

Executive Summary

Claims Committee Meeting, June 12, 2025

Board of Governors Meeting, June 25, 2025

Litigated Claims Update

CLAIMS LITIGATION – 2025 YEAR TO DATE (January 1, 2025 – April 30, 2025)

Overview of Incoming Lawsuits and Pending Volume:

From January 2025 through April 2025, Citizens was served with 2,342 lawsuits (2,288 Residential Property, 11 Commercial Property and 44 Liability) – averaging 586 new lawsuits per month. This reflects a 24% decrease in the number of new incoming suits per month as compared to this same time period last year (2024 average for January through April – 772 lawsuits).

Breakdown of 2025 YTD New Lawsuits:

First Party Residential Property – 2,288 Total (98% of Overall Total)

- Residential CAT	1,281	56%
- Residential Non-CAT	1,003	44%
- Residential Sinkhole	4	<1%

First Party Commercial Property – 11 Total (<1% of Overall Total)

- Commercial CAT	10	91%
- Commercial Non-CAT	1	9%
- Commercial Sinkhole	0	0%

Third Party Liability – 43 Total (2% of Overall Total)

As of April 30, 2025, the current pending volume totaled 13,333 lawsuits (13,088 Residential Property, 88 Commercial Property and 159 Liability). This reflects a 22% decrease compared to the same time period last year (17,139 pending matters).

Breakdown of 2025 YTD Pending Lawsuit Volume:

First Party Residential Property – 13,088 Total (98% of Overall Total)

- Residential CAT	6,362	49%
- Residential Non-CAT	6,695	51%
- Residential Sinkhole	31	<1%

First Party Commercial Property – 88 Total (1% of Overall Total)

- Commercial CAT	78	89%
- Commercial Non-CAT	9	10%
- Commercial Sinkhole	1	1%

Third Party Liability – 159 Total (1% of Overall Total)

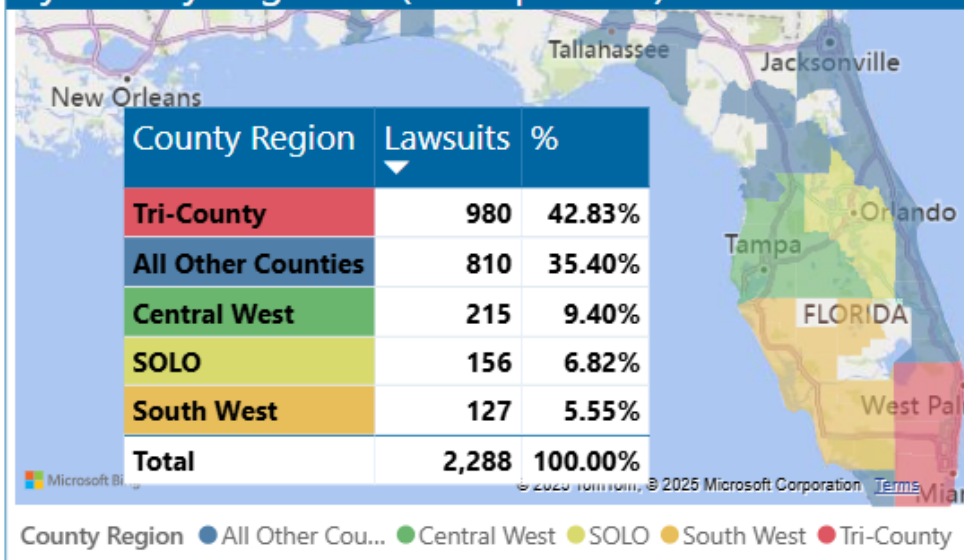
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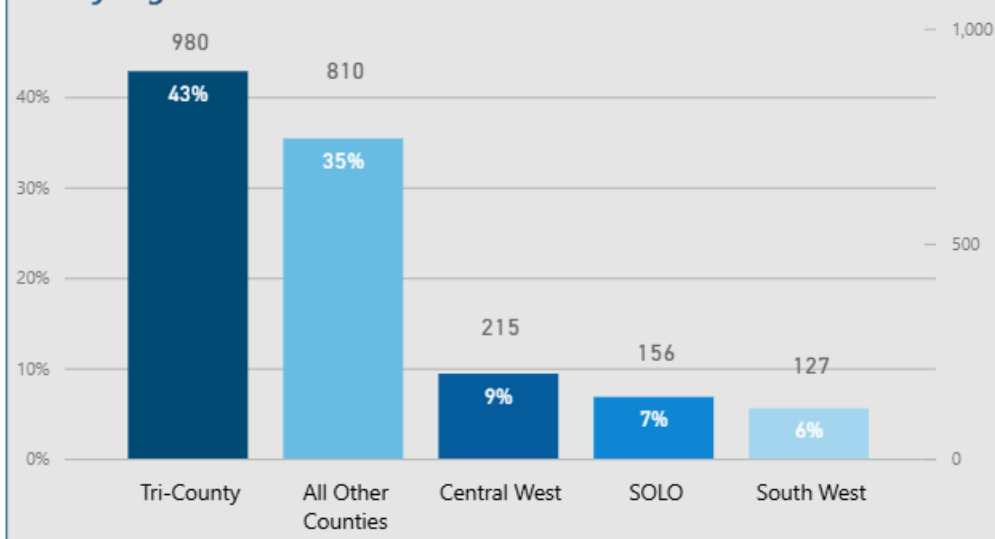
Board of Governors Meeting, June 25, 2025

43% of the incoming Residential Property lawsuits arise out of the Tri-County area. This represents a 49% decrease in the distribution of Lawsuits originating in the Tri-County area, primarily due to the increasing distribution arising out of other areas of the state.

1st Party Residential New Lawsuits by County Region (Jan-Apr 2025)



1st PARTY RESIDENTIAL NEW LAWSUITS - Q1 2025 (JAN-APR) County Region



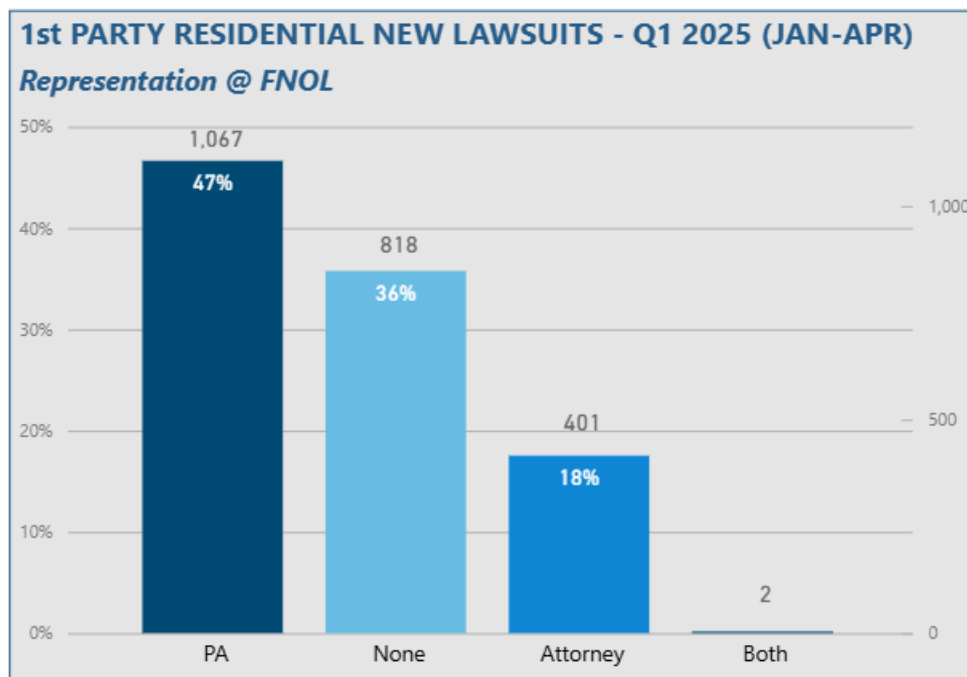
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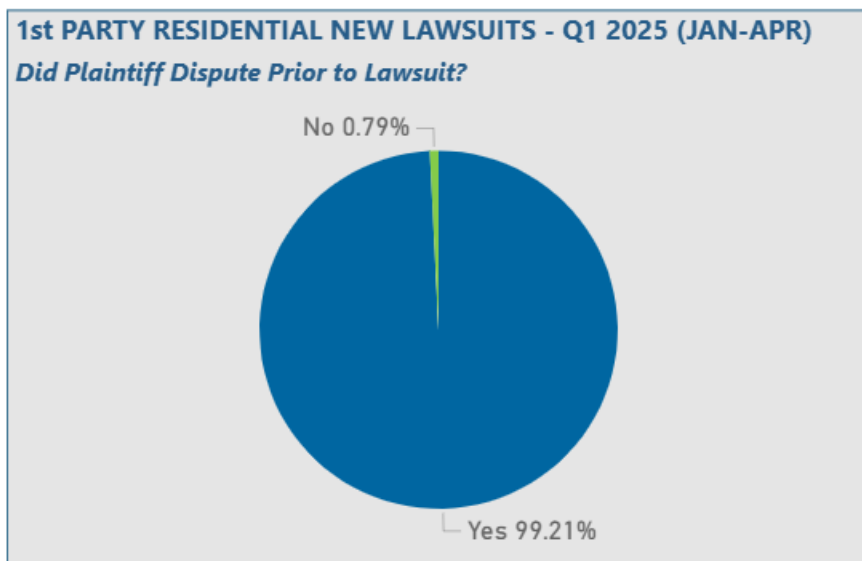
Board of Governors Meeting, June 25, 2025

The plaintiff was represented at First Notice of Loss in 64% of incoming residential property lawsuits. This represents a 25% decrease as compared to 2024:

- Public Adjuster 47%
- Attorney 18%
- 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 54% decrease compared to 2024. This is the expected and intended effect of the Notice of Intent statute.



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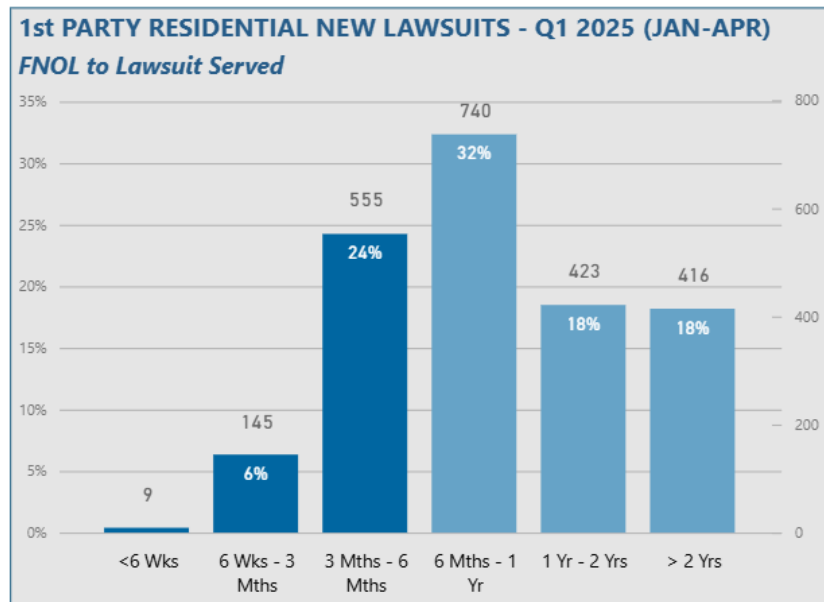
A review of the timing of incoming lawsuits reveals that 31% of lawsuits are brought within 6 months of the First Notice of Loss (FNOL). This is a 28% decrease compared to 2024 and is expected as we move farther away from a CAT event.

Served within 6 months 31%

- Within 6 weeks of FNOL <1%
- Within 3 months of FNOL 6%
- Within 6 months of FNOL 24%

Served more than 6 months 69%

- Within 1 year of FNOL 32%
- Within 2 years of FNOL 18%
- 2 or more years from FNOL 18%



DOAH (Dept of Administrative Hearings) Update:

DOAH is an alternate dispute resolution method that may be invoked by the insured or Citizens in lieu of a lawsuit.

- Currently available to Policy Holders with a policy of insurance issued on or after 2/1/2023
- Loss must arise out of a policy issued on or after 2/1/2023

As of May 14, 2025:

- 1,047 claim disputes have been referred to DOAH for dispute resolution, with 517 having fully resolved.
- The average resolution time is 85 days in the DOAH process, as compared to 622 days in the state court process.
- The average cost of defense to resolution is \$7,617, as opposed to an average cost of \$20,374 in state court.
- The majority of cases have been resolved through voluntary settlement (75%) that includes 52% of the cases where the insured accepted a nominal settlement amount (\$500 or less).
- The insured abandoned their dispute in 14% of the cases.
- 10% of the cases have proceeded to a Final Hearing before DOAH (as compared to state court where 1% of cases proceed to trial due to the overburdened system).

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CAT, AOB and Water Loss:

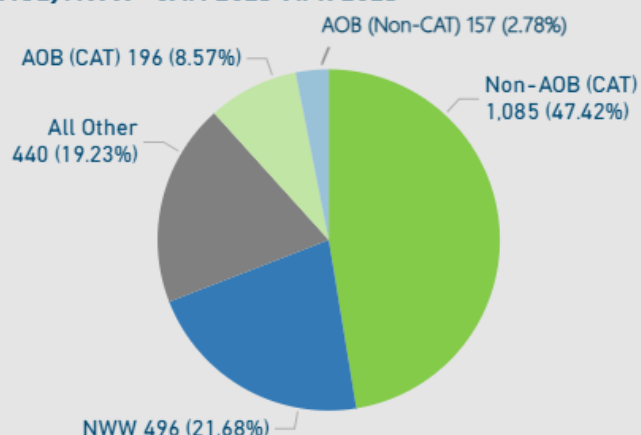
New incoming CAT lawsuits have decreased by 11%, now representing 56% of all new incoming lawsuits. Pending CAT lawsuits have decreased by 20%, now representing 48% of all pending lawsuits. CAT losses continue to be the leading cause of loss for both new and pending lawsuits.

AOB lawsuits have decreased by 28%, now representing 12% of all new incoming lawsuits. Pending AOB lawsuits have decreased by 52%, as compared to January through April 2024, representing 15% of all pending lawsuits.

Non-Weather Water lawsuits represent 22% of all new incoming, a 37% decrease as compared to this time last year. Pending Non-Weather Water lawsuits have decreased by 29%, representing 22% of all pending lawsuits at this time.

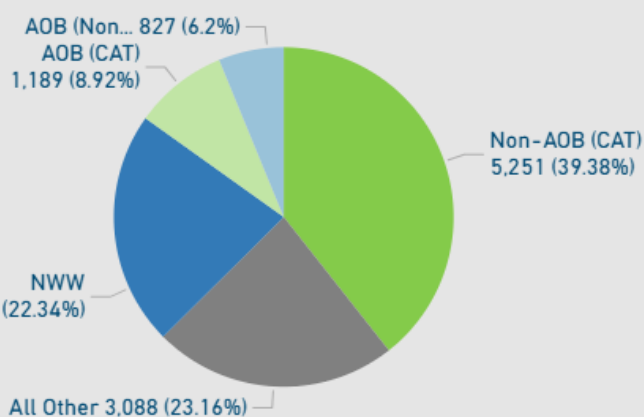
2025 NEW 1st PARTY RESIDENTIAL LAWSUITS

CAT/AOB/NWW - JAN 2025-APR 2025



2025 PENDING 1st PARTY RESIDENTIAL LAWSUITS

CAT/AOB/NWW - As of APR 30, 2025



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CONCLUSION

Citizens continues to experience a decline in litigation for both new and pending lawsuits. New, incoming litigation has decreased by 24% as compared to this same time period last year. Pending litigation has also significantly decreased, by 22%, bringing Citizens to under 13,500 pending lawsuits as of the end of April 2025. The declining number of Policies In Force, in addition to the sweeping legislative reforms, have had a dramatic impact on litigation for Citizens thus far. Provided we do not experience an active storm season in the coming months, these downward trends in volume are expected to continue throughout the year.

The DOAH dispute resolution program has proven beneficial to insureds as well as Citizens with an average resolution timeframe of 85 days, as opposed to 622 days in the overburdened state court system. DOAH has proven a much more efficient process for dispute resolution as resolutions in DOAH process occur 86% faster. Additionally, the cost of defense savings is significant proving DOAH to be cost-effective as well. DOAH also provides a forum where all cases can be heard at final hearing within a reasonable time frame, as opposed to the state court system that is overburdened and cannot reach cases in a timely fashion.