

Executive Summary

Claims Committee Meeting, September 12, 2023

Board of Governors Meeting, September 27, 2023

Litigated Claims Update

CLAIMS LITIGATION – 2023 YEAR TO DATE (January 1, 2023 – June 30, 2023)

Overview of Incoming Lawsuits and Pending Volume:

From January 2023 through June 2023, Citizens was served with 4,711 lawsuits (4,613 Residential Property, 10 Commercial Property and 88 Liability) – averaging 785 new lawsuits per month. This reflects a 20% decrease in the number of new incoming suits per month as compared to this same time period last year (2022 average for January through June – 985).

Breakdown of 2023 YTD New Lawsuits:

First Party Residential Property – 4,613 Total (98% of Overall Total)

- Residential CAT	1,959	42%
- Residential Non-CAT	2,654	58%
- Residential Sinkhole	0	0%

First Party Commercial Property – 10 Total (<1% of Overall Total)

- Commercial CAT	8	80%
- Commercial Non-CAT	2	20%
- Commercial Sinkhole	0	0%

Third Party Liability – 88 Total (2% of Overall Total)

As of June 30, 2023, the current pending volume totaled 19,051 lawsuits (18,696 Residential Property, 158 Commercial Property and 197 Liability). This is consistent compared to the same time period last year (19,139 pending matters).

Breakdown of 2023 YTD Pending Lawsuit Volume:

First Party Residential Property – 19,051 Total (98% of Overall Total)

- Residential CAT	8,617	46%
- Residential Non-CAT	10,027	54%
- Residential Sinkhole	52	<1%

First Party Commercial Property – 158 Total (<1% of Overall Total)

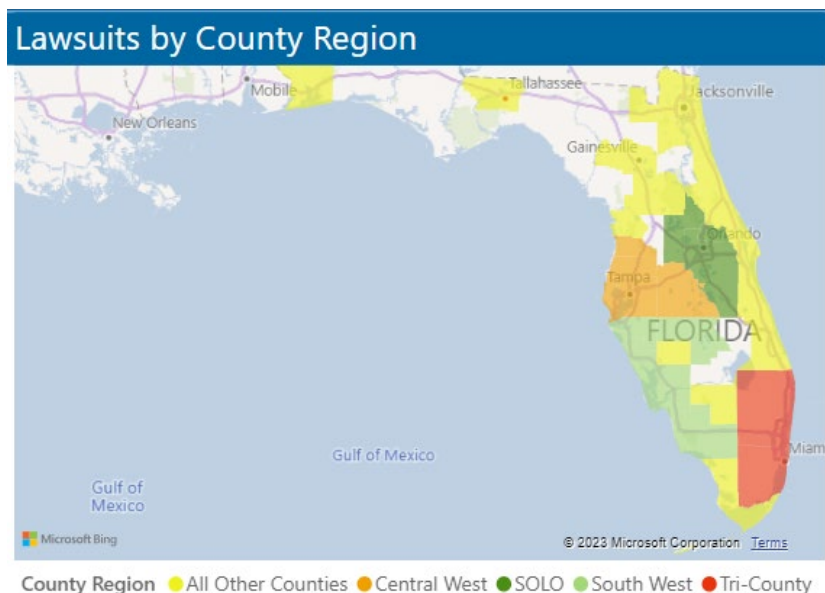
- Commercial CAT	147	93%
- Commercial Non-CAT	9	6%
- Commercial Sinkhole	2	1%

Third Party Liability – 197 Total (1% of Overall Total)

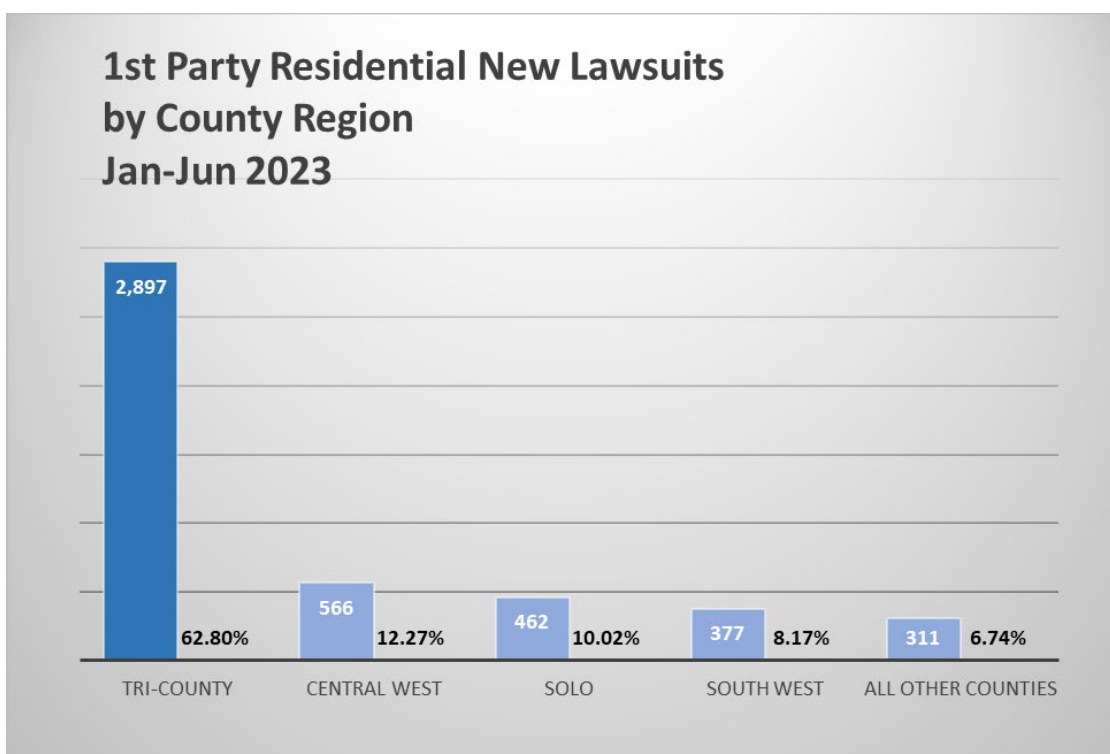
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63% of the incoming Residential Property lawsuits arise out of the Tri-County area. This represents an 18% decrease in the distribution of Lawsuits originating from the Tri-County area, primarily due to the increasing distribution arising out of the Central West area.



County Region	Count of Lawsuits	% Grand Total
Tri-County	2896	62.78%
Central West	567	12.29%
SOLO	462	10.02%
South West	377	8.17%
All Other Counties	311	6.74%
Total	4613	100.00%



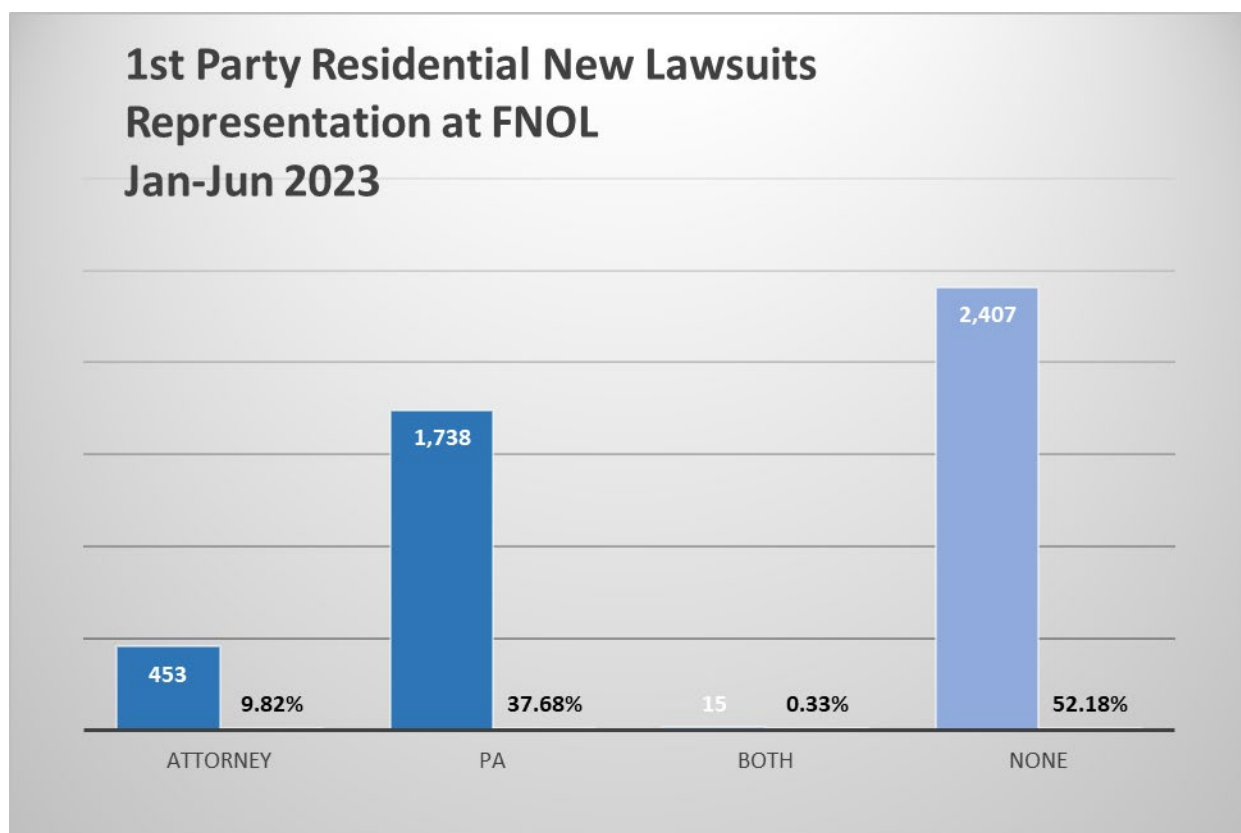
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The plaintiff was represented at First Notice of Loss in 48% of incoming residential property lawsuits. This represents a 23% increase as compared to 2022:

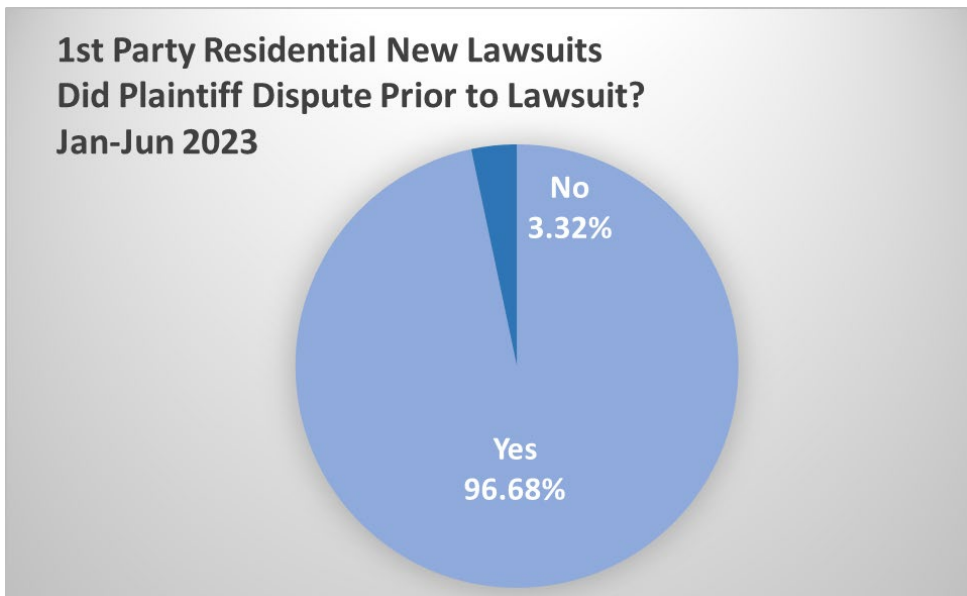
- Public Adjuster 38%
- Attorney 10%
- Both PA & Attorney <1%



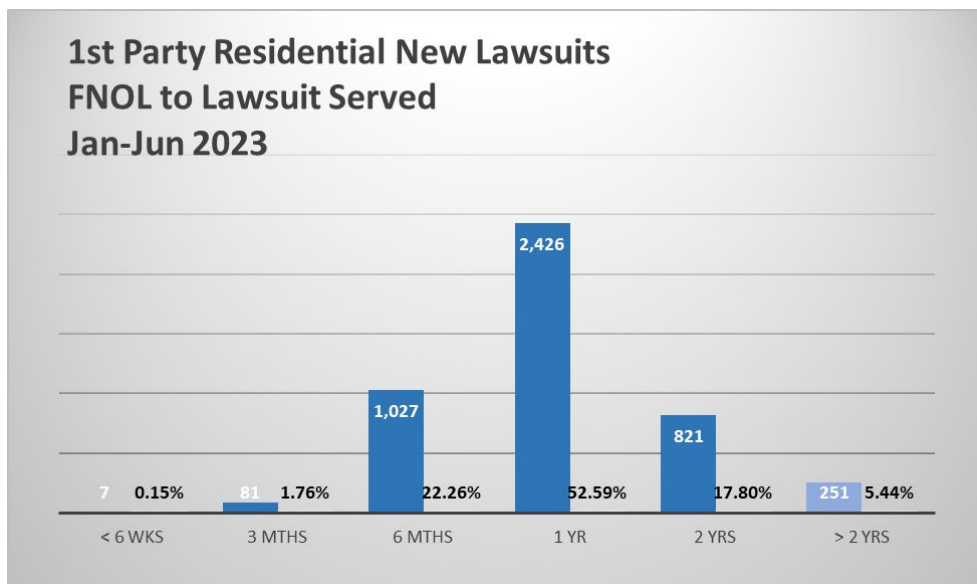
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In 3% of the incoming Residential Property lawsuits the insured did not dispute Citizens' position or adjustment of the claim prior to filing suit which represents a 72% decrease compared to 2022. This is the expected and intended effect of the Notice of Intent statute. We anticipate this will continue to decline as we approach the 1-year anniversary of the statute.



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 2%
- Within 6 months of FNOL 23%
- Within 1 year of FNOL 53%
- Within 2 years of FNOL 18%
- 2 or more years from FNOL 6%

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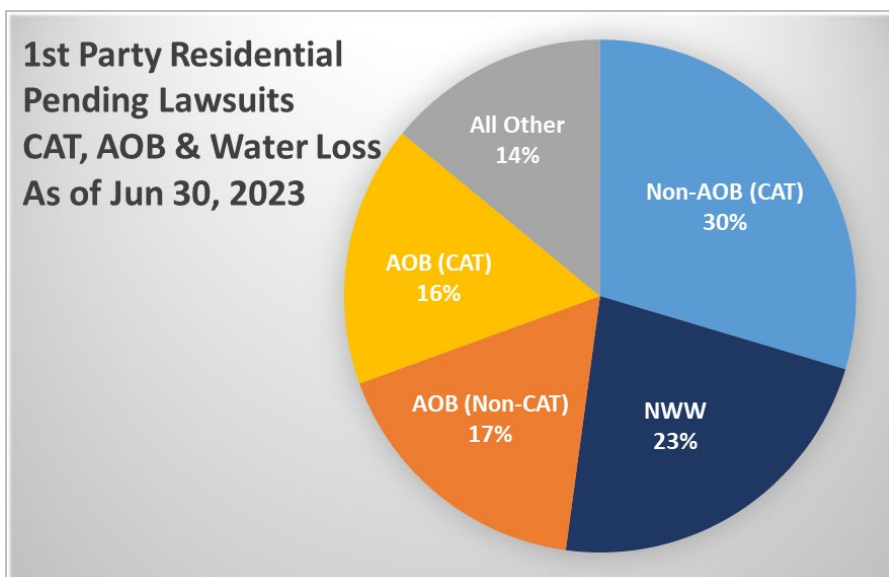
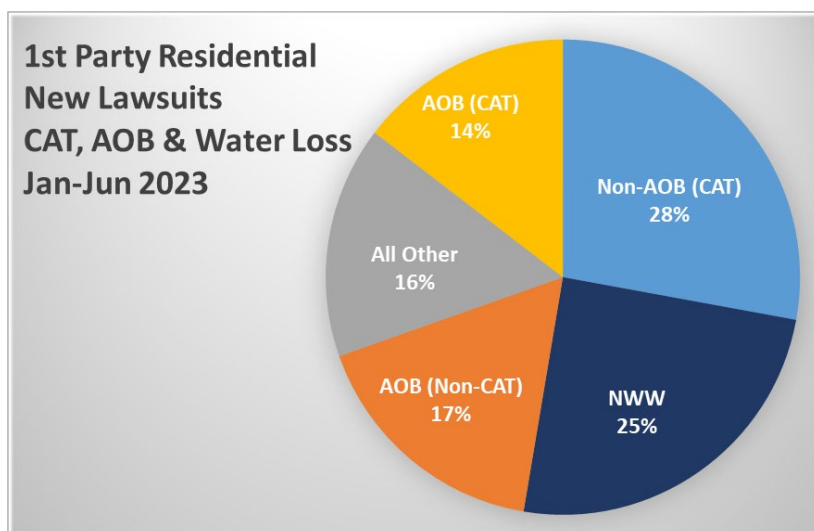
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Water Loss, AOB and CAT:

New incoming CAT lawsuits have increased by 3%, now representing 43% of all new incoming lawsuits. Pending CAT lawsuits have decreased by 8%, now representing 46% of all pending lawsuits from January 2023 through June 2023 and continues to be the leading cause of loss in both new and pending lawsuits.

AOB Lawsuits, however, have decreased by 33%, now representing 32% of all new incoming lawsuits. Pending AOB lawsuits have remained the same, as compared to January through June 2022, representing 34% of all pending lawsuits.

Non-Weather Water Lawsuits represent 26% of all new incoming, a 27% increase and 22% of all pending, a 1% decrease as compared to the same time period in 2022.



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CONCLUSION

Citizens continues to experience a decrease in new, incoming lawsuits. This year thus far new, incoming lawsuits are 20% less than the same time period in 2022. The trend in the geographic origin of lawsuits also continues with an increase in lawsuits arising out of counties in the Central West and SOLO regions, with a decrease in the distribution of lawsuits arising out of the Tri-County area.

Catastrophe losses remain the leading cause of loss in both new, incoming suits and pending volume. New, incoming AOB lawsuits continue to dramatically decrease as compared to 2022 and remain stable in pending volume. Non-Weather Water lawsuits are rising in the new, incoming volume and remain relatively in pending volume.