

Executive Summary

Claims Committee Meeting, September 11, 2025
Board of Governors Meeting, September 24, 2025

Claims Legal Services

Topic

This Consent Item seeks Board approval for \$50 million in spend authority under the Claims Legal Services contracts. This approval is requested for estimated expenditures across the initial panel contracts (RFP 21-0012) approved by the Board on December 15, 2021, and the supplemental panel contracts (RFP 22-0021) approved by the Board on March 29, 2023.

History

Citizens regularly engages outside law firms to provide representation in claims-related pre-suit and litigation matters. Citizens currently utilizes a panel comprised of one-hundred and twelve (112) outside defense firms to provide legal representation in the following four (4) claims-related Service Areas:

- First Party Property,
- Third Party Liability,
- Subrogation, and
- Appeals.

The current Claims Legal Services contracts were procured under RFP 21-0012 and RFP 22-0021. The Board approved the initial panel contracts at a December 15, 2021 Board of Governors meeting. At that meeting, Citizens requested \$500 million in spend authority based on the estimated total contract amount over the initial five (5) year term. The Board approved \$50 million in initial authorized spend and requested that Staff provide ongoing litigation updates as justification for spend authority in \$50 million increments as needed. As of the June 25, 2025 meeting, the total Board approved amount for Claims Legal Services is \$500 million. The five (5) year base term expires February 2027.

As of August 1, 2025, Citizens has incurred approximately \$499 million in spend under the approved Claims Legal Services contracts. Citizens forecasts that the spend authority of \$50 million requested in this Consent Item will cover the cost of Claims Legal Services through the end of 2025.

The table below, which breaks down legal spend to date by Catastrophe (“CAT”) and Non-Catastrophe (“Non-CAT”) litigation, illustrates that much of the defense costs Citizens incurs is attributable to the defense of catastrophe related litigation.

Period	Pending Litigation	Catastrophe Litigation	Non-Catastrophe Litigation	Total	% CAT	% Current Contract Rates
Feb-22	17,725	\$4,463,337.67	\$4,022,248.73	\$8,485,586.40	53%	7%
Mar-22	18,115	\$5,357,685.85	\$4,731,844.18	\$10,089,530.03	53%	20%
Apr-22	18,558	\$4,971,346.83	\$4,387,579.36	\$9,358,926.19	53%	28%
May-22	18,898	\$5,302,918.56	\$4,572,535.94	\$9,875,454.50	54%	35%
Jun-22	19,236	\$5,534,915.19	\$4,978,007.38	\$10,512,922.57	53%	38%
Jul-22	19,703	\$5,157,946.89	\$4,771,236.66	\$9,929,183.55	52%	41%
Aug-22	20,053	\$5,981,421.55	\$5,665,868.79	\$11,647,290.34	51%	45%

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Sep-22	20,478	\$5,578,063.20	\$5,335,568.14	\$10,913,631.34	51%	47%
Oct-22	20,390	\$6,074,828.14	\$5,777,969.66	\$11,852,797.80	51%	50%
Nov-22	20,378	\$5,359,790.28	\$5,596,056.72	\$10,955,847.00	49%	55%
Dec-22	20,379	\$4,833,143.96	\$4,935,383.19	\$9,768,527.15	49%	59%
Jan-23	20,186	\$6,037,512.39	\$5,981,597.80	\$12,019,110.19	50%	59%
Feb-23	20,047	\$5,537,767.18	\$5,754,232.53	\$11,291,999.71	49%	62%
Mar-23	19,716	\$6,267,354.60	\$6,816,964.52	\$13,084,319.12	48%	65%
Apr-23	19,420	\$5,475,777.04	\$5,954,501.41	\$11,430,278.45	48%	71%
May-23	19,141	\$5,885,434.09	\$6,450,175.09	\$12,335,609.18	48%	75%
Jun-23	19,111	\$6,017,406.82	\$6,131,653.28	\$12,149,060.10	50%	79%
Jul-23	19,028	\$5,804,815.00	\$5,904,499.48	\$11,709,314.48	50%	79%
Aug-23	18,942	\$6,539,764.71	\$7,022,459.32	\$13,562,224.03	48%	80%
Sep-23	18,755	\$6,216,702.83	\$6,115,978.22	\$12,332,681.05	50%	83%
Oct-23	18,533	\$6,452,893.91	\$6,831,255.97	\$13,284,149.88	49%	84%
Nov-23	18,384	\$5,854,843.87	\$6,427,663.20	\$12,282,507.07	48%	86%
Dec-23	18,043	\$5,143,989.16	\$5,570,334.76	\$10,714,323.92	48%	87%
Jan-24	17,762	\$6,851,910.07	\$6,718,752.83	\$13,570,662.90	50%	86%
Feb-24	17,597	\$6,735,292.95	\$6,503,228.87	\$13,238,521.82	51%	88%
Mar-24	17,288	\$6,758,266.97	\$6,544,853.21	\$13,303,120.18	51%	89%
Apr-24	17,259	\$6,874,910.86	\$6,946,856.57	\$13,821,767.43	50%	90%
May-24	16,991	\$6,597,753.86	\$6,679,701.81	\$13,277,455.67	50%	91%
Jun-24	16,895	\$6,387,805.58	\$6,472,775.95	\$12,860,581.53	50%	91%
Jul-24	16,918	\$6,857,271.80	\$6,988,597.35	\$13,845,869.15	49%	92%
Aug-24	16,843	\$7,056,655.07	\$7,154,133.55	\$14,210,788.62	50%	92%
Sep-24	16,629	\$6,729,971.66	\$7,208,454.12	\$13,938,425.78	48%	94%
Oct-24	16,529	\$7,237,412.77	\$7,624,160.41	\$14,861,573.18	49%	93%
Nov-24	16,406	\$6,257,471.64	\$6,570,183.59	\$12,827,655.23	49%	95%
Dec-24	16,126	\$5,746,261.35	\$6,376,554.63	\$12,122,815.98	47%	95%
Jan-25	15,575	\$6,957,386.62	\$7,541,279.21	\$14,498,665.83	48%	95%
Feb-25	14,895	\$6,906,430.07	\$6,539,435.78	\$13,445,865.85	51%	96%
Mar-25	14,231	\$6,873,555.83	\$6,564,583.35	\$13,438,139.18	51%	96%
Apr-25	13,432	\$6,986,687.67	\$6,429,354.99	\$13,416,042.66	52%	97%
May-25	12,479	\$6,217,306.59	\$5,820,625.96	\$12,037,932.55	52%	97%
June-25	11,606	\$5,544,406.44	\$5,357,059.83	\$10,901,466.27 ¹	51%	98%
Total		\$249,569,102.00	\$249,906,632.26	\$499,475,734.26		

¹ The legal spend data for June 2025 is incomplete as Citizens has yet to receive all outside counsel invoices for services during this period. Staff anticipates the final June 2025 numbers to show a continued decrease in legal spend month over month for both June 2025 and continuing into the immediate future.

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Due to the successful implementation of its non-litigated claims/litigation avoidance strategies and Division of Administrative Hearings program, Citizens continues to see a decrease in both new lawsuits and overall pending litigation. The table above shows an approximate 17% reduction in legal spend for the month of May 2025 compared to January 2025 spend totals.

Moving forward, Citizens anticipates further reductions in both pending litigation and related legal spend in the immediate future as it continues to realize the impacts of the claims and litigation related strategies mentioned above. At the time of the original Board approval of these contracts on December 15, 2021, Citizens estimated \$500 million in spend authority was needed to fund these services through the initial five (5) year term. That estimate did not include the impacts of any CAT related litigation. To date, approximately 50% of the \$499 million incurred has been attributed to CAT related litigation.

To fund these services through the remainder of 2025, Citizens is requesting \$50 million in spend authority across the initial and supplemental Claims Legal Services contracts.

Recommendation

The recommendation is listed in the attached Consent Item.

Claims Legal Services

☐ **ACTION ITEM**

☐ **New Contract**

☐ **Contract Amendment**

☐ **Other** _____

☒ **CONSENT ITEM**

☐ **New Contract**

☐ **Contract Amendment**

☐ **Existing Contract Extension**

☒ **Existing Contract Additional Spend**

☐ **Previous Board Approval** _____

☐ **Other** _____

Action Items: Items requiring detailed explanation to the Board. When a requested action item is a day-to-day operational item or unanimously passed through committee it may be moved forward to the board on the Consent Index.

☐ **Move forward as Consent:** This Action item is a day-to-day operational item, unanimously passed through committee or qualifies to be moved forward on the Consent Index.

Consent Items: Items not requiring detailed explanation to the Board of Governors. Consent items are contract extensions, amendments or additional spending authorities for items previously approved by the Board.

Item Description	Claims Legal Services
Purpose/Scope	This Consent Item seeks Board approval for \$50 million in authorized spend under the Claims Legal Services contracts to fund these services through the end of 2026. This approval is requested for expenditures across the initial panel contracts (RFP 21-0012) approved by the Board on December 15, 2021, and the supplemental panel contracts (RFP 22-0021) approved by the Board on March 29, 2023.
Contract ID	Claims Legal Services 21-21-0012 & 22-22-0021 (Multiple Contracts)
Budgeted Item	☒ Yes ☐ No
Procurement Method	On August 3, 2021, Citizens issued Claims Legal Services RFP 21-0012 and ninety-one (91) contracts were approved by the Board on December 15, 2021. On December 6, 2022, Citizens issued Supplemental Claims Legal Services RFP 22-0021 and an additional twenty-two (22) contracts were approved by the Board on March 29, 2023.
Contract Amount	This Consent item seeks \$50 million under the Claims Legal Services contracts.

Claims Legal Services

Contract Terms	The current Claims Legal Services contracts have a five (5) year initial term ending on February 2, 2027, with two (2) one-year optional renewal terms. The Supplemental Claims Legal Services contracts also expire on February 2, 2027, with two (2) one-year optional renewal terms. The contracts do not require Citizens to make any assignments of work or pay any minimum amounts to the contracted firms.
Committee Recommendation	Staff proposes that the Claims Committee review, and if approved recommend the Board of Governors: a) Authorize up to \$50 million in spend under the Claims Legal Services contracts; and b) Authorize staff to take any appropriate or necessary action consistent with this Consent Item.
Board Recommendation from Committee	If approved at its September 11, 2025 meeting, the Claims Committee recommends that the Board of Governors: a) Authorize up to \$50 million in spend under the Claims Legal Services contracts; and b) Authorize staff to take any appropriate or necessary action consistent with this Consent Item.
Contacts	Jay Adams, Chief Insurance Officer Brian Newman, General Counsel & Chief Legal Officer