

Executive Summary

Claims Committee Meeting, June 8, 2023

Board of Governors Meeting, July 12, 2023

Litigated Claims Update

CLAIMS LITIGATION – 2023 YEAR TO DATE (January 1, 2023 – March 31, 2023)

Overview of Incoming Lawsuits and Pending Volume:

From January 2023 through March 2023, Citizens was served with 2,229 lawsuits (2,195 Residential Property, 7 Commercial Property and 27 Liability) – averaging 743 new lawsuits per month. This reflects a 21% decrease in the number of new incoming suits per month as compared to this same time period last year (2022 average for January through March – 943).

Breakdown of 2023 YTD New Lawsuits:

First Party Residential Property – 2,195 Total (99% of Overall Total)

- Residential CAT	816	37%
- Residential Non-CAT	1,379	63%
- Residential Sinkhole	0	0%

First Party Commercial Property – 7 Total (<1% of Overall Total)

- Commercial CAT	5	71%
- Commercial Non-CAT	2	29%
- Commercial Sinkhole	0	0%

Third Party Liability – 27 Total (1% of Overall Total)

As of March 31, 2023, current pending volume totaled 19,627 lawsuits (19,289 Residential Property, 169 Commercial Property and 169 Liability). This reflects a 9% increase in pending as compared to the same time last year (18,022 pending matters).

Breakdown of 2023 YTD Pending Lawsuit Volume:

First Party Residential Property – 19,289 Total (98% of Overall Total)

- Residential CAT	8,825	46%
- Residential Non-CAT	10,406	54%
- Residential Sinkhole	58	<1%

First Party Commercial Property – 169 Total (1% of Overall Total)

- Commercial CAT	157	93%
- Commercial Non-CAT	11	7%
- Commercial Sinkhole	1	1%

Third Party Liability – 169 Total (<1% of Overall Total)

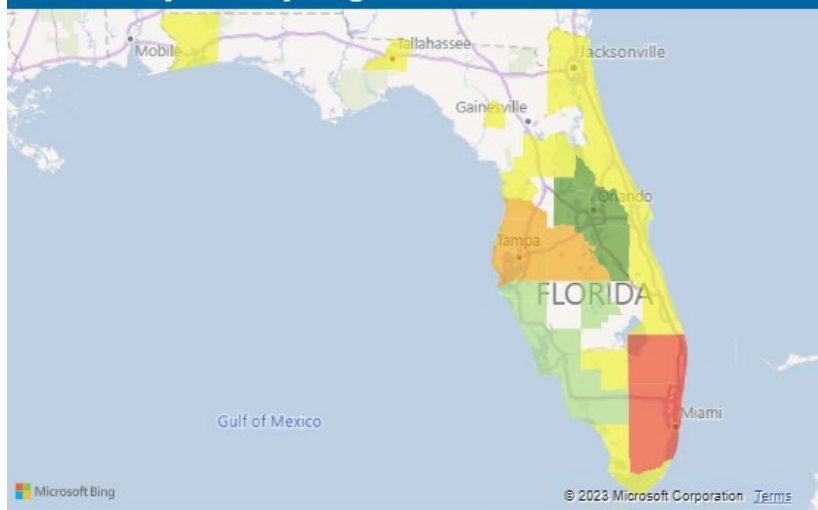
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64% of the incoming Residential Property lawsuits arise out of the Tri-County area. This represents a 15% decrease in the distribution of Lawsuits originating from the Tri-County area, primarily due to the increasing distribution arising out of the Central West area.

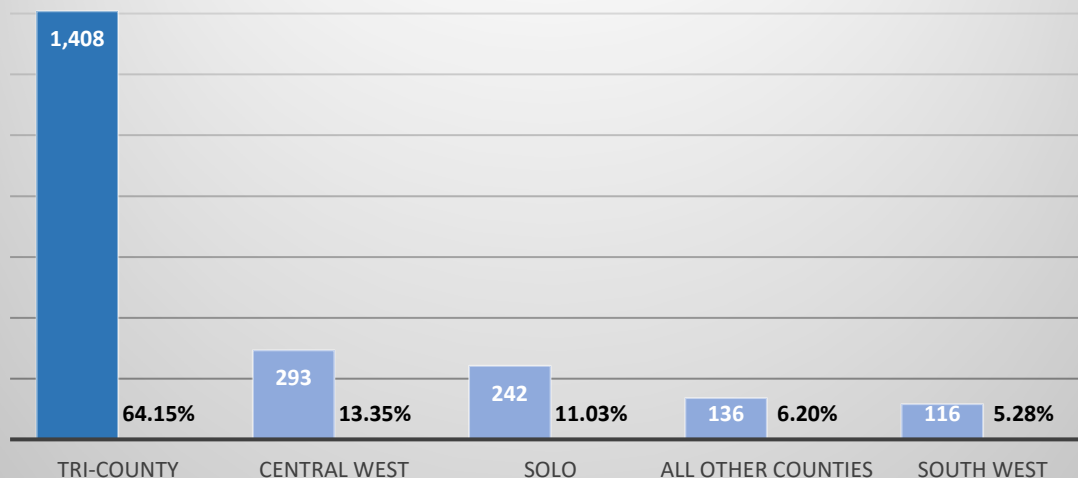
Lawsuits by County Region



County Region	Count of Lawsuits	% Grand Total
Tri-County	1407	64.10%
Central West	294	13.39%
SOLO	242	11.03%
All Other Counties	136	6.20%
South West	116	5.28%
Total	2195	100.00%

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

1st Party Residential New Lawsuits by County Region Jan-Mar 2023



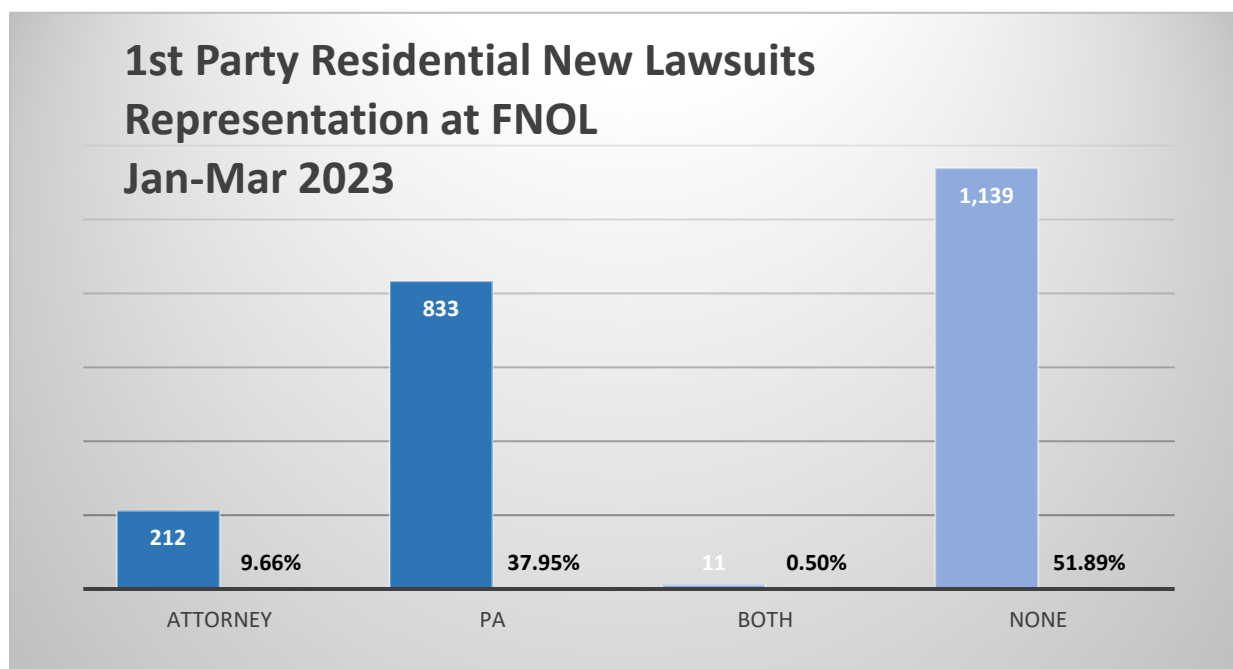
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The plaintiff was represented at First Notice of Loss in 48% of incoming residential property lawsuits. This represents a 17% increase as compared to 2022:

- Public Adjuster 38%
- Attorney 10%
- Both PA & Attorney <1%

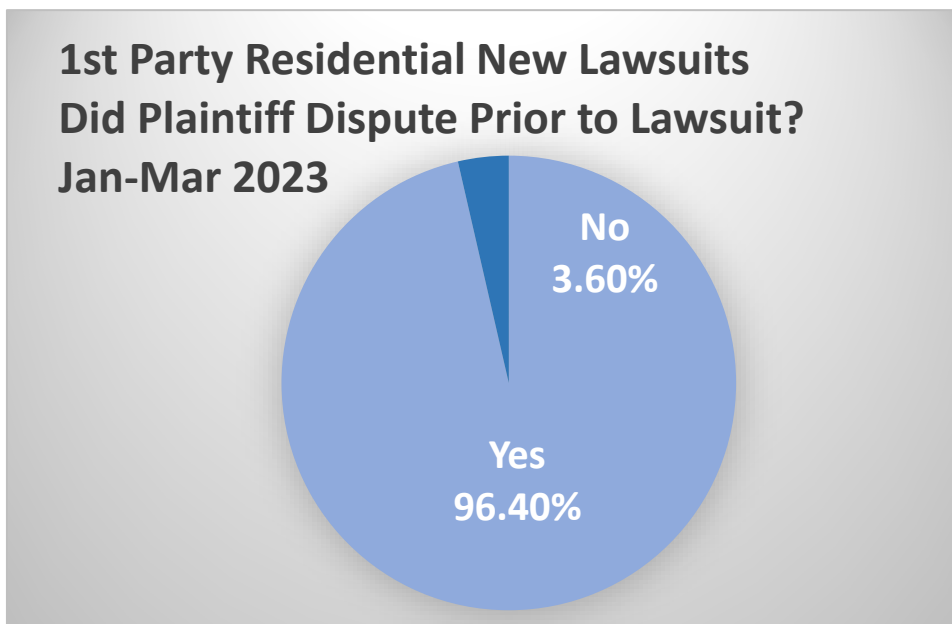


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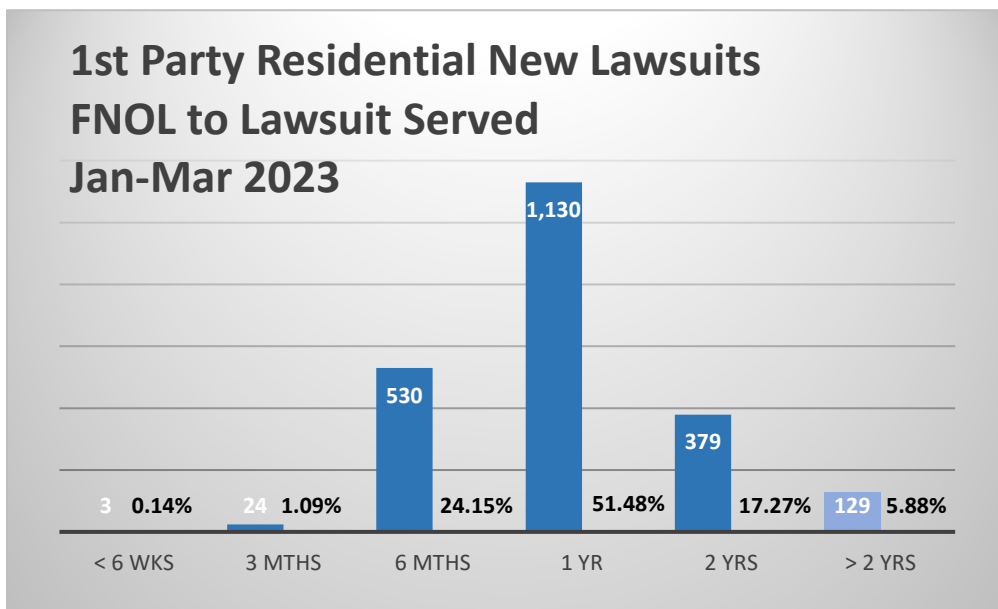
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In 4% of the incoming Residential Property lawsuits the insured did not dispute Citizens' position or adjustment of the claim prior to filing suit which represents a 71% decrease compared to 2022. This is the expected and intended effect of the Notice of Intent statute.



A review of the timing of incoming lawsuits reveals that 25% of lawsuits are brought within 6 months of the First Notice of Loss (FNOL). This is a 17% decrease compared to 2022.



- Within 6 weeks of FNOL <1%
- Within 3 months of FNOL 1%
- Within 6 months of FNOL 24%
- Within 1 year of FNOL 51%
- Within 2 years of FNOL 17%
- 2 or more years from FNOL 6%

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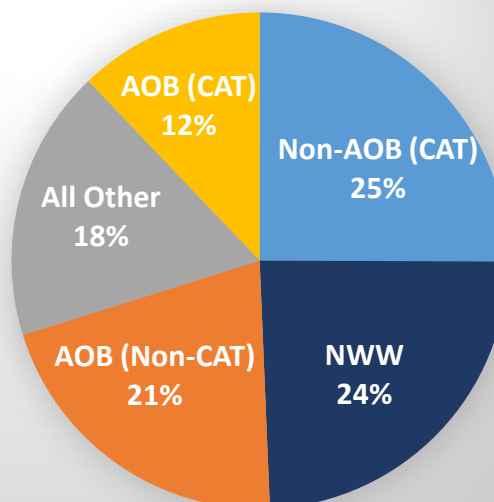
Water Loss, AOB and CAT:

New incoming CAT lawsuits have decreased by 29%, now representing 37% of all new incoming lawsuits. Pending CAT lawsuits have decreased slightly to 46% of all pending lawsuits from January 2023 through March 2023 and continues to be the leading cause of loss in both new and pending lawsuits.

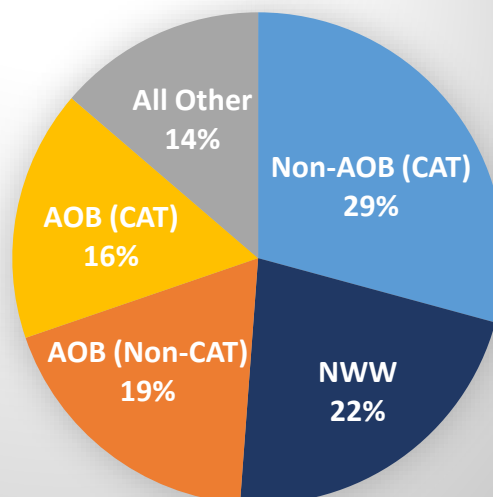
AOB Lawsuits, however, have decreased by 44%, now representing 33% of all new incoming lawsuits. Pending AOB lawsuits have increased, by 23%, now representing 35%, as compared to January through March 2022.

Non-Weather Water Lawsuits represent 24% of all new incoming, a 12% decrease and 22% of all pending, remains consistent as compared to the same time period in 2022.

1st Party Residential New Lawsuits CAT, AOB & Water Loss Jan-Mar 2023



1st Party Residential Pending Lawsuits CAT, AOB & Water Loss As of Mar 31, 2023



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CONCLUSION

As compared to this same time period last year (January – March 2022), Citizens has experienced a significant decrease in new incoming lawsuits by over 20%. Meanwhile, pending suit volume has increased by 9%, as expected, as the backlog of lawsuits continues to move through the court system.

In terms of the origin of lawsuits there has been a fairly significant shift across the state with 64% of lawsuits arising out of the Tri-County area (representing a 15% decrease in distribution). This is driven by a significant increase in lawsuits arising out of other areas of the state, particularly the SOLO region (Central Florida) for which the distribution increased by over 6%.

There has also been a shift in the insured's representation at the time of FNOL that has risen to 48%, a 17% increase as compared to this same time last year. This is a reversal of the downward trend experienced in 2022 and driven by an increase in both Public Adjuster and Attorney representation at FNOL.

As expected, the timing of lawsuits being filed continues to trend to a longer period from FNOL to the lawsuit service date. This is an expected trend the farther we get from a catastrophe event.

Finally, in regard to the leading Causes of Loss for both new and pending litigation volume the most significant change has been in new incoming AOB lawsuits with a 44% decrease as compared to this time in 2022. For pending volume, AOB lawsuits have increased 23% over 2022 Q1 to represent 35% of the distribution of lawsuits. While Catastrophe lawsuits remain the leading cause of loss in pending volume (46%), the new incoming volume has decreased by 29% in comparison to this same time last year. Non-Weather Water lawsuits have decreased by 12% in the distribution of new incoming volume and remain stable in pending volume as compared to 2022.