

Executive Summary

Claims Committee Meeting, September 12, 2024

Board of Governors Meeting, September 25, 2024

Litigated Claims Update

CLAIMS LITIGATION – 2024 YEAR TO DATE (January 1, 2024 – July 31, 2024)

Overview of Incoming Lawsuits and Pending Volume:

From January 2024 through July 2024, Citizens was served with 5,655 lawsuits (5,570 Residential Property, 16 Commercial Property and 69 Liability) – averaging 808 new lawsuits per month. This reflects a 2% increase in the number of new incoming suits per month as compared to this same time period last year (2023 average for January through July – 795 lawsuits).

Breakdown of 2024 YTD New Lawsuits:

First Party Residential Property – 5,570 Total (99% of Overall Total)

- Residential CAT	2,513	45%
- Residential Non-CAT	3,055	55%
- Residential Sinkhole	2	<1%

First Party Commercial Property – 16 Total (<1% of Overall Total)

- Commercial CAT	13	81%
- Commercial Non-CAT	3	19%
- Commercial Sinkhole	0	0%

Third Party Liability – 69 Total (<1% of Overall Total)

As of July 31, 2024, the current pending volume totaled 16,825 lawsuits (16,501 Residential Property, 131 Commercial Property and 193 Liability). This reflects an 11% decrease compared to the same time period last year (18,930 pending matters).

Breakdown of 2024 YTD Pending Lawsuit Volume:

First Party Residential Property – 16,501 Total (98% of Overall Total)

- Residential CAT	7,756	47%
- Residential Non-CAT	8,712	52%
- Residential Sinkhole	33	<1%

First Party Commercial Property – 131 Total (<1% of Overall Total)

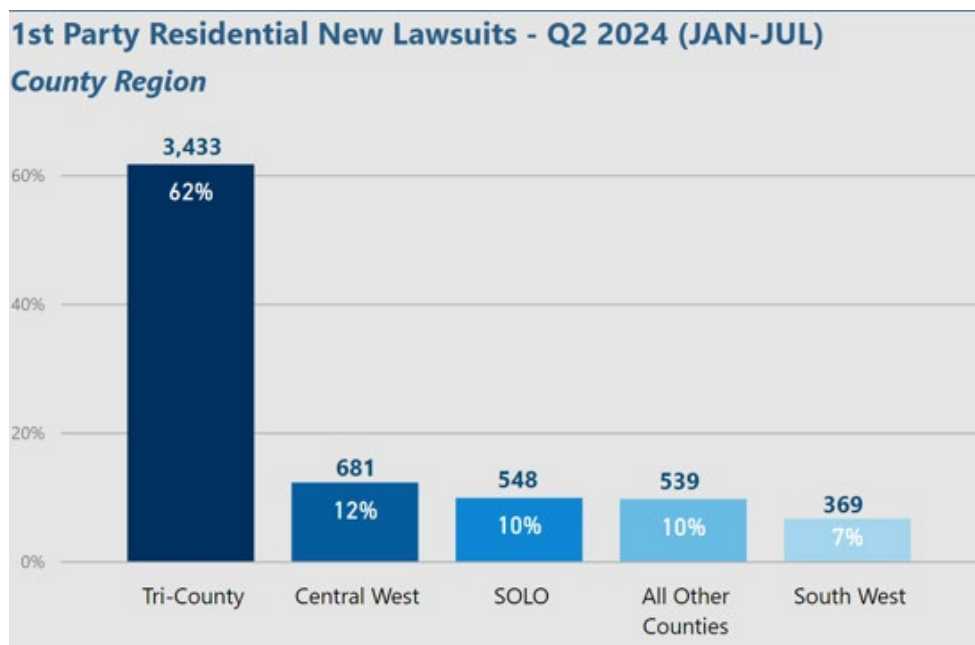
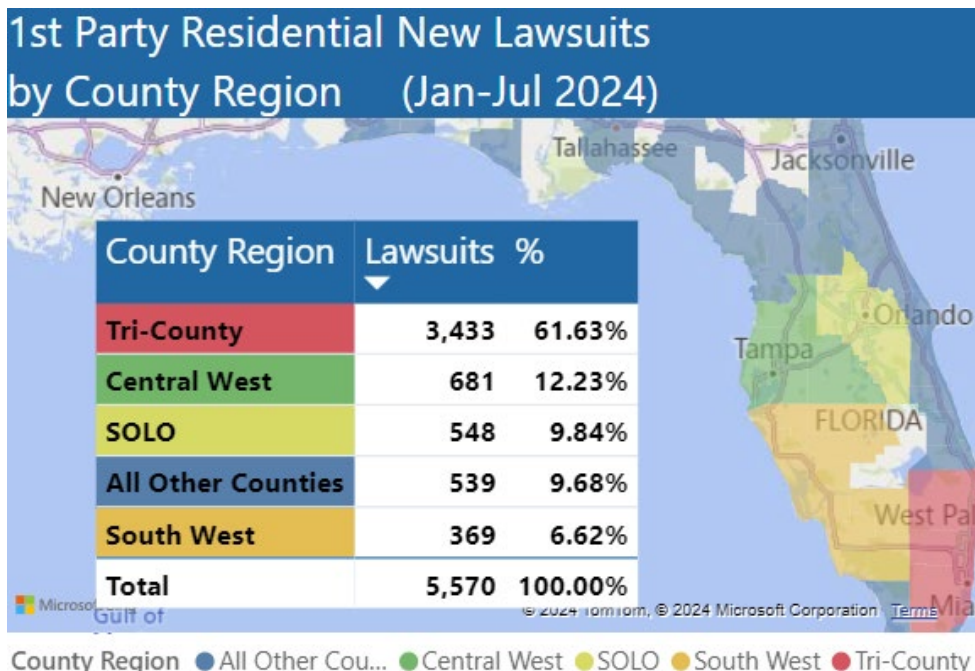
- Commercial CAT	121	92%
- Commercial Non-CAT	9	7%
- Commercial Sinkhole	1	<1%

Third Party Liability – 193 Total (1% of Overall Total)

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62% of the incoming Residential Property lawsuits arise out of the Tri-County area. This represents a <1% decrease in the distribution of Lawsuits originating in the Tri-County area. Over time we have seen a redistribution of lawsuits arising out of other areas of the state.

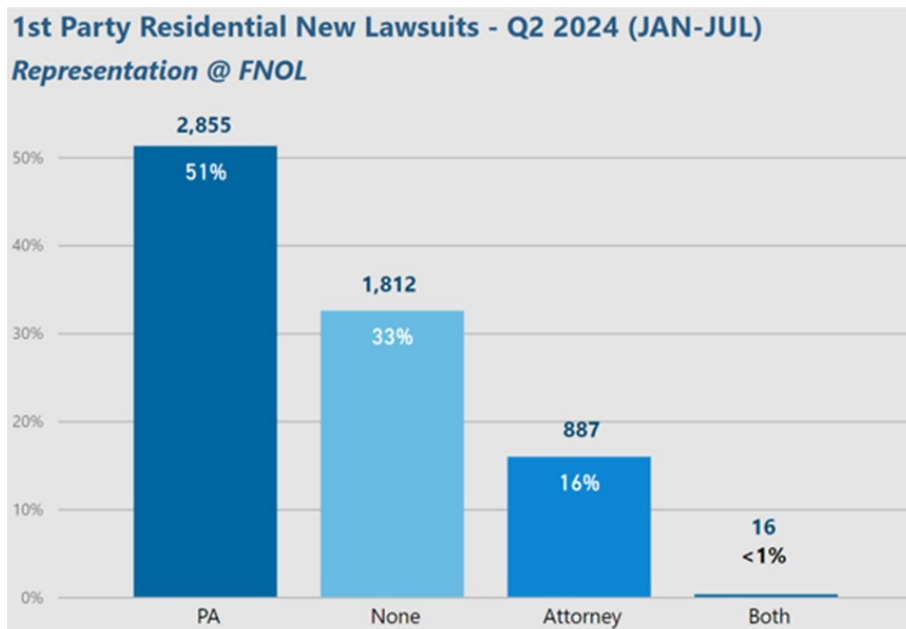


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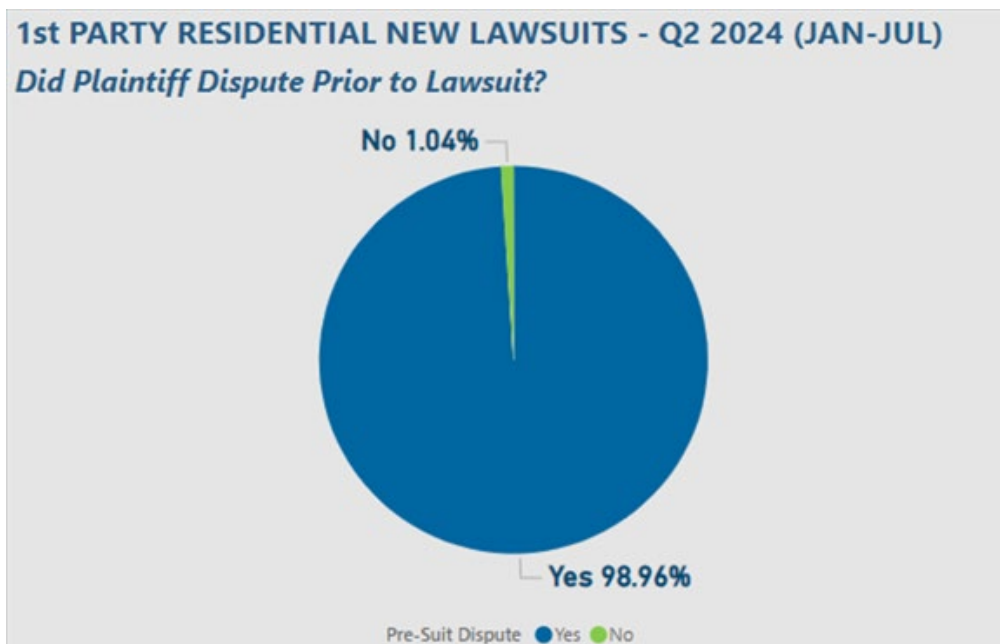
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The plaintiff was represented at First Notice of Loss in 67% of incoming residential property lawsuits. This represents a 39% increase as compared to 2023, an increasing trend since 2022:

- Public Adjuster 51%
- 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 63% decrease as compared to 2023. This is the expected and intended effect of the Notice of Intent statute.



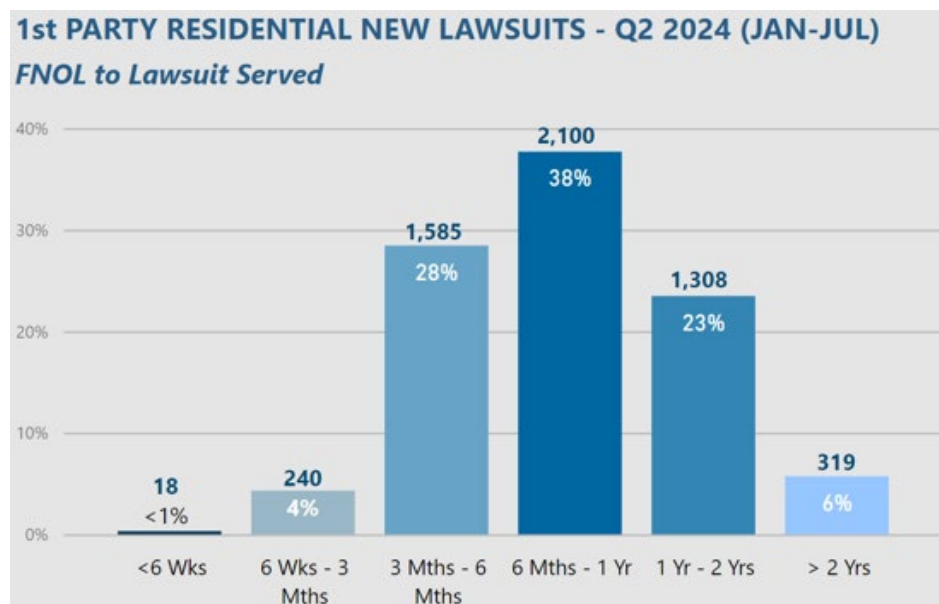
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A review of the timing of incoming lawsuits reveals that 33% of lawsuits are brought within 6 months of the First Notice of Loss (FNOL). This is a 36% increase compared to 2023.

- Within 6 weeks of FNOL <1%
- Within 3 months of FNOL 4%
- Within 6 months of FNOL 28%
- Within 1 year of FNOL 38%
- Within 2 years of FNOL 23%
- 2 or more years from FNOL 6%



DOAH CASES – Dept of Administrative Hearings:

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

- Currently available to HO-3 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 August 2024, 68 claim disputes have been referred to DOAH for dispute resolution. In this same time frame, 5 claim disputes have been resolved with an average pending time of 71 days. This is far more efficient than disputes pending in state court. As we continue to make use of this alternative dispute resolution method we will be able to provide a more detailed analysis of our experience.

Water Loss, AOB and CAT:

New incoming CAT lawsuits have increased by 6%, now representing 45% of all new incoming lawsuits. Pending CAT lawsuits have decreased by 10%, now representing 47% of all pending lawsuits from January through July 2024 and continues to be the leading cause of loss in both new and pending lawsuits.

AOB lawsuits, however, have decreased by 71%, now representing 8% of all new incoming lawsuits. Pending AOB lawsuits have decreased by 44%, as compared to this same time period in 2023, representing 21% of all pending lawsuits.

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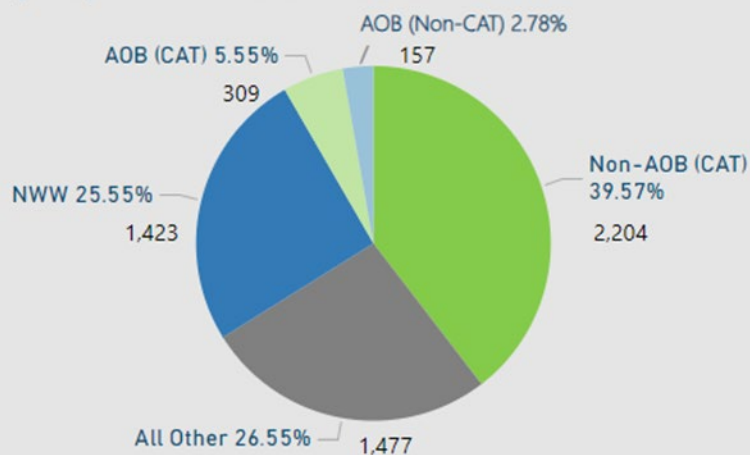
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Non-Weather Water lawsuits represent 26% of all new incoming, a 2% increase. Pending Non-Weather Water lawsuits have decreased by 4%, as compared to January through July 2023, representing 25% of all pending lawsuits.

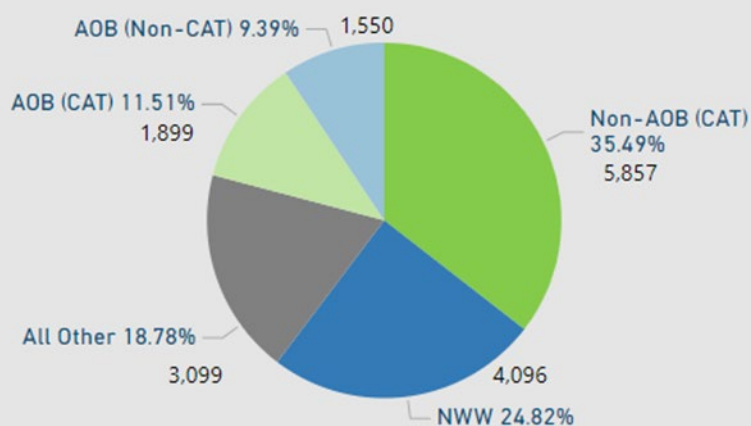
2024 NEW 1st PARTY RESIDENTIAL LAWSUITS

CAT/AOB/NWW - JAN 2024-JUL 2024



2024 PENDING 1st PARTY RESIDENTIAL LAWSUITS

CAT/AOB/NWW - As of JUL 31, 2024



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CONCLUSION

As previously reported, we continue to experience a rising trend in the volume of new, incoming lawsuits as compared to last year. We also see a continuation of the decrease in pending volume as lawsuits are proactively handled to resolution. The distribution of new, incoming lawsuits has remained stable from the last report, with the majority of new lawsuits arising out of the Tri-County area. We are experiencing a rising trend with insured's being represented at First Notice of Loss, with an increase of 39% as opposed to last year. This is an expected trend in the absence of a high volume catastrophe loss. We are also seeing an increase in the time period between FNOL and the filing of a lawsuit. This is due to the coupling of the absence of a high volume catastrophe loss and the expected effect of the Notice of Intent process established by statutory reform.

Catastrophe losses continue to represent the leading cause of loss for both new, incoming and pending lawsuits. This has been a long-standing trend that we predict will continue. With the effects of statutory reform, Assignment of Benefits volume, both for new and pending lawsuits, has dramatically decreased as expected. The volume of Non-Weather Water lawsuits has slightly increased as compared to this time last year.

We are just beginning to utilize the alternative dispute resolution method offered through the Department of Administrative Hearings with early promising results. As we expand our use of the DOAH process we expect to gain significant benefits in both efficiency and cost-effectiveness.