

Executive Summary

Committee Meeting, March 9, 2023

Board of Governors Meeting, March 29, 2023

Litigated Claims Update

CLAIMS LITIGATION – 2022 YEAR END UPDATE (January 1, 2022 – December 31, 2022)

Overview of Incoming Lawsuits and Pending Volume:

From January 2022 through December 2022, Citizens was served with 11,808 lawsuits (11,680 Residential Property, 38 Commercial Property and 90 Liability) – averaging 984 new lawsuits per month. This reflects a 17% increase in the number of new incoming suits per month as compared to 2021 (average for January through December – 840/month).

Breakdown of 2022 New Lawsuits:

First Party Residential Property – 11,680 Total (99% of Overall Total)

- Residential CAT	4,539	39%
- Residential Non-CAT	7,172	61%
- Residential Sinkhole	5	0%

First Party Commercial Property – 38 Total (<1% of Overall Total)

- Commercial CAT	35	92%
- Commercial Non-CAT	3	8%
- Commercial Sinkhole	0	0%

Third Party Liability – 90 Total (<1% of Overall Total)

As of December 31, 2022, pending volume totaled 20,282 lawsuits (19,977 Residential Property, 171 Commercial Property and 134 Liability). This reflects a 20% increase in pending as compared to the prior year (2021 Year End - 16,895 pending matters).

Breakdown of 2022 Pending Lawsuit Volume:

First Party Residential Property – 19,977 Total (98% of Overall Total)

- Residential CAT	9,331	47%
- Residential Non-CAT	10,585	53%
- Residential Sinkhole	61	<1%

First Party Commercial Property – 171 Total (<1% of Overall Total)

- Commercial CAT	160	94%
- Commercial Non-CAT	9	5%
- Commercial Sinkhole	2	1%

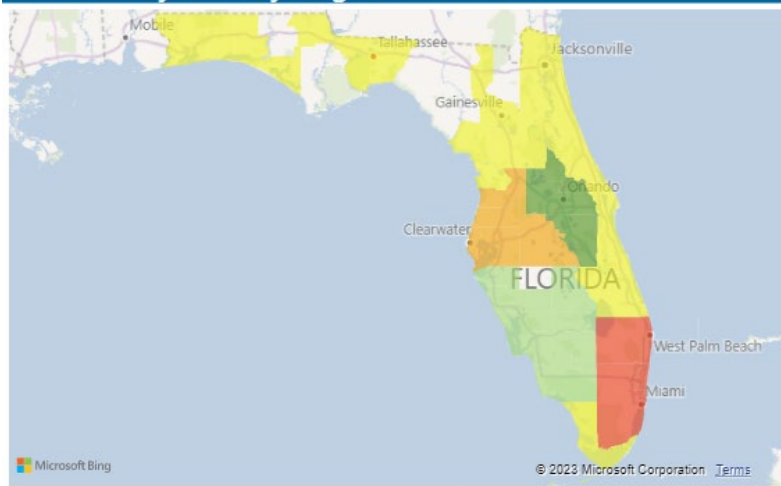
Third Party Liability – 134 Total (<1% of Overall Total)

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In 2022, 76% of the incoming Residential Property lawsuits arose out of the Tri-County area. This represents a 10% 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.

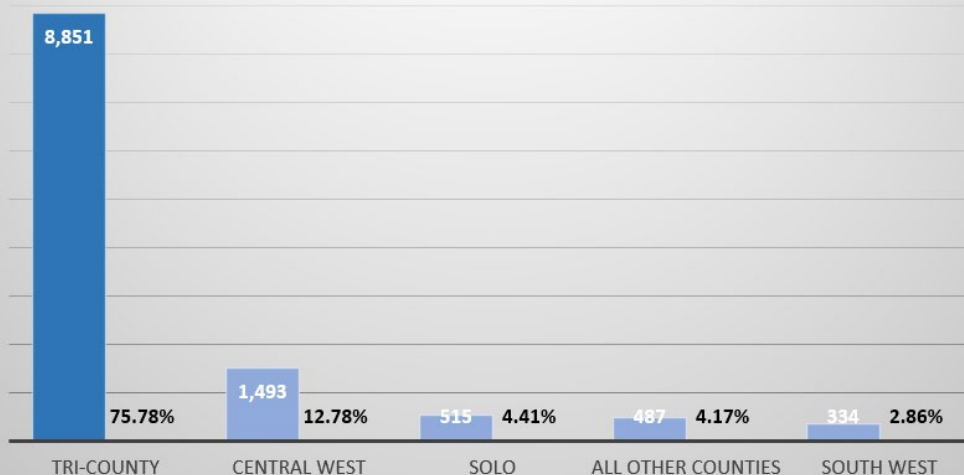
Lawsuits by County Region



County Region	Count of Lawsuits	% Grand Total
Tri-County	8851	75.78%
Central West	1493	12.78%
SOLO	515	4.41%
All Other Counties	487	4.17%
South West	334	2.86%
Total	11680	100.00%

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

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

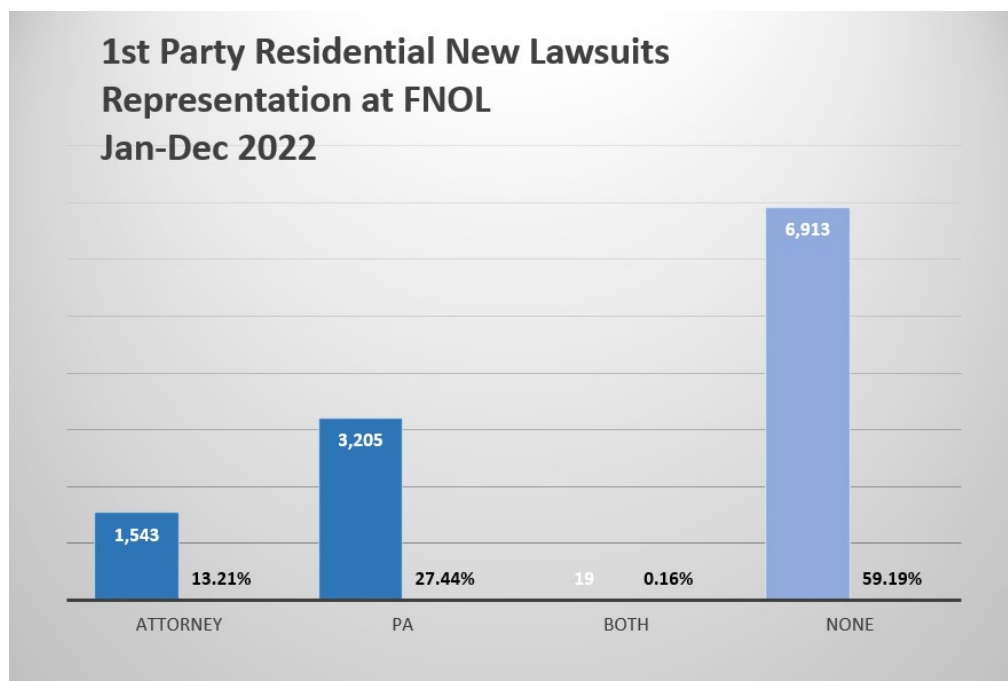


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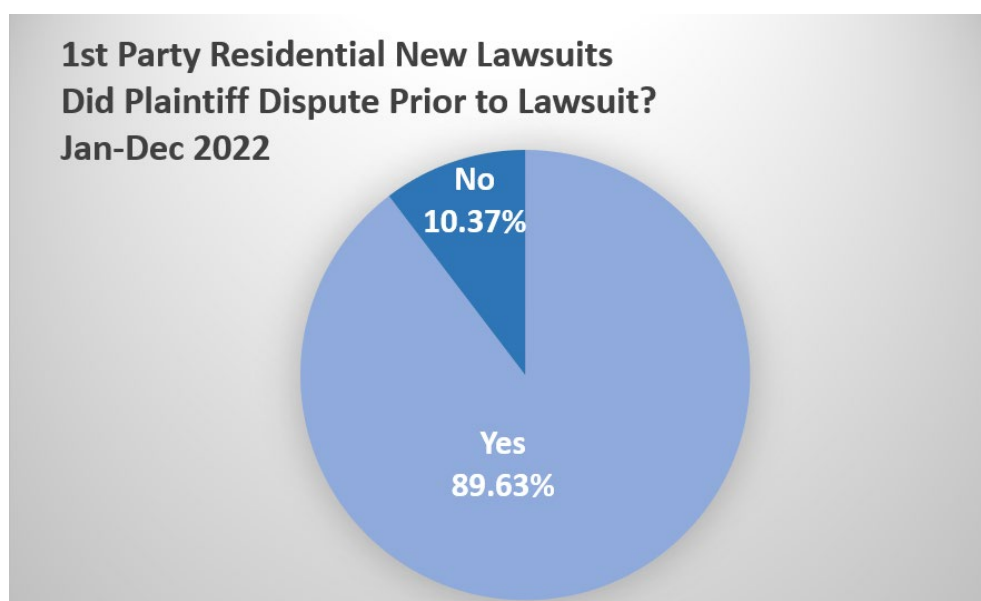
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The plaintiff was represented at First Notice of Loss in 41% of incoming residential property lawsuits. This represents an 24% decrease as compared to 2021:

- Public Adjuster 27%
- Attorney 13%
- Both PA & Attorney <1%



In 10% 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 70% decrease as compared to 2021. This is the expected and intended effect of the Notice of Intent statute.



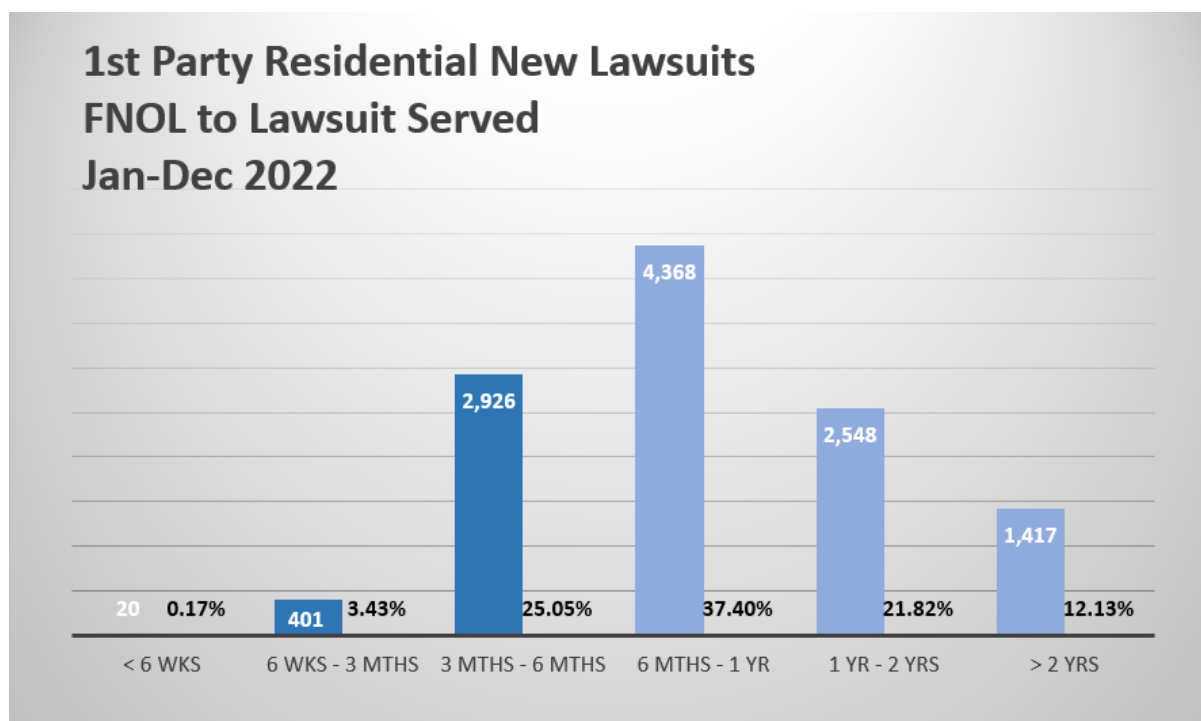
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A review of the timing of incoming lawsuits reveals that 29% of lawsuits are brought within 6 months of the First Notice of Loss (FNOL). This is a 22% decrease as compared to 2021 reflecting a longer period of time between FNOL and service of a lawsuit.

- 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%



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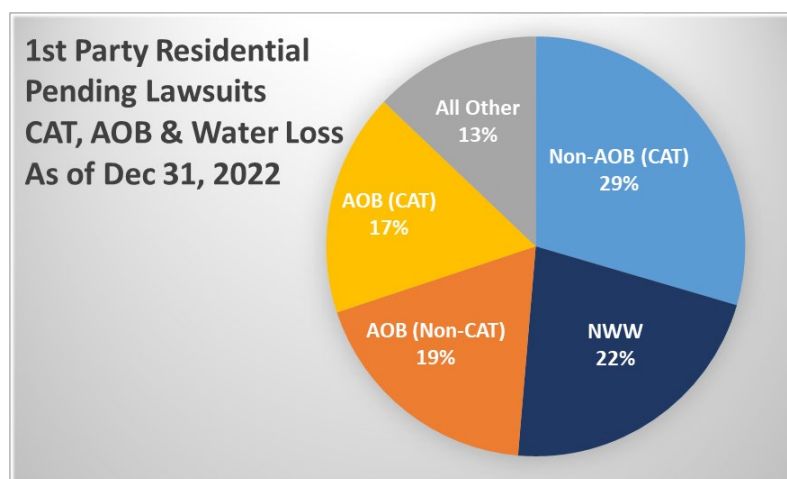
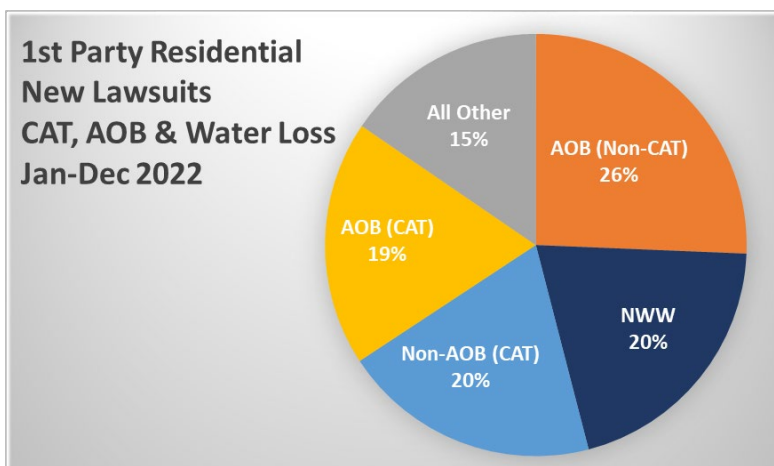
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AOB, CAT and Water Loss:

Year End 2022

For 2022 overall AOB lawsuits were the leading lawsuit type for new incoming Residential Property (45%), for which 19% arose out of a CAT loss. CAT lawsuits brought by a policyholder accounted for 20% of the incoming volume, as well as Non-Weather Water (NWW) at 20%. For Commercial Property, CAT lawsuits represented 92% of all new incoming litigation.

As of the end of 2022, the overall pending Residential Property volume was comprised of 46% CAT-related litigation (17% AOB & 29% policyholder), and 22% NWW.



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2023 Update - January 2023

As of January 31, 2023, Citizens was served with 709 lawsuits (698 Residential Property, 5 Commercial Property, 6 Liability). This reflects a 25% decrease compared to January 2022.

CAT Lawsuits represent 37% of all new incoming lawsuits (10% decrease as compared to January 2022) followed by AOB lawsuits representing 33% of new incoming volume (17% decrease compared to January 2022). Non-Weather Water Lawsuits currently represent 23% of new incoming (11% decrease as compared to January 2022).

Current pending volume is comprised of 45% CAT litigation, followed by 36% AOB and 22% NWW.