

# Executive Summary

Claims Committee Meeting, November 21, 2024

Board of Governors Meeting, December 4, 2024

## Litigated Claims Update

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

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

From January 2024 through September 2024, Citizens was served with 7,183 lawsuits (7,060 Residential Property, 26 Commercial Property and 97 Liability) – averaging 798 new lawsuits per month. This is essentially the same volume of new suits per month as compared to this same time period last year (2023 average for January through September – 804 lawsuits).

#### Breakdown of 2024 YTD New Lawsuits:

First Party Residential Property – 7,060 Total (99% of Overall Total)

- Residential CAT	3,157	45%
- Residential Non-CAT	3,900	55%
- Residential Sinkhole	3	<1%

First Party Commercial Property – 26 Total (<1% of Overall Total)

- Commercial CAT	22	85%
- Commercial Non-CAT	4	15%
- Commercial Sinkhole	0	0%

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

As of September 30, 2024, the current pending volume totaled 16,518 lawsuits (16,208 Residential Property, 135 Commercial Property and 175 Liability). This reflects an 11% decrease compared to the same time period last year (18,654 pending matters).

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

First Party Residential Property – 16,208 Total (98% of Overall Total)

- Residential CAT	7,578	47%
- Residential Non-CAT	8,598	53%
- Residential Sinkhole	32	<1%

First Party Commercial Property – 135 Total (<1% of Overall Total)

- Commercial CAT	124	92%
- Commercial Non-CAT	10	7%
- Commercial Sinkhole	1	<1%

Third Party Liability – 175 Total (1% of Overall Total)

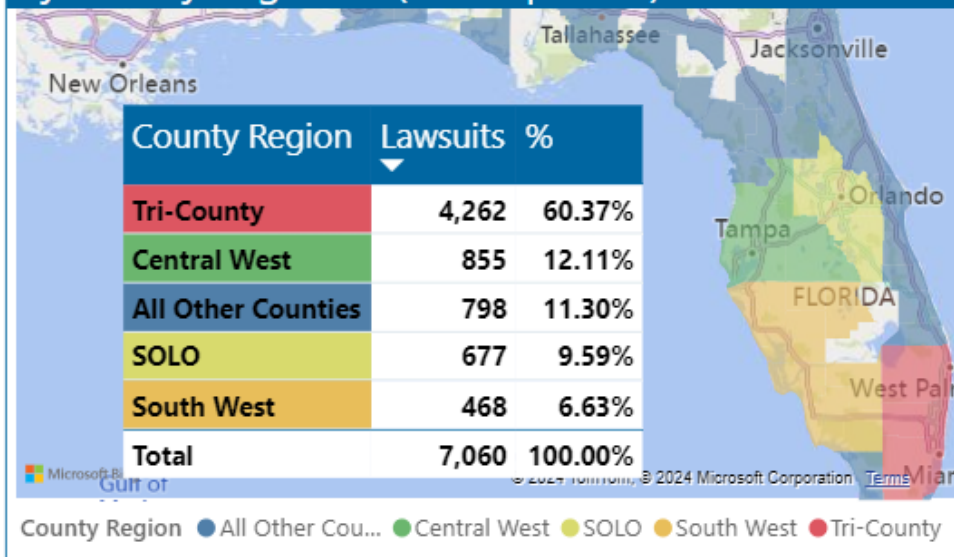
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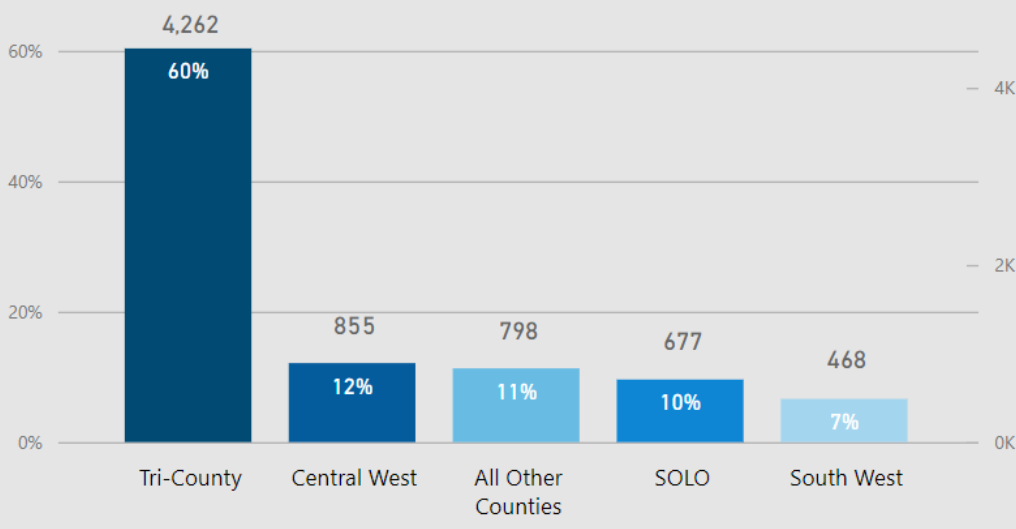
60% of the incoming Residential Property lawsuits arise out of the Tri-County area. This represents a 5% decrease in the distribution of Lawsuits originating in the Tri-County area, primarily due to the increasing distribution arising out of other areas of the state.

## 1st Party Residential New Lawsuits by County Region (Jan-Sep 2024)



## 1st PARTY RESIDENTIAL NEW LAWSUITS - Q3 2024 (JAN-SEP)

### County Region



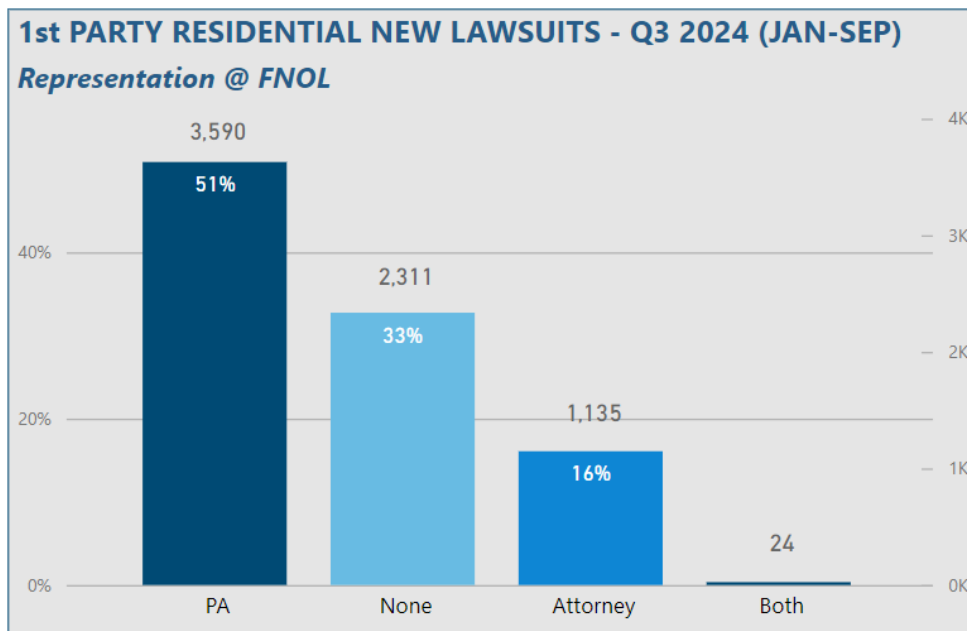
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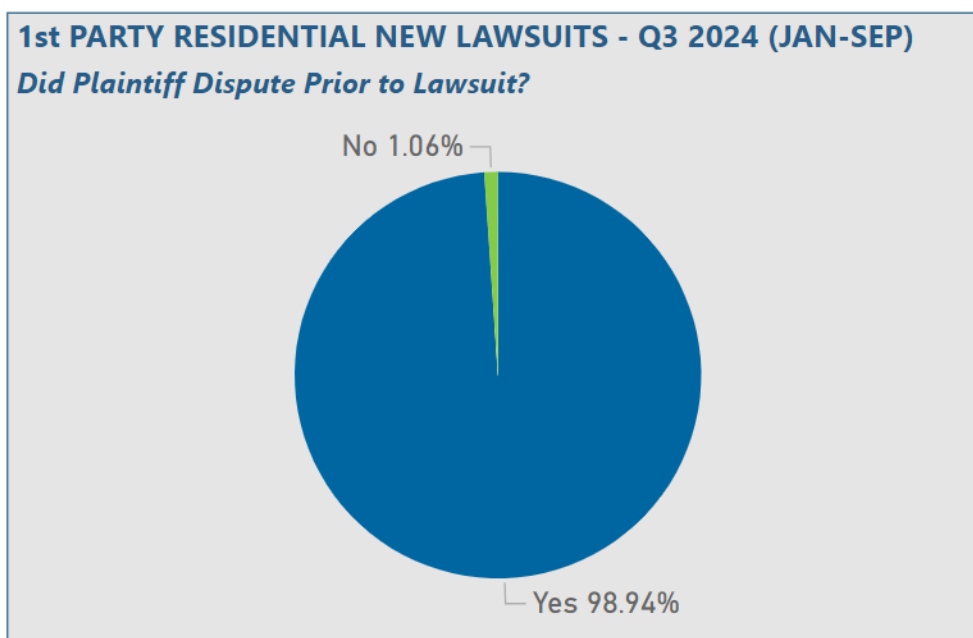
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The plaintiff was represented at First Notice of Loss in 67% of incoming residential property lawsuits. This represents a 32% increase as compared to 2023:

- 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 57% decrease compared to 2023. This is the expected and intended effect of the Notice of Intent statute.



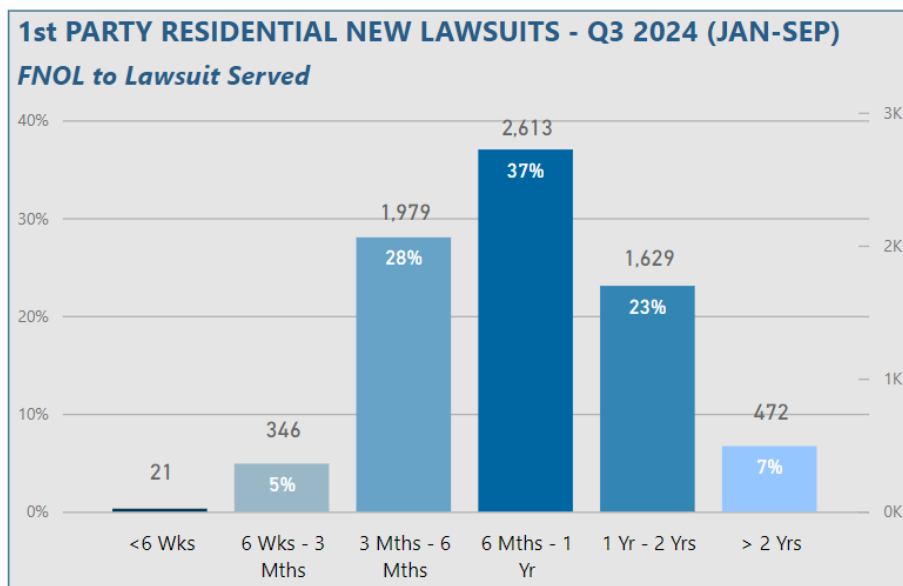
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A review of the timing of incoming lawsuits reveals that 33% of lawsuits are brought within 6 months of the First Notice of Loss (FNOL). This is a 28% increase compared to 2023.

- Within 6 weeks of FNOL <1%
- Within 3 months of FNOL 5%
- Within 6 months of FNOL 28%
- Within 1 year of FNOL 37%
- Within 2 years of FNOL 23%
- 2 or more years from FNOL 7%



## 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 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 September 30, 2024, 125 claim disputes have been referred to DOAH for dispute resolution:

- 96% of DOAH referrals were invoked by Citizens (120) and 4% invoked by the Insured (5)
- 91% (114) involved denied claims
  - By cause of loss
    - Roof Leak 36% (45)
    - Non-Weather Water 29% (36)
    - CAT 25% (31)
    - Other Wind 10% (13)

Approximately 40% (49) of the claims originated from the Tri-County area, with 32% (40) arising out of other areas of the state.

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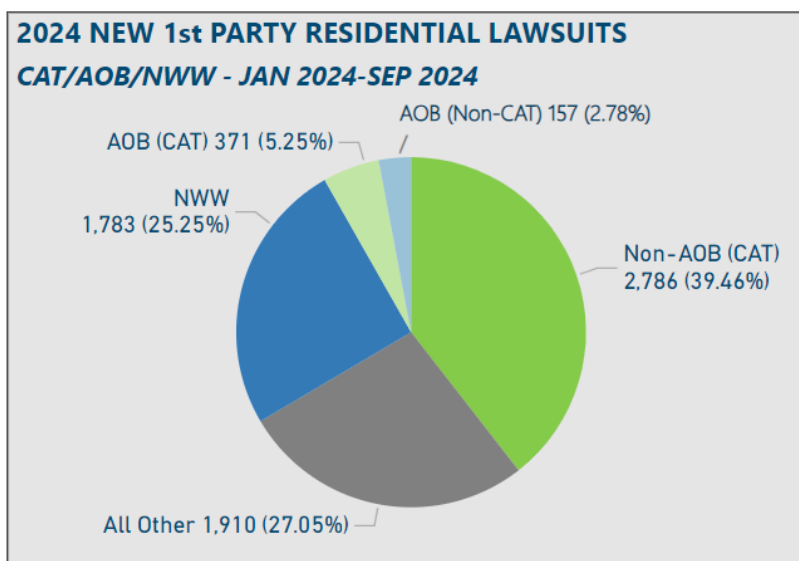
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## Water Loss, AOB and CAT:

New incoming CAT lawsuits have increased by 2%, now representing approximately 45% of all new incoming lawsuits. Pending CAT lawsuits have decreased by 10%, now representing 47% of all pending lawsuits from January 2024 through September 2024 and continues to be the leading cause of loss in both new and pending lawsuits.

AOB lawsuits, however, have decreased by 70%, now representing approximately 8% of all new incoming lawsuits. Pending AOB lawsuits have decreased by 47%, as compared to January through September 2023, representing 19% of all pending lawsuits.

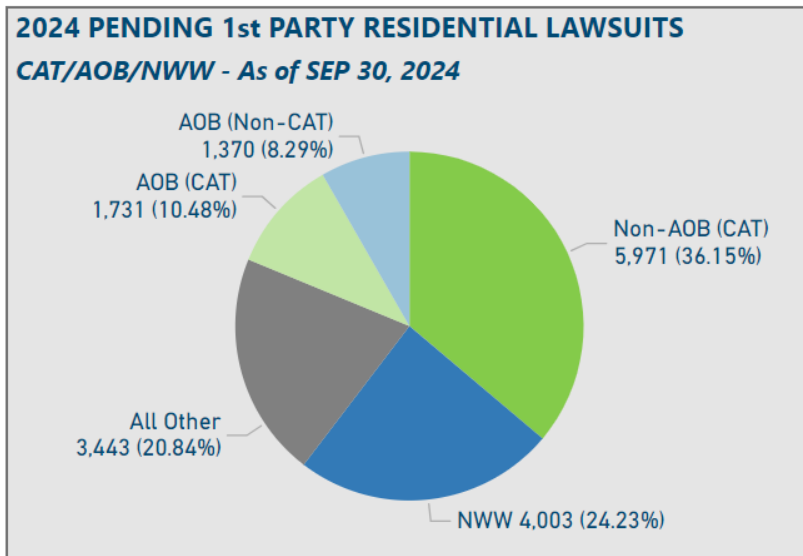
Non-Weather Water lawsuits represent 25% of all new incoming (5% decrease). Pending Non-Weather Water lawsuits have decreased by 8%, as compared to January through September 2023, representing 25% of all pending lawsuits.



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## CONCLUSION

The receipt of incoming, new lawsuits has now leveled out and we are on par with the volume received for this same time frame last year. The volume of pending lawsuits continues to decrease as cases are proactively handled to resolution.

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 decreased in both new and pending as compared to this time last year.

We are starting to experience the benefits of the DOAH alternative resolution method as the volume of referrals increases. This program is providing benefits in both the cycle time to closure and average legal spend as compared to state court.