

# Executive Summary

Claims Committee Meeting, March 28, 2024

Board of Governors Meeting, April 10, 2024

## Litigated Claims Update

### CLAIMS LITIGATION – 2023 YEAR END REVIEW (January 1, 2023 – December 31, 2023)

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

From January through December 2023, Citizens was served with a total of 9,464 lawsuits (9,298 Residential Property, 19 Commercial Property and 149 Liability) – averaging 789 new lawsuits per month. This reflects a 20% decrease in the number of new incoming suits per month as compared to the prior year (2022 average: 984 new lawsuits per month).

#### Breakdown of 2023 New Lawsuits:

##### First Party Residential Property – 9,298 Total (98% of Overall Total)

- Residential CAT	4,096	44%
- Residential Non-CAT	5,201	56%
- Residential Sinkhole	1	<1%

##### First Party Commercial Property – 19 Total (<1% of Overall Total)

- Commercial CAT	16	84%
- Commercial Non-CAT	3	16%
- Commercial Sinkhole	0	0%

##### Third Party Liability – 149 Total (<2% of Overall Total)

As of December 31, 2023, the pending volume totaled 17,952 lawsuits (17,616 Residential Property, 142 Commercial Property and 194 Liability). This reflects an 11% decrease compared to the end of 2022 (20,282 pending matters).

#### Breakdown of 2023 YTD Pending Lawsuit Volume:

##### First Party Residential Property – 17,616 Total (98% of Overall Total)

- Residential CAT	8,146	46%
- Residential Non-CAT	9,428	54%
- Residential Sinkhole	42	<1%

##### First Party Commercial Property – 142 Total (<1% of Overall Total)

- Commercial CAT	131	92%
- Commercial Non-CAT	9	6%
- Commercial Sinkhole	2	1%

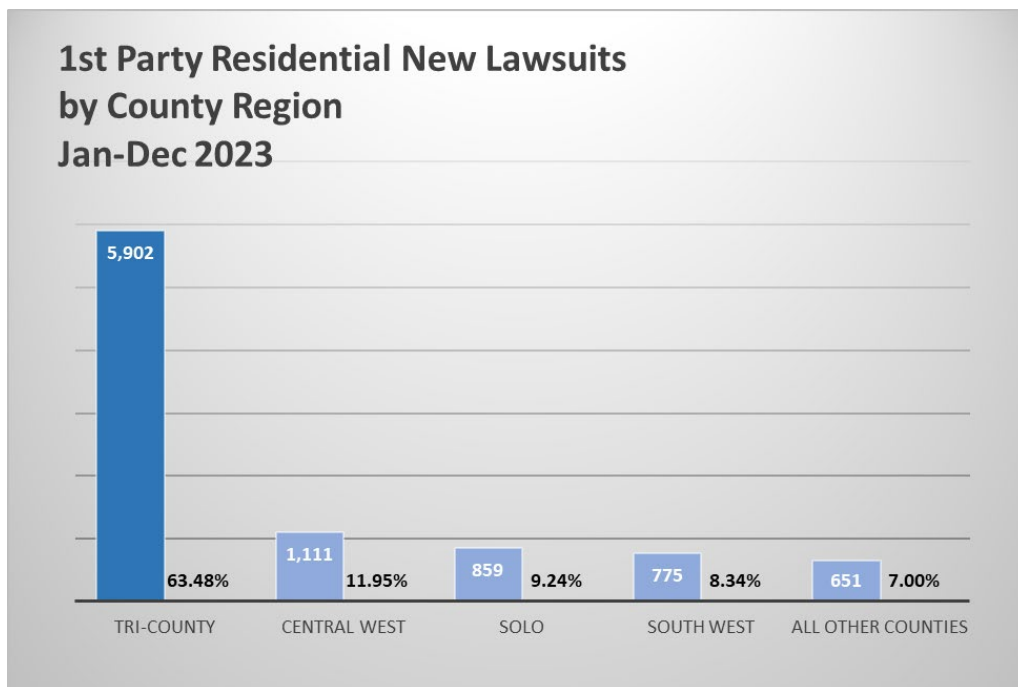
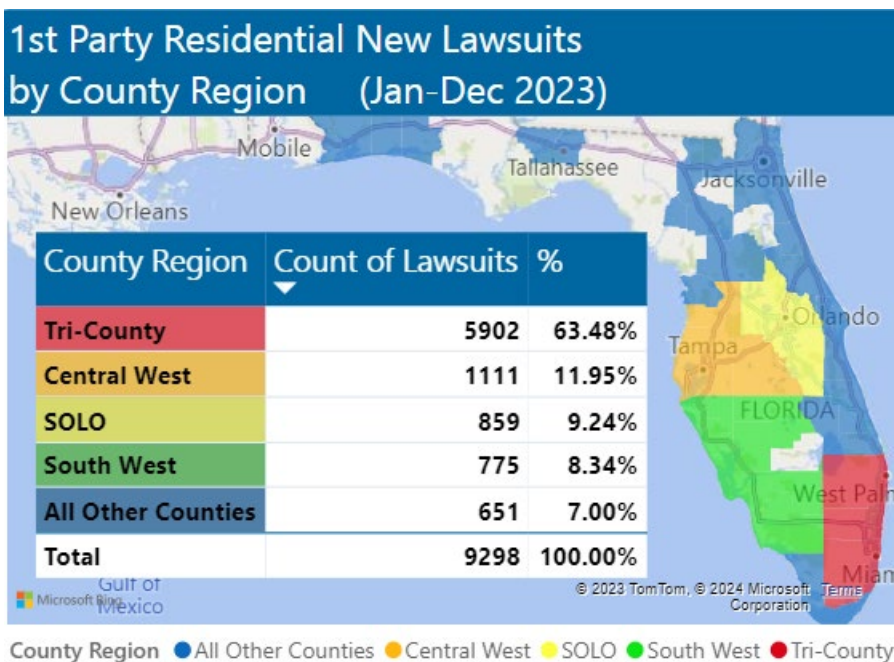
##### Third Party Liability – 194 Total (1% of Overall Total)

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63% of the incoming Residential Property lawsuits arose out of the Tri-County area. This represents a 16% decrease in the distribution of Lawsuits originating from the Tri-County area, primarily due to the increasing distribution arising out of other areas of the state.



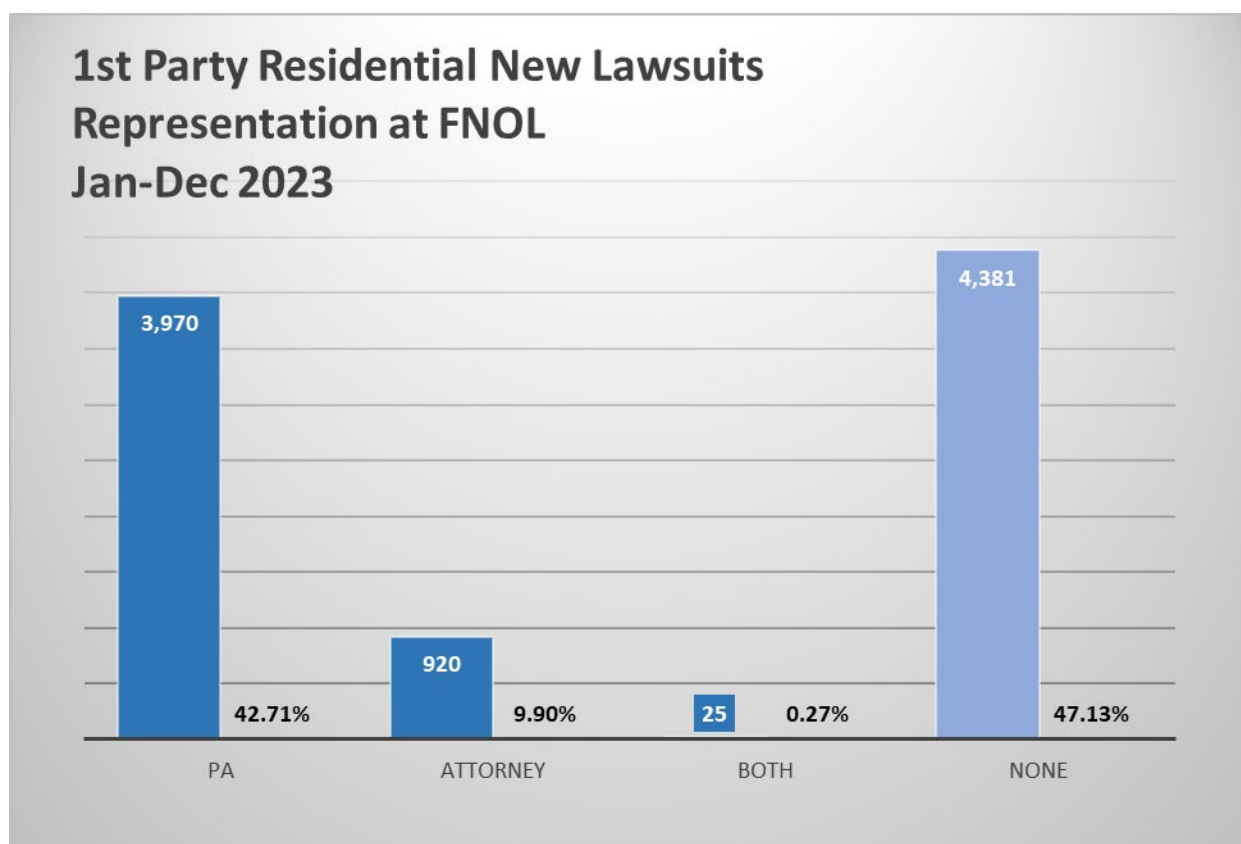
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The plaintiff was represented at First Notice of Loss in 53% of incoming residential property lawsuits. This represents a 29% increase as compared to 2022. This is expected as we move away from significant CAT events as insureds are more likely to self-report without representation immediately following a CAT loss.

- Public Adjuster 43%
- Attorney 10%
- Both PA & Attorney <1%



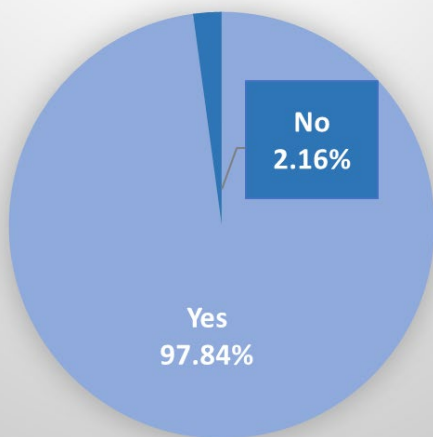
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In 2% of the incoming Residential Property lawsuits the insured did not dispute Citizens' position or adjustment of the claim prior to filing suit which represents a 78% decrease compared to 2022. This is a direct and intended effect of the Notice of Intent statute.

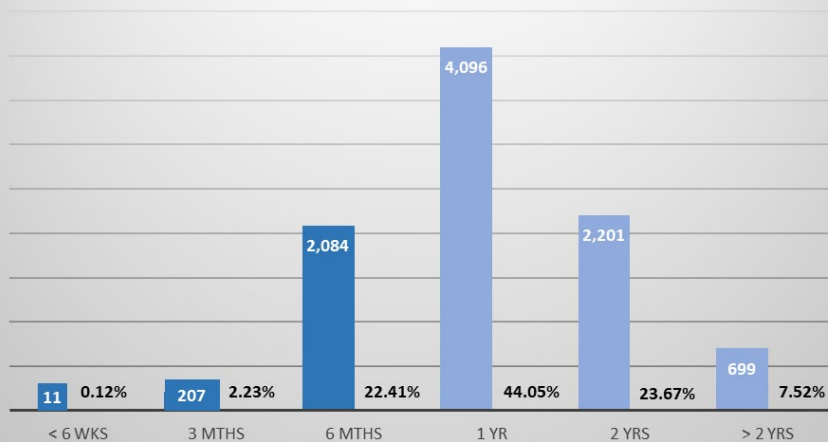
## 1st Party Residential New Lawsuits Did Plaintiff Dispute Prior to Lawsuit? Jan-Dec 2023



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 15% decrease compared to 2022. This is an expected effect from the Notice of Intent statute as an insured is required to notify Citizens of any dispute prior to pursuing litigation.

- Within 6 weeks of FNOL <1%
- Within 3 months of FNOL 2%
- Within 6 months of FNOL 22%
- Within 1 year of FNOL 44%
- Within 2 years of FNOL 24%
- 2 or more years from FNOL 8%

## 1st Party Residential New Lawsuits FNOL to Lawsuit Served Jan-Dec 2023



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## Water Loss, AOB and CAT:

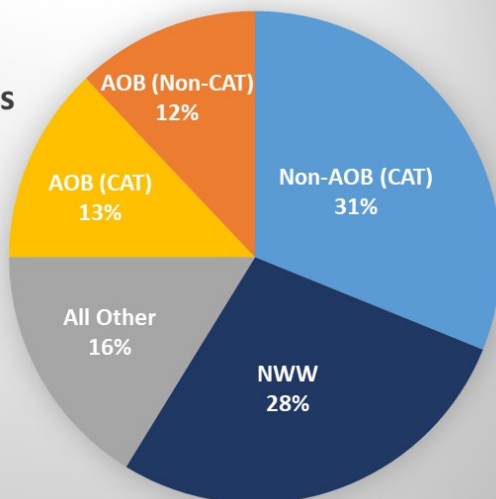
### Year End 2023

New incoming CAT lawsuits increased by 14%, representing 44% of all new incoming lawsuits for 2023. Pending CAT lawsuits decreased by 1%, representing 47% of all pending lawsuits from January through December 2023, and continue to be the leading cause of loss in both new and pending lawsuits.

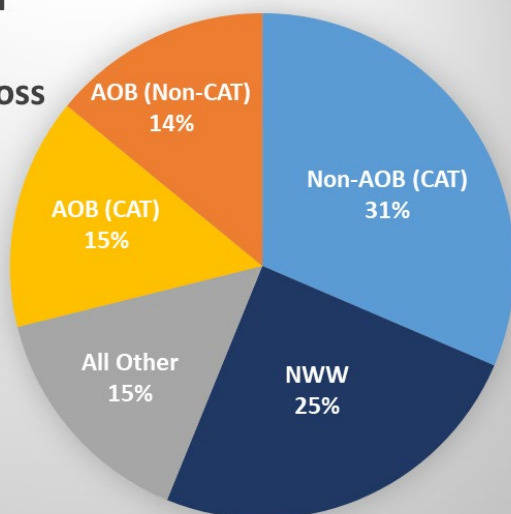
AOB lawsuits, however, decreased by 44%, representing 25% of all new incoming lawsuits for 2023. Pending AOB lawsuits decreased by 19% as compared to 2022, representing 29% of all pending lawsuits.

Non-Weather Water Lawsuits represent 28% of all new incoming lawsuits for the year, a 36% increase, and 25% of all pending, a 13% increase as compared to 2022.

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



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



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## 2024 YEAR TO DATE - JANUARY

As of January 31, 2024, Citizens was served with 760 new, incoming lawsuits (753 Residential Property, 2 Commercial Property, 5 Liability). This reflects a 7% increase in the receipt of new lawsuits as compared to January 2023.

CAT Lawsuits currently represent 50% of all new incoming lawsuits (a 33% increase as compared to January 2023) and 47% of pending lawsuits (a 1% increase as compared to January 2023), keeping CAT as the leading cause of loss in both new and pending lawsuits.

AOB Lawsuits currently represent 24% of new incoming lawsuits (a 26% decrease compared to January 2023) and 28% of pending lawsuits (a 21% decrease as compared to January 2023).

Non-Weather Water Lawsuits currently represent 23% of new incoming lawsuits (a 4% increase as compared to January 2023), and 24% of pending lawsuits (a 12% increase as compared to January 2023).

## CONCLUSION

The overall performance of 2023 reveals a downward trend in the receipt of new, incoming lawsuits. This trend is believed to be a direct result of the sweeping legislation enacted over the last few years, most notably the Notice of Intent and AOB legislation.

We are seeing a downward trend in pending volume associated with the decrease in new, incoming as well as the efforts to resolve matters in the court system.