

# Executive Summary

Claims Committee Meeting, June 13, 2024

Board of Governors Meeting, July 10, 2024

## Litigated Claims Update

### CLAIMS LITIGATION – 2024 YEAR TO DATE (January 1, 2024 – April 30, 2024)

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

From January 2024 through April 2024, Citizens was served with 3,063 lawsuits (3,035 Residential Property, 6 Commercial Property and 22 Liability) – averaging 766 new lawsuits per month. This reflects a 5% increase in the number of new incoming suits per month as compared to this same time period last year (2023 average for January through April – 726).

#### Breakdown of 2024 YTD New Lawsuits:

##### First Party Residential Property – 3,035 Total (99% of Overall Total)

- Residential CAT	1,431	47%
- Residential Non-CAT	1,604	53%
- Residential Sinkhole	0	0%

##### First Party Commercial Property – 6 Total (<1% of Overall Total)

- Commercial CAT	6	100%
- Commercial Non-CAT	0	0%
- Commercial Sinkhole	0	0%

##### Third Party Liability – 22 Total (<1% of Overall Total)

As of April 30, 2024, the current pending volume totaled 17,150 lawsuits (16,822 Residential Property, 134 Commercial Property and 194 Liability). This reflects an 11% decrease compared to the same time period last year (19,312 pending matters).

#### Breakdown of 2024 YTD Pending Lawsuit Volume:

##### First Party Residential Property – 16,822 Total (98% of Overall Total)

- Residential CAT	7,974	47%
- Residential Non-CAT	8,814	52%
- Residential Sinkhole	34	<1%

##### First Party Commercial Property – 134 Total (<1% of Overall Total)

- Commercial CAT	127	95%
- Commercial Non-CAT	6	4%
- Commercial Sinkhole	1	1%

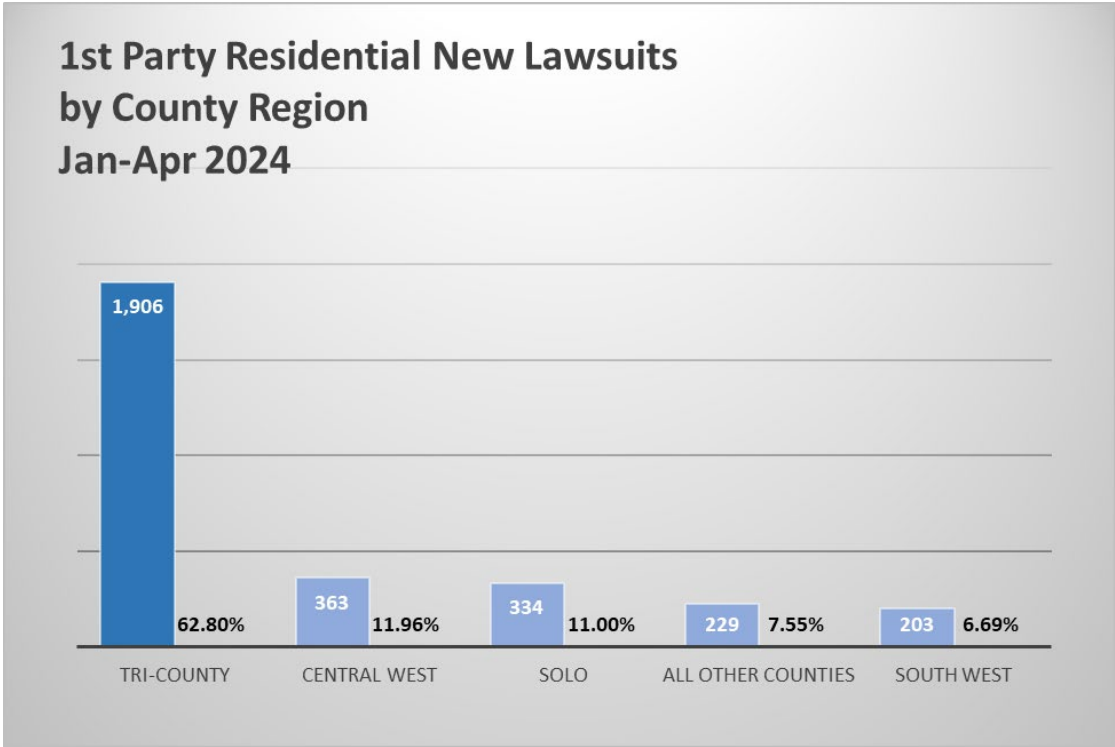
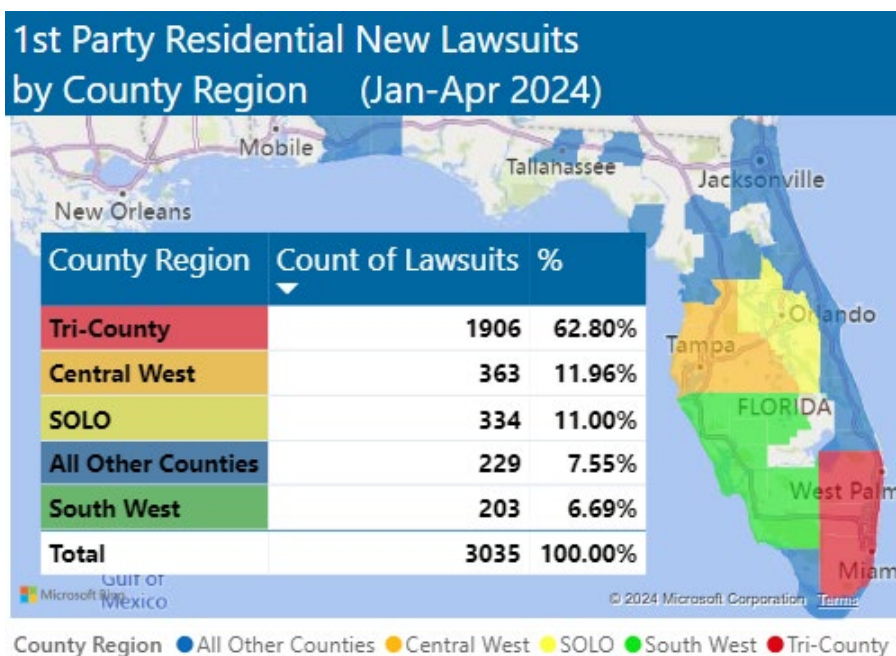
##### Third Party Liability – 194 Total (1% of Overall Total)

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63% of the incoming Residential Property lawsuits arise out of the Tri-County area. This represents a 4% 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.



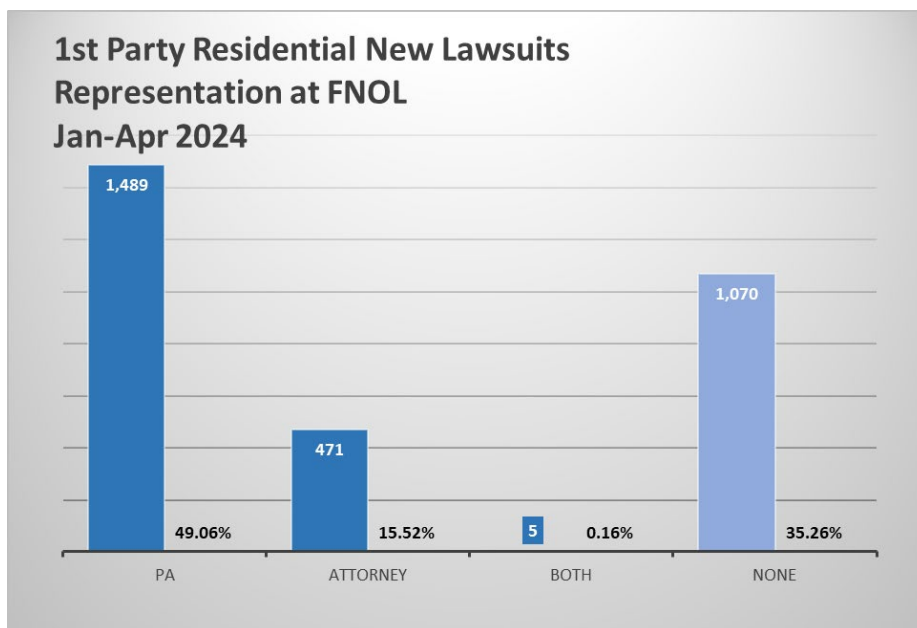
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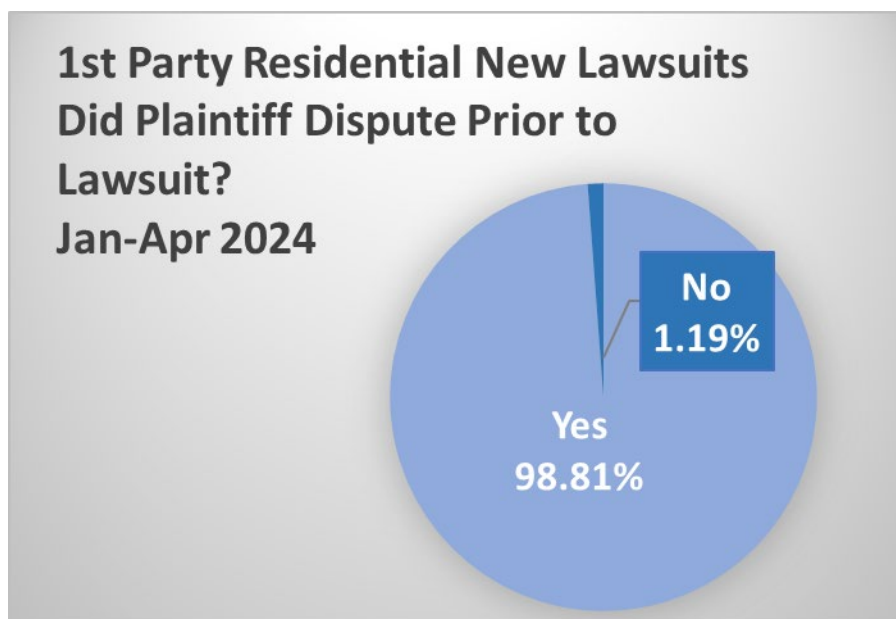
Board of Governors Meeting, July 10, 2024

The plaintiff was represented at First Notice of Loss in 63% of incoming residential property lawsuits. This represents a 32% increase as compared to 2023:

- Public Adjuster 49%
- Attorney 16%
- Both PA & Attorney <1%



In 1% 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 compared to 2023. This is the expected and intended effect of the Notice of Intent statute.



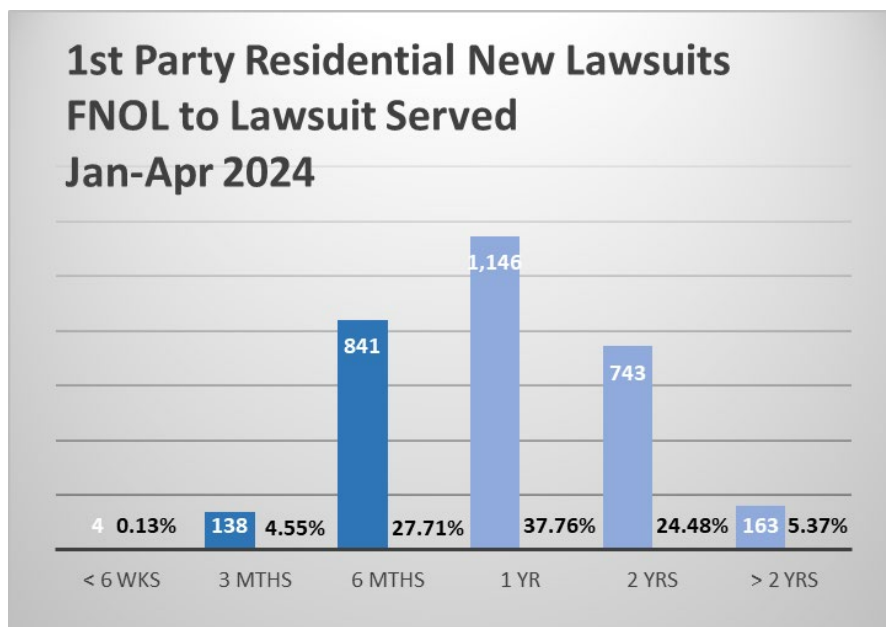
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A review of the timing of incoming lawsuits reveals that 32% of lawsuits are brought within 6 months of the First Notice of Loss (FNOL). This is a 35% increase compared to 2023.

- Within 6 weeks of FNOL <1%
- Within 3 months of FNOL 5%
- Within 6 months of FNOL 28%
- Within 1 year of FNOL 38%
- Within 2 years of FNOL 24%
- 2 or more years from FNOL 5%



## **DOAH CASES – Dept of Administrative Hearings:**

DOAH arbitration is an alternate dispute resolution (ADR) that may be invoked by the insured or Citizens in lieu of resorting to the state court system. This ADR is available through an endorsement to the policy of insurance and is expected to lead to much faster resolutions than currently available in state court.

From January 2024 through April 2024, Citizens invoked DOAH in four claims after review of the Notice of Intent submitted by the insured (included in the Total Lawsuit Counts received above).

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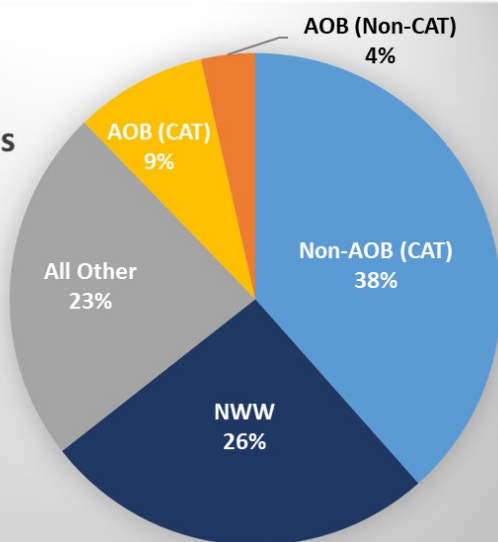
## Water Loss, AOB and CAT:

New incoming CAT lawsuits have increased by 24%, now representing 47% of all new incoming lawsuits. Pending CAT lawsuits have decreased by 1%, now representing 48% of all pending lawsuits from January 2024 through April 2024. CAT lawsuits continue to be the leading cause of loss in both new and pending lawsuits.

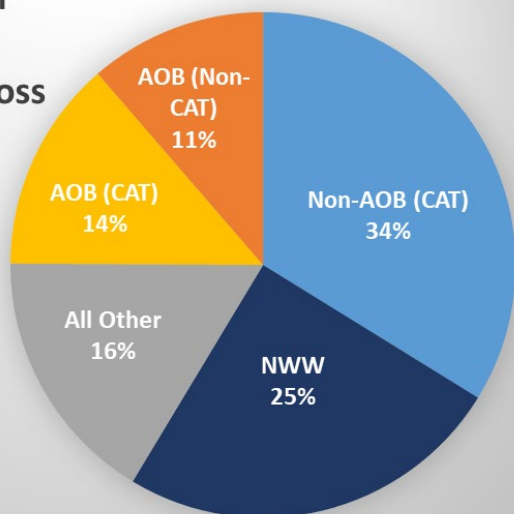
AOB lawsuits have decreased by 61% as compared to this same time period last year, now representing 12% of all new incoming lawsuits. Pending AOB lawsuits have decreased by 28%, as compared to January through April 2023, representing 25% of all pending lawsuits. This is a direct result of the new AOB legislation.

Non-Weather Water Lawsuits represent 26% of all new incoming lawsuits, a 5% increase as compared to this same time period in 2023. Pending Non-Weather Water lawsuits represent 25% of the pending volume, a 12% increase as compared to the same time period in 2023.

**1st Party Residential  
New Lawsuits  
CAT, AOB & Water Loss  
Jan-Apr 2024**



**1st Party Residential  
Pending Lawsuits  
CAT, AOB & Water Loss  
As of Apr 30, 2024**



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## **CONCLUSION**

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We have seen a slight increase in new incoming suits as compared to 2023. While this is a reversal of the decreasing trend of the last several months, it is simply too early to tell if this will be a sustained trend or merely a temporary, seasonal spike in new lawsuits. We will continue to monitor this trend as we move forward.

We are continuing to experience a decrease in pending volume as lawsuits make their way through the state court system. While we anticipate this decreasing trend to continue, it will be a slow and steady decline as the state court system remains overburdened causing lawsuits to pend for a longer period of time.

The use of DOAH arbitration as an alternative resolution method began earlier this year and, over time, may prove to be an effective and efficient method for resolution. We will expand our reporting as we get further into this process.

As for the leading causes of loss in litigation, catastrophe lawsuits remain the leading claim type for both new and pending lawsuits. The drastic decline in Assignment of Benefits (AOB) lawsuits has been realized as was expected following the most recent legislation concerning AOB claims. Non-weather water lawsuits are on a slight uptick as compared to last year, but again it is too early to tell if this will be a sustained trend.