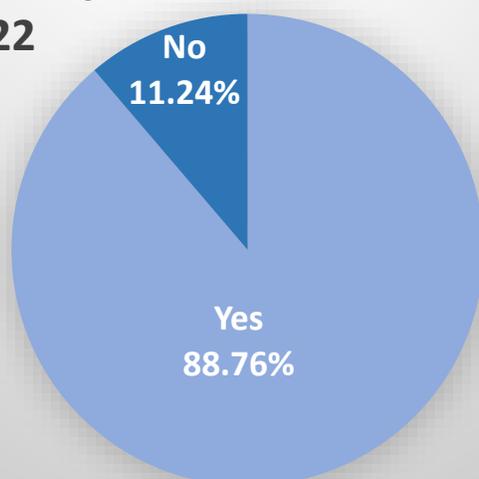
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The plaintiff was represented at First Notice of Loss in 38% of incoming residential property lawsuits. This represents an 18% decrease as compared to 2021:

- Public Adjuster 25%
- Attorney 13%
- Both PA & Attorney <1%



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



In 11% 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 63% decrease compared to 2021. This is the expected and intended effect of the Notice of Intent statute. We anticipate this will continue to decline over time as the statute now applies to all current and active policies.

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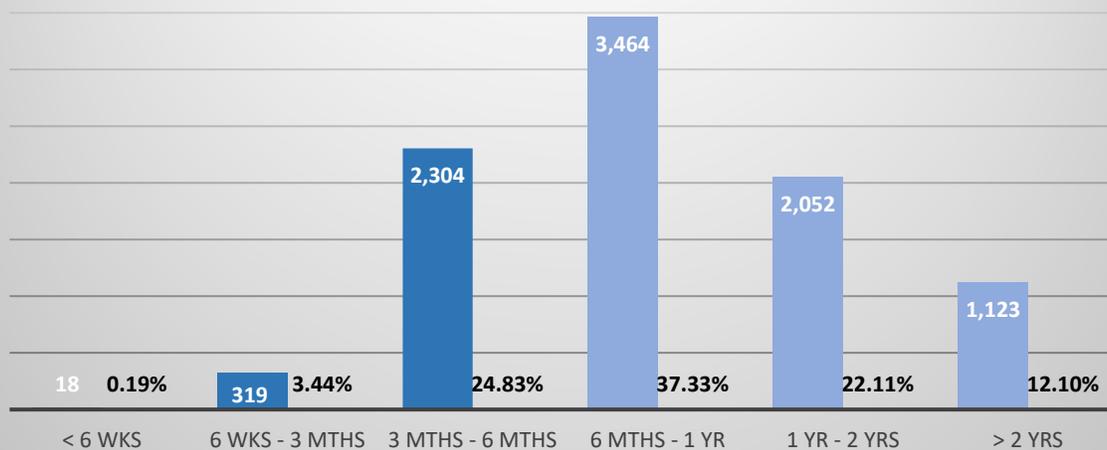
A review of the timing of incoming lawsuits reveals that 29% of lawsuits are brought within 6 months of the First Notice of Loss (FNOL). This is a 12% decrease compared to 2021. This is the historical trend in the absence of a recent catastrophe (please note that the timespan of this report does not include litigation arising out of Hurricane Ian).

- Within 6 weeks of FNOL <1%
- Within 3 months of FNOL 3%
- Within 6 months of FNOL 25%
- Within 1 year of FNOL 37%
- Within 2 years of FNOL 22%
- 2 or more years from FNOL 12%

## 1st Party Residential New Lawsuits

### FNOL to Lawsuit Served

Jan-Sep 2022



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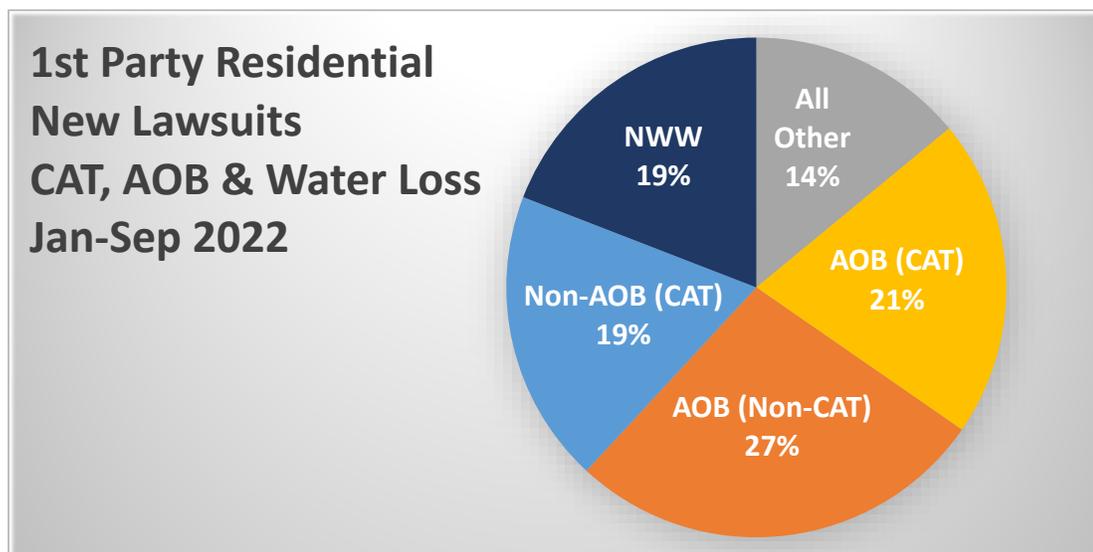
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## Water Loss, AOB and CAT:

New incoming CAT lawsuits have decreased by 10%, now representing 40% of all new incoming lawsuits. Pending CAT lawsuits remain at 48% of all pending lawsuits as of September 30, 2022 and continues to be the leading cause of loss in pending lawsuits. Please note that the timespan of this report does not include litigation arising out of Hurricane Ian.

AOB Lawsuits, however, have increased by 100%, now representing 47% of all new incoming lawsuits making AOB the leading lawsuit type for new incoming lawsuits. Pending AOB lawsuits have also increased, by 67%, now representing 36%, as compared to 27% January through September 2021.

Non-Weather Water (NWW) Lawsuits represent 19% of all new incoming, a 4% decrease and 21% of all pending, an 9% increase compared to the same time period in 2021.

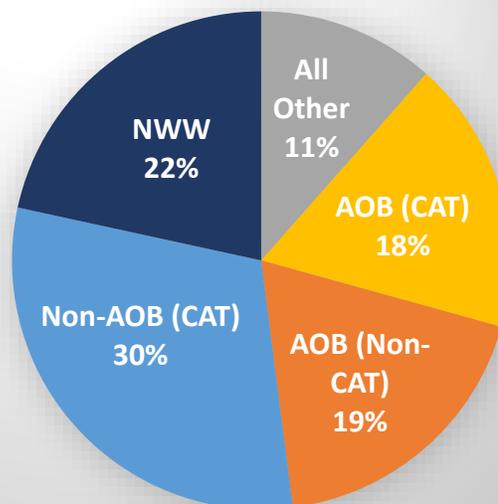


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## 1st Party Residential Pending Lawsuits CAT, AOB & Water Loss As of Sep 30, 2022



## CONCLUSION

As of this date, we have not been served with any lawsuits arising out of Hurricane Ian. The information above reflects trending prior to Hurricane Ian.

AOB lawsuits have continued to trend up and amount to the leading type of new, incoming lawsuit from January through September of this year. CAT lawsuits are the second leading type of new, incoming litigation with NWW as third leading type.

While we continue to see the vast majority of litigation arising out of the Tri-County area, other areas of the state (particularly the Central West region) are steadily trending upward in the distribution of litigation.

We continue to experience the benefits of the Notice of Intent statute, particularly the rapidly declining trend in lawsuits filed without any notice of dispute by the insured prior to filing suit.

Overall, we continue to experience a rising trend in new litigation as compared to prior years. This trend is expected to continue to increase in light of the potential litigation that may arise out of Hurricane Ian.