Executive Summary

Claims Committee Meeting, November 16, 2023
Board of Governors Meeting, December 6, 2023

Litigated Claims Update

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

Overview of Incoming Lawsuits and Pending Volume:

From January 2023 through September 2023, Citizens was served with 7,207 lawsuits (7,069 Residential Property, 14 Commercial Property and 124 Liability) – averaging 801 new lawsuits per month. This reflects a 23% decrease in the number of new incoming suits per month as compared to this same time period last year (2022 average for January through September – 1,042).

Breakdown of 2023 YTD New Lawsuits:

First Party Residential Property – 7,069 Total (98% of Overall Total)

- Residential CAT	3,109	44%
- Residential Non-CAT	3,960	56%
- Residential Sinkhole	0	0%

First Party Commercial Property – 14 Total (<1% of Overall Total)

- Commercial CAT	11	79%
- Commercial Non-CAT	3	21%
- Commercial Sinkhole	0	0%

Third Party Liability – 124 Total (<2% of Overall Total)

As of September 30, 2023, the current pending volume totaled 18,663 lawsuits (18,301 Residential Property, 151 Commercial Property and 211 Liability). This reflects an 8% decrease compared to the same time period last year (20,376 pending matters).

Breakdown of 2023 YTD Pending Lawsuit Volume:

First Party Residential Property – 18,301 Total (98% of Overall Total)

- Residential CAT	8,432	46%
- Residential Non-CAT	9,823	54%
- Residential Sinkhole	46	<1%

First Party Commercial Property – 151 Total (<1% of Overall Total)

- Commercial CAT	139	93%
- Commercial Non-CAT	10	6%
- Commercial Sinkhole	2	1%

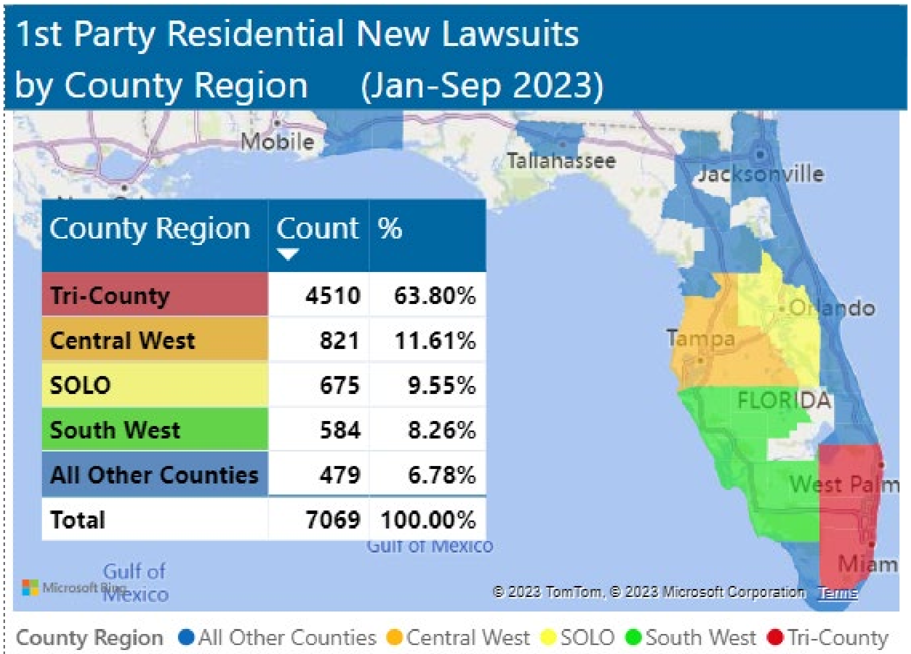
Third Party Liability – 211 Total (1% of Overall Total)

Executive Summary

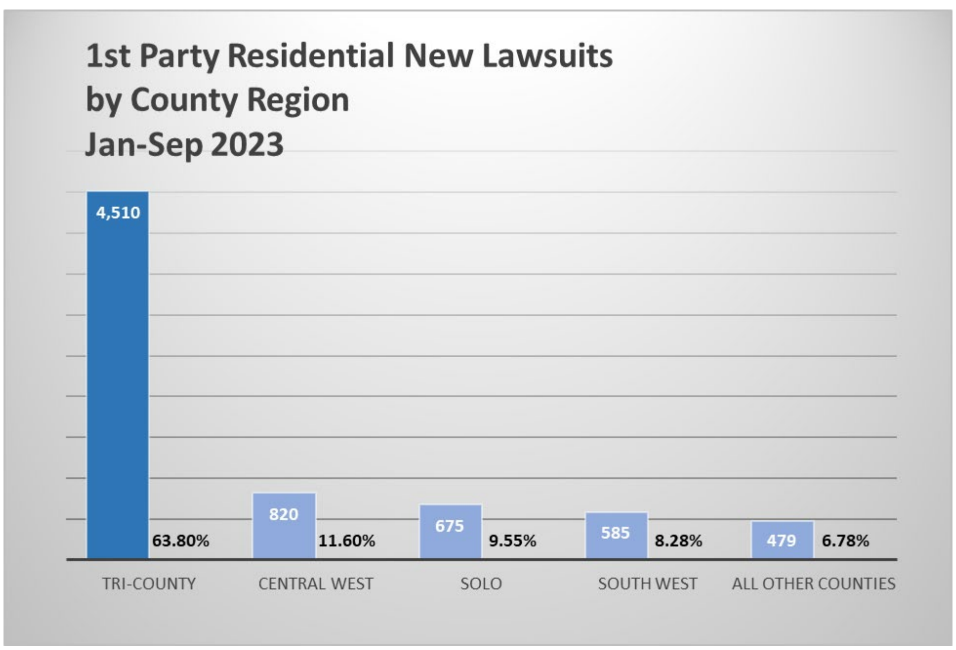
Claims Committee Meeting, November 16, 2023

Board of Governors Meeting, December 6, 2023

64% of the incoming Residential Property lawsuits arise out of the Tri-County area. This represents an 17% decrease in the distribution of Lawsuits originating from the Tri-County area, due to the increasing distribution arising out of other areas of the state that historically had a lower percentage of the overall distribution of new lawsuits.



County Region	Count	%
Tri-County	4510	63.80%
Central West	821	11.61%
SOLO	675	9.55%
South West	584	8.26%
All Other Counties	479	6.78%
Total	7069	100.00%



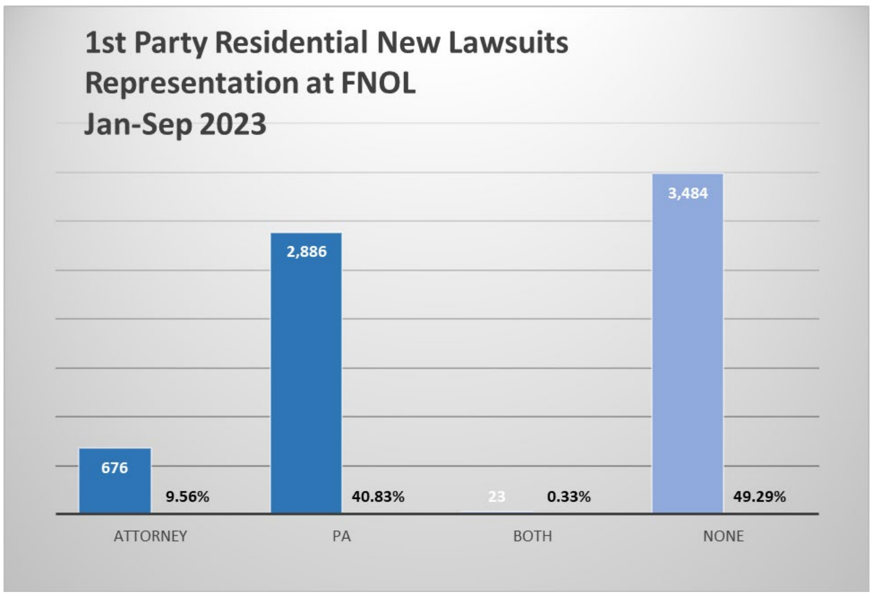
.

Executive Summary

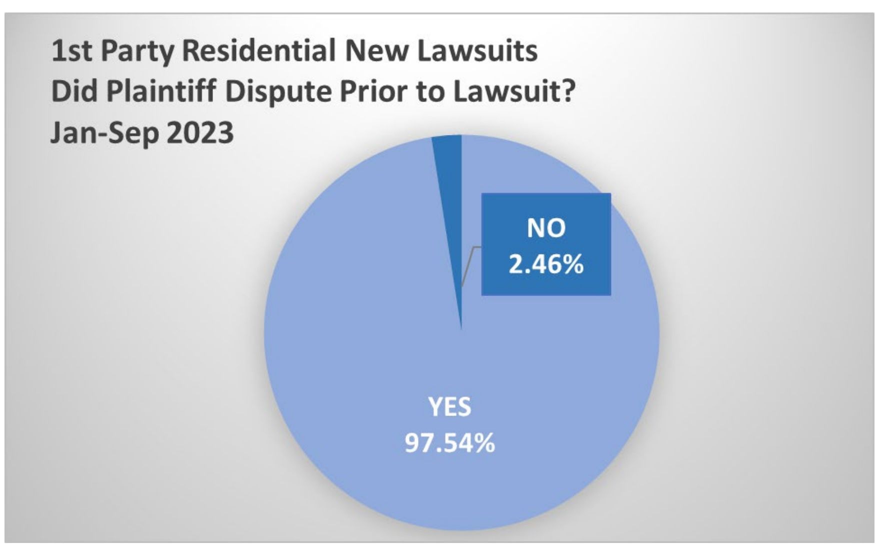
Claims Committee Meeting, November 16, 2023
Board of Governors Meeting, December 6, 2023

The plaintiff was represented at First Notice of Loss (FNOL) in 51% of incoming residential property lawsuits. This represents a 33% increase in representation at FNOL as compared to 2022:

- Public Adjuster 41%
- Attorney 10%
- Both PA & Attorney <1%



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 78% decrease compared to 2022. This is the expected and intended effect of the Notice of Intent statute.

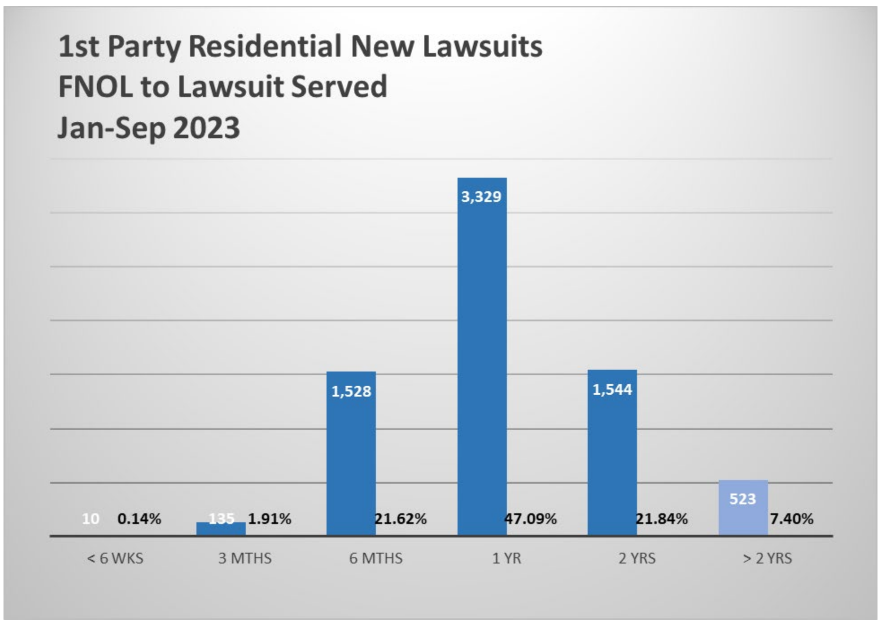


Executive Summary

Claims Committee Meeting, November 16, 2023
Board of Governors Meeting, December 6, 2023

A review of the timing of incoming lawsuits reveals that 24% of lawsuits were brought within 6 months of the First Notice of Loss (FNOL). This is an 18% decrease compared to 2022.

- Within 6 weeks of FNOL <1%
- Within 3 months of FNOL <2%
- Within 6 months of FNOL 22%
- Within 1 year of FNOL 47%
- Within 2 years of FNOL 22%
- 2 or more years from FNOL 7%



Water Loss, AOB and CAT:

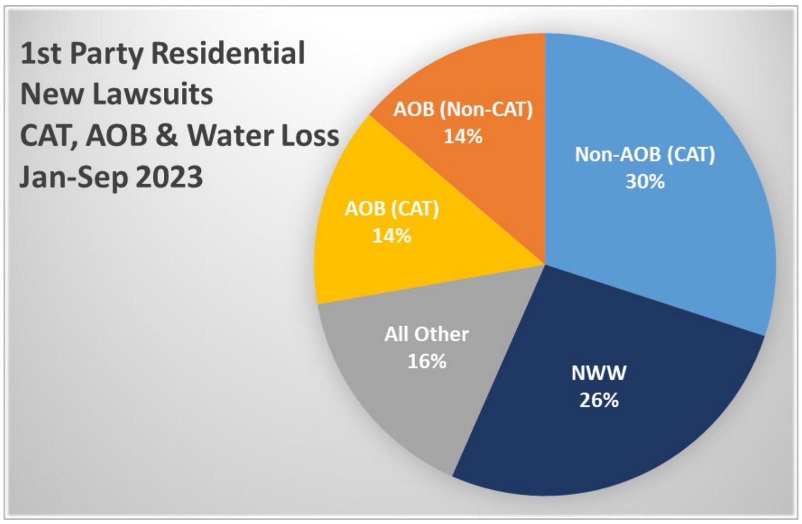
New incoming CAT lawsuits have increased by 11%, now representing 44% of all new incoming lawsuits. Pending CAT lawsuits have decreased by 11%, now representing 46% of all pending lawsuits from January through September 2023. Thus, CAT lawsuits continue to be the leading cause of loss in both new and pending lawsuits.

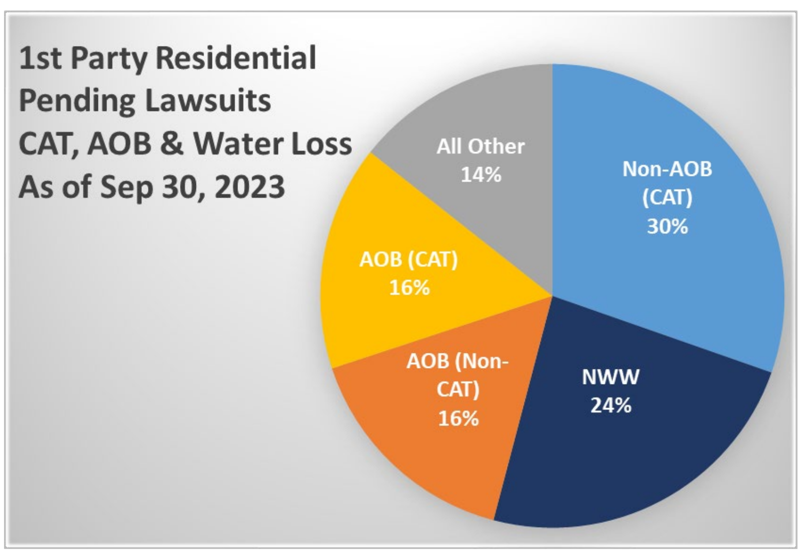
AOB Lawsuits have decreased by 42%, now representing 28% of all new incoming lawsuits. Pending AOB lawsuits have increased by 16%, as compared to January through September 2022, representing 31% of all pending lawsuits.

Non-Weather Water Lawsuits represent 27% of all new incoming (39% increase) and 24% of all pending (4% decrease as compared to the same time period in 2022).

Executive Summary

Claims Committee Meeting, November 16, 2023
Board of Governors Meeting, December 6, 2023





Executive Summary

Claims Committee Meeting, November 16, 2023
Board of Governors Meeting, December 6, 2023

CONCLUSION

Consistent with ongoing trends, new incoming lawsuits have decreased by 20% as compared to 2022. While the majority of new lawsuits continue to arise out of the Tri-County area, we continue to see an increase in the distribution from other areas of the state. We are also experiencing a continued decreasing trend in the pending volume of lawsuits, now under 19,000, and representing an 8% decrease as compared to 2022.

Catastrophe-related lawsuits remain the leading cause of loss for both new incoming and pending lawsuits, with an increase of 11% in the overall distribution for both new and pending. This is expected as disputes are making there way through the NOI process for the most recent hurricane events. It should be noted that the overwhelming majority of new CAT lawsuits are filed on denied claims where Citizens has made the determination to stand on its coverage decision. The vast majority of remaining scope and pricing disputes are resolved by alternative methods of resolution and do not result in litigation.

New AOB lawsuits also continue to decrease as compared to last year, down 42%. While we have a 16% increase of AOB lawsuits in pending volume, this is due to the increased resolution of CAT lawsuits that affect the overall distribution.

Finally, Non-Weather Water (NWW) lawsuits continue to be on an increasing trend for new incoming lawsuits (39% increase). However, NWW lawsuits continue to decrease in pending volume (4% decrease as compared to 2022).