

Executive Summary

Claims Committee Meeting, September 11, 2025

Board of Governors Meeting, September 24, 2025

Litigated Claims Update

CLAIMS LITIGATION – 2025 YEAR TO DATE (January 1, 2025 – July 31, 2025)

Overview of Incoming Lawsuits and Pending Volume:

From January 2025 through July 2025, Citizens was served with 3,721 lawsuits (3,600 Residential Property, 28 Commercial Property and 93 Liability) – averaging 532 new lawsuits per month. This reflects a 34% decrease in the number of new incoming suits per month as compared to this same time period last year (2024 average for January through July – 808 lawsuits).

Breakdown of 2025 YTD New Lawsuits:

First Party Residential Property – 3,600 Total (97% of Overall Total)

- Residential CAT	2,043	57%
- Residential Non-CAT	1,553	43%
- Residential Sinkhole	4	<1%

First Party Commercial Property – 28 Total (<1% of Overall Total)

- Commercial CAT	23	82%
- Commercial Non-CAT	5	18%
- Commercial Sinkhole	0	0%

Third Party Liability – 93 Total (2% of Overall Total)

As of July 31, 2025, the current pending volume totaled 10,569 lawsuits (10,332 Residential Property, 88 Commercial Property and 149 Liability). This reflects a 37% decrease compared to the same time period last year (16,823 pending matters).

Breakdown of 2025 YTD Pending Lawsuit Volume:

First Party Residential Property – 10,332 Total (98% of Overall Total)

- Residential CAT	5,124	50%
- Residential Non-CAT	5,181	50%
- Residential Sinkhole	27	<1%

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

- Commercial CAT	75	85%
- Commercial Non-CAT	12	14%
- Commercial Sinkhole	1	1%

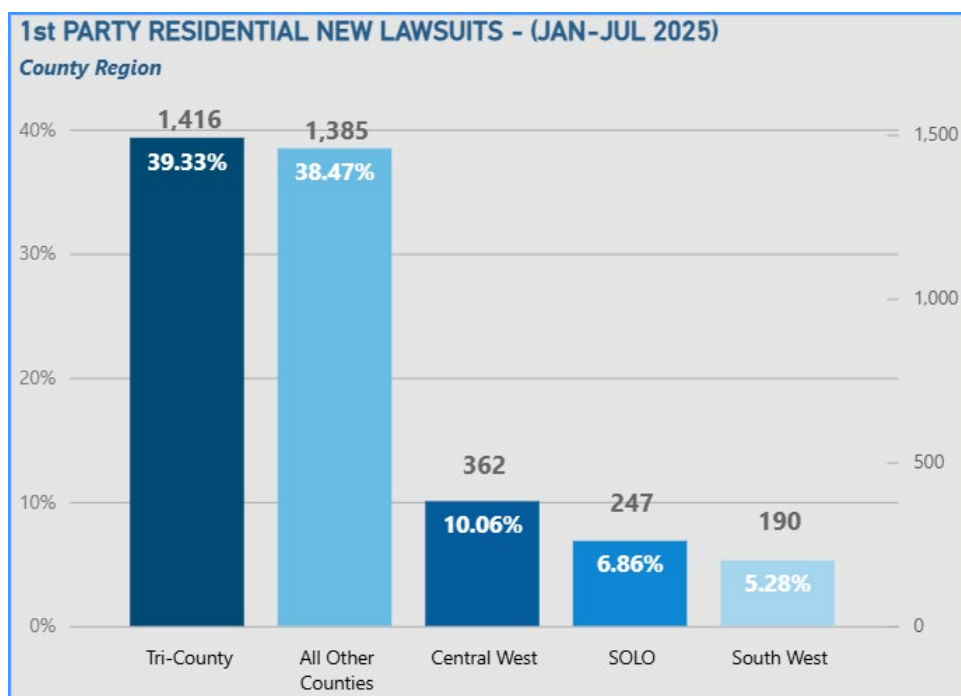
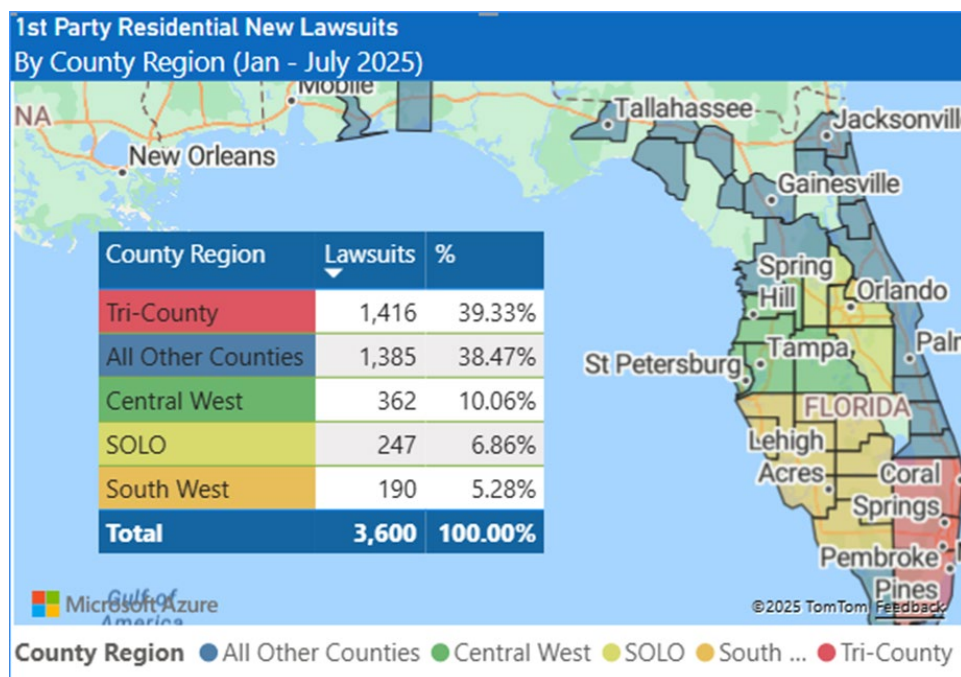
Third Party Liability – 149 Total (1% of Overall Total)

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39% of the incoming Residential Property lawsuits arise out of the Tri-County area. This represents a 59% 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.



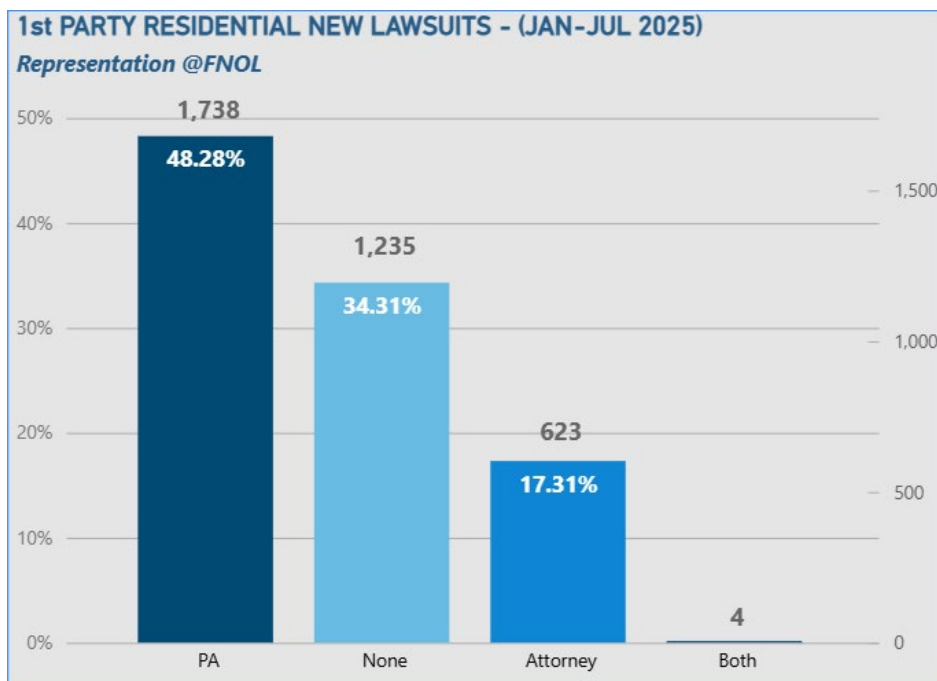
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The plaintiff was represented at First Notice of Loss in 66% of incoming residential property lawsuits. This represents a 37% decrease as compared to 2024:

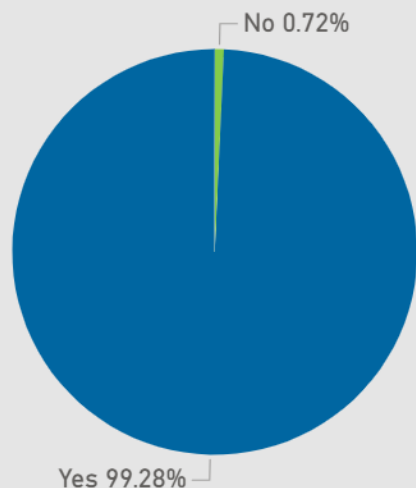
- Public Adjuster 48%
- Attorney 17%
- Both PA & Attorney <1%



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 55% decrease compared to 2024. This is the expected and intended effect of the Notice of Intent statute.

1st PARTY RESIDENTIAL NEW LAWSUITS - (JAN-JUL 2025)

Did Plaintiff Dispute Prior to Lawsuit?



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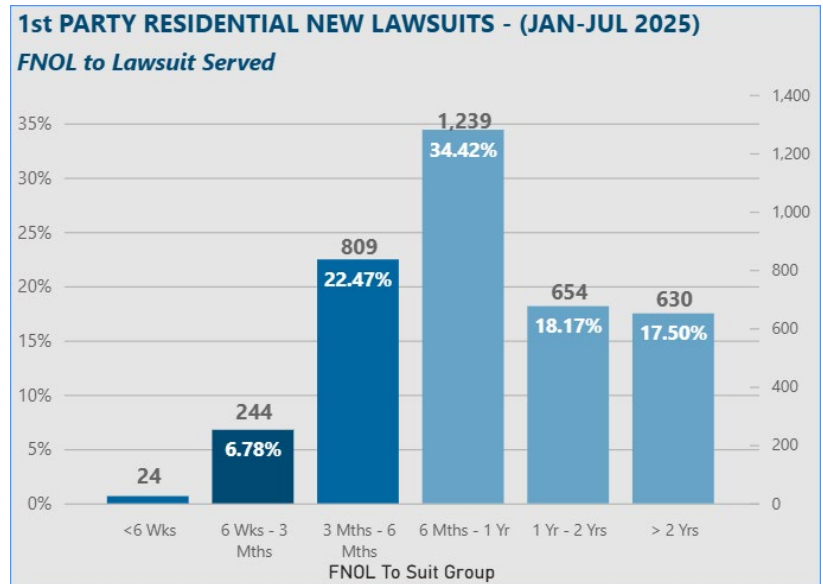
A review of the timing of incoming lawsuits reveals that 30% of lawsuits are brought within 6 months of the First Notice of Loss (FNOL). This is a 42% decrease compared to 2024 and is expected as we move farther away from a CAT event.

Served within 6 months 30%

- Within 6 weeks of FNOL 1%
- Within 3 months of FNOL 7%
- Within 6 months of FNOL 22%

Served more than 6 months 70%

- Within 1 year of FNOL 34%
- 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 8/12/25:

- 1,572 claim disputes have been referred to DOAH for dispute resolution, with 1,012 having fully resolved.
- The average resolution time is 90 days in the DOAH process, as compared to 620 days in the state court process.
- The average cost of defense to resolution is \$9,615, as opposed to an average cost of \$20,688 in state court.
- The majority of cases have been resolved through voluntary settlement (79%), that includes 52% of the cases where the insured accepted a nominal settlement amount (\$500 or less).
- The insured abandoned their dispute in 10% of the cases.
- 11% 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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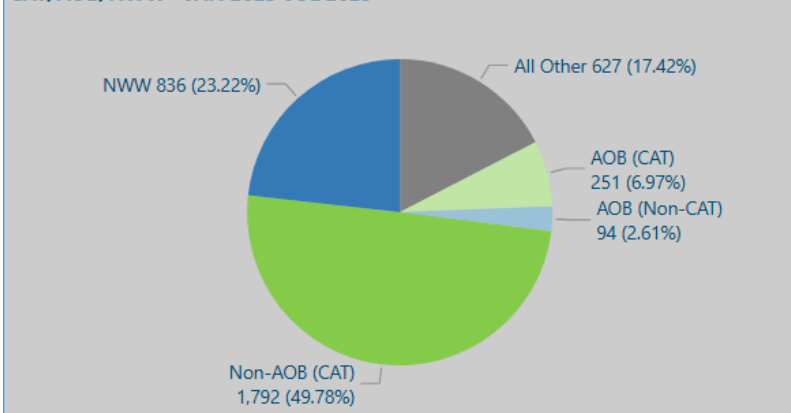
CAT, AOB and Water Loss:

New incoming CAT lawsuits have decreased by 19%, now representing 57% of all new incoming residential lawsuits. Pending CAT lawsuits have decreased by 34%, now representing 50% of all pending residential lawsuits. CAT losses continue to be the leading cause of loss for both new and pending lawsuits.

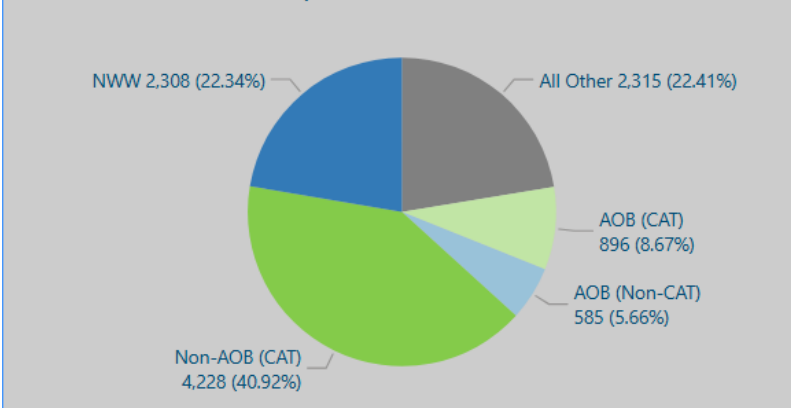
AOB lawsuits have decreased by 26%, now representing 10% of all new residential incoming lawsuits. Pending AOB lawsuits have decreased by 57%, as compared to January through July 2024, representing 14% of all pending residential lawsuits.

Non-Weather Water lawsuits represent 23% of all new incoming residential, a 41% decrease as compared to this time last year. Pending Non-Weather Water lawsuits have decreased by 44%, representing 22% of all pending lawsuits at this time.

2025 NEW 1st PARTY RESIDENTIAL LAWSUITS
CAT/AOB/NWW - JAN 2025-JUL 2025



2025 PENDING 1st PARTY RESIDENTIAL LAWSUITS
CAT/AOB/NWW - As of JUL 31, 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 34% as compared to this same time period last year. Pending litigation has also significantly decreased, by 37%, bringing Citizens to under 11,000 pending lawsuits as of the end of July 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 90 days, as opposed to 620 days in the overburdened state court system. DOAH has proven a much more efficient process for dispute resolution as resolutions in DOAH process occur 85% 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.