

Executive Summary

Claims Committee Meeting, March 6, 2025

Board of Governors Meeting, March 12, 2025

Litigated Claims Update

CLAIMS LITIGATION – 2024 END OF YEAR REVIEW (January 1, 2024 – December 31, 2024)

Overview of Incoming Lawsuits and Pending Volume:

From January 2024 through December 2024, Citizens was served with 9,310 lawsuits (9,138 Residential Property, 28 Commercial Property and 144 Liability) – averaging 776 new lawsuits per month. This reflects a 2% decrease in the number of new incoming suits per month as compared to 2023 (2023 average 793 lawsuits per month).

Breakdown of 2024 New Lawsuits:

First Party Residential Property – 9,138 Total (98% of Overall Total)

- Residential CAT	4,012	44%
- Residential Non-CAT	5,123	56%
- Residential Sinkhole	3	<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 – 144 Total (2% of Overall Total)

As of December 31, 2024, the current pending volume totaled 16,024 lawsuits (15,726 Residential Property, 126 Commercial Property and 172 Liability). This reflects a 13% decrease compared to end of year 2023 (17,948 pending matters).

Breakdown of 2024 End of Year Pending Lawsuit Volume:

First Party Residential Property – 15,726 Total (98% of Overall Total)

- Residential CAT	7,300	46%
- Residential Non-CAT	8,393	53%
- Residential Sinkhole	33	<1%

First Party Commercial Property – 126 Total (<1% of Overall Total)

- Commercial CAT	114	90%
- Commercial Non-CAT	11	9%
- Commercial Sinkhole	1	1%

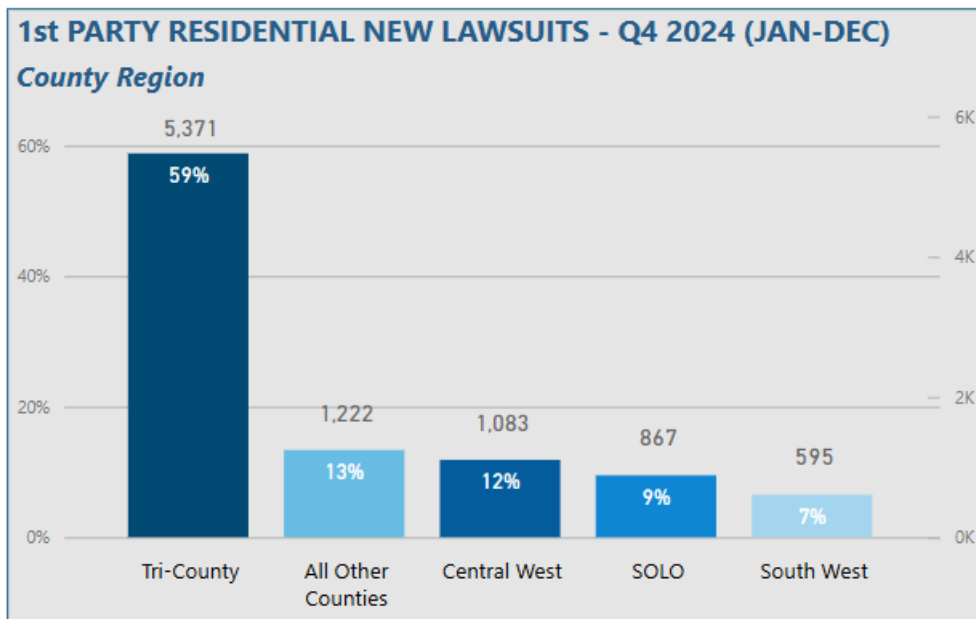
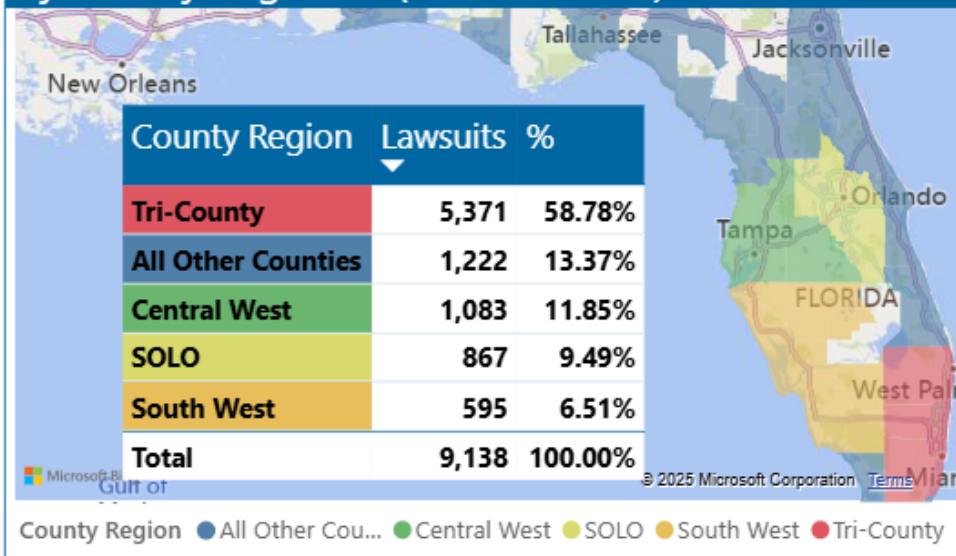
Third Party Liability – 172 Total (1% of Overall Total)

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59% of the incoming Residential Property lawsuits arose out of the Tri-County area. This represents a 9% 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-Dec 2024)

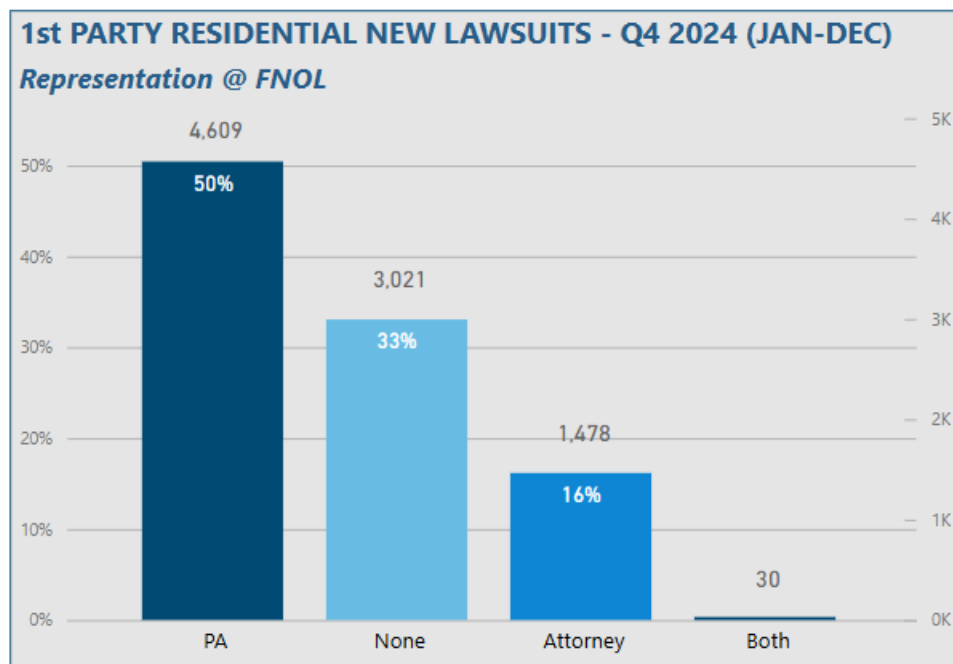


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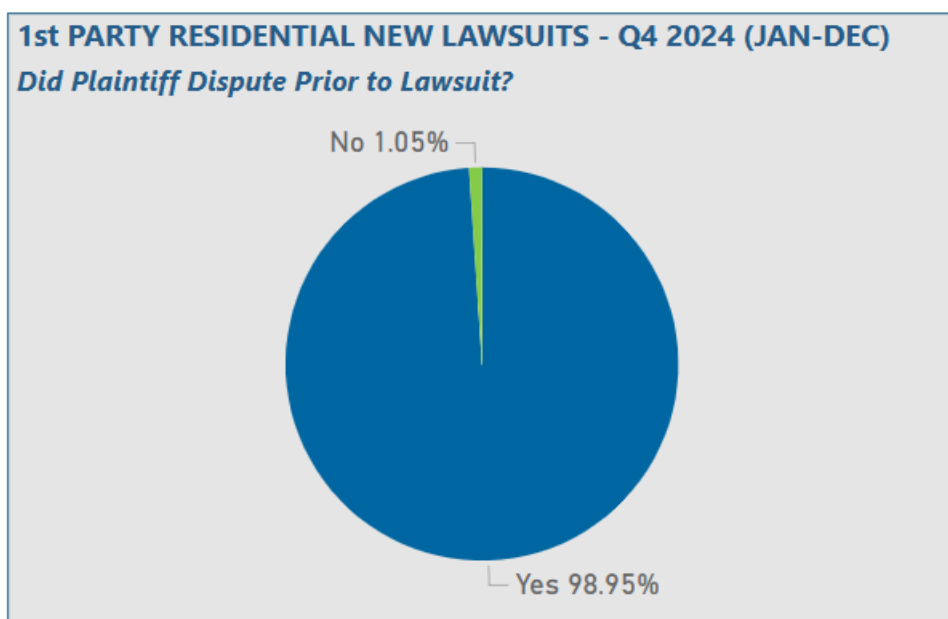
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The plaintiff was represented at First Notice of Loss in 67% of incoming residential property lawsuits. This represents a 24% increase as compared to 2023:

- Public Adjuster 50%
- 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 53% decrease compared to 2023. This is the expected and intended effect of the Notice of Intent statute.



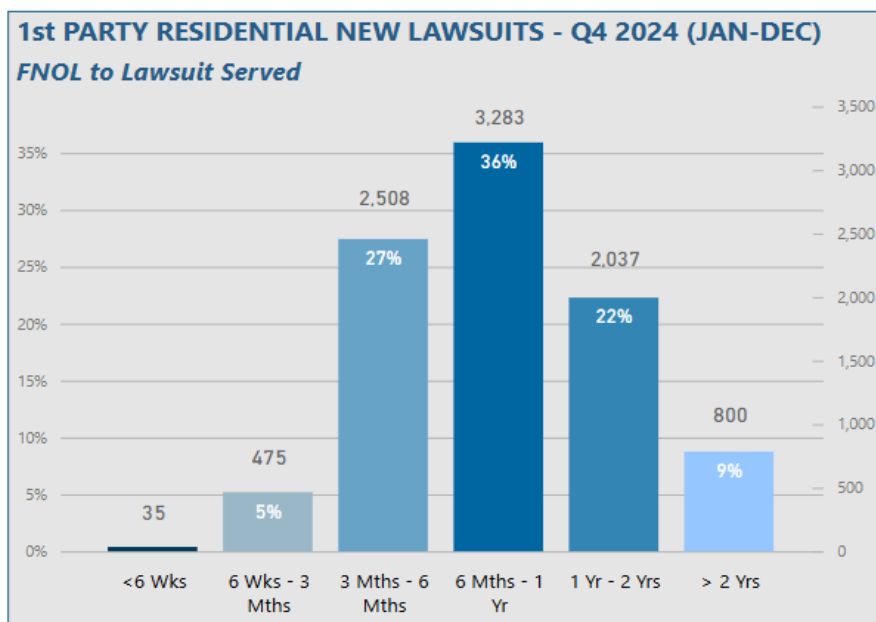
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A review of the timing of incoming lawsuits reveals that 33% of lawsuits were brought within 6 months of the First Notice of Loss (FNOL). This is a 22% increase compared to 2023.

- Within 6 weeks of FNOL <1%
- Within 3 months of FNOL 5%
- Within 6 months of FNOL 27%
- Within 1 year of FNOL 36%
- Within 2 years of FNOL 22%
- 2 or more years from FNOL 9%



DOAH CASES – Department 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 December 31, 2024, 362 claim disputes have been referred to DOAH for dispute resolution:

- 97% of DOAH referrals were invoked by Citizens (352) and 2% invoked by the Insured (10)
- 90% (327) involved denied claims
 - By cause of loss
 - Roof Leak 33% (121)
 - Non-Weather Water 32% (117)
 - CAT 25% (92)
 - Other Wind 8% (30)

Approximately 44% (158) of the claims originated from the Tri-County area, with 56% (204) arising out of other areas of the state.

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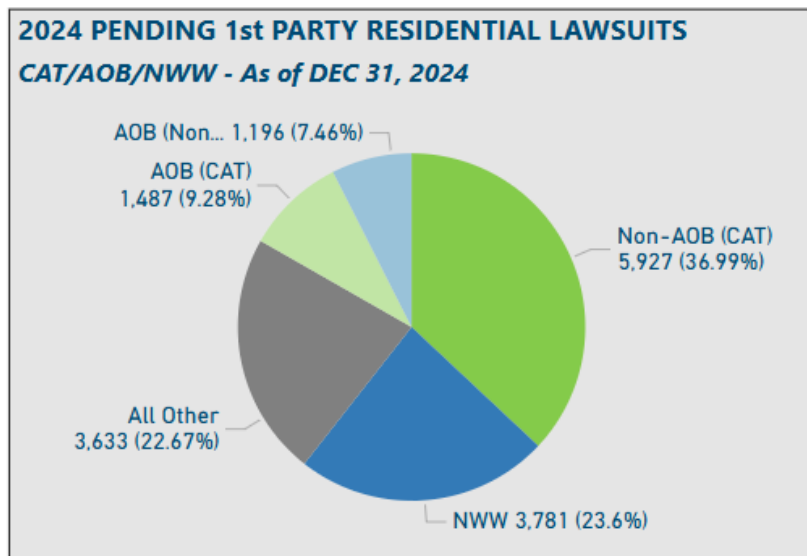
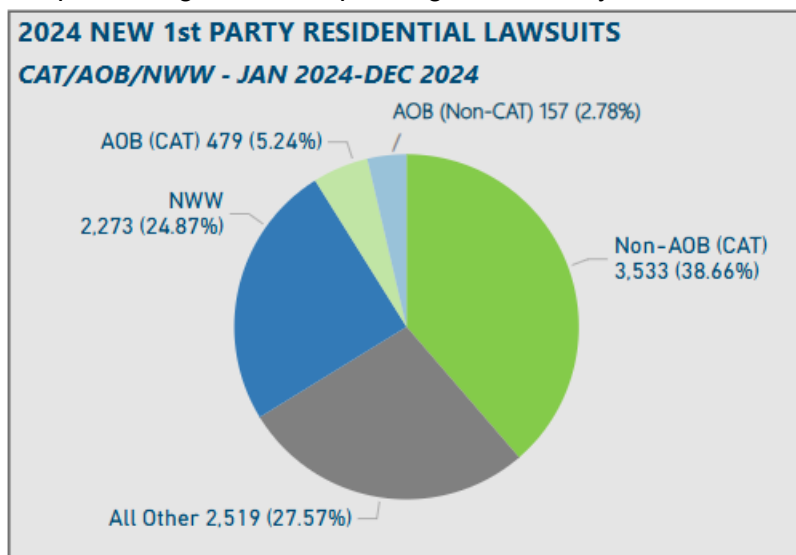
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Water Loss, AOB and CAT:

New incoming CAT lawsuits decreased by 2%, now representing 44% of all new incoming lawsuits for 2024. Pending CAT lawsuits decreased by 10%, representing 47% of all pending lawsuits for the year, and was the leading cause of loss in both new and pending lawsuits.

AOB lawsuits, however, decreased by 65%, representing 9% of all new incoming lawsuits for the year. Pending AOB lawsuits decreased by 48% as compared to 2023, representing 17% of all pending lawsuits at year end.

Non-Weather Water lawsuits represent 25% of all new incoming, an 11% decrease. Pending Non-Weather Water lawsuits decreased by 13% as compared to 2023, representing 24% of all pending lawsuits at year end.



January 2025

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As of January 31, 2025, Citizens was served with 574 lawsuits (562 Residential Property, 0 Commercial Property, 12 Liability). This reflects a 25% decrease in incoming volume as compared to January 2024.

CAT Lawsuits currently represent 48% of all new incoming lawsuits, a 26% decrease as compared to January 2024 and 47% of pending lawsuits, a 12% decrease as compared to January 2023, keeping CAT as the leading cause of loss in both new and pending lawsuits.

AOB Lawsuits currently represent 10% of new incoming lawsuits, a 70% decrease compared to January 2023 and 16% of pending lawsuits, a 50% decrease as compared to January 2023.

Non-Weather Water Lawsuits currently represent 22% of new incoming, a 28% decrease as compared to January 2023 and 23% of pending lawsuits as compared to January 2023, a 16% increase as compared to January 2023.

As of January 31, 2025, DOAH was demanded on new 152 claims for 2025, ending the month with 325 pending cases.

CONCLUSION

The effects of the sweeping statutory revisions are now solidly reflected in litigation. The new incoming volume is down 25% as compared to January 2024. This is an operation of several factors including the NOI process that informs Citizens when the insured disputes the coverage decision before filing suit and allows for less costly and time-consuming methods for resolution that are beneficial to all. Additionally, the elimination of AOB claims has had a dramatic effect on litigation and ended the phenomenon of multiple lawsuits per claim. The elimination of the “one way attorney fee” statute for property claims is also seemingly stemming the tide on the influx of litigation.

The pending volume is also decreasing dramatically due to continued efforts to resolve cases in an efficient and effective manner. Citizens’ approach to litigation is designed to quickly resolve cases for which protracted litigation is not beneficial, combined with efforts to enforce policy conditions and exclusions to deter meritless claims.

Finally, the introduction of DOAH as an alternative dispute resolution method is proving successful to both insureds and Citizens by allowing for an extremely efficient and effective process that brings finality to a claims dispute without having to resort to the already over-burdened state court system. On average, DOAH cases are resolved 87% faster than state court cases (DOAH average days to resolution is 80 days as compared to State Court with an average of 621 days), this is undoubtedly advantageous to the insureds as well as Citizens.