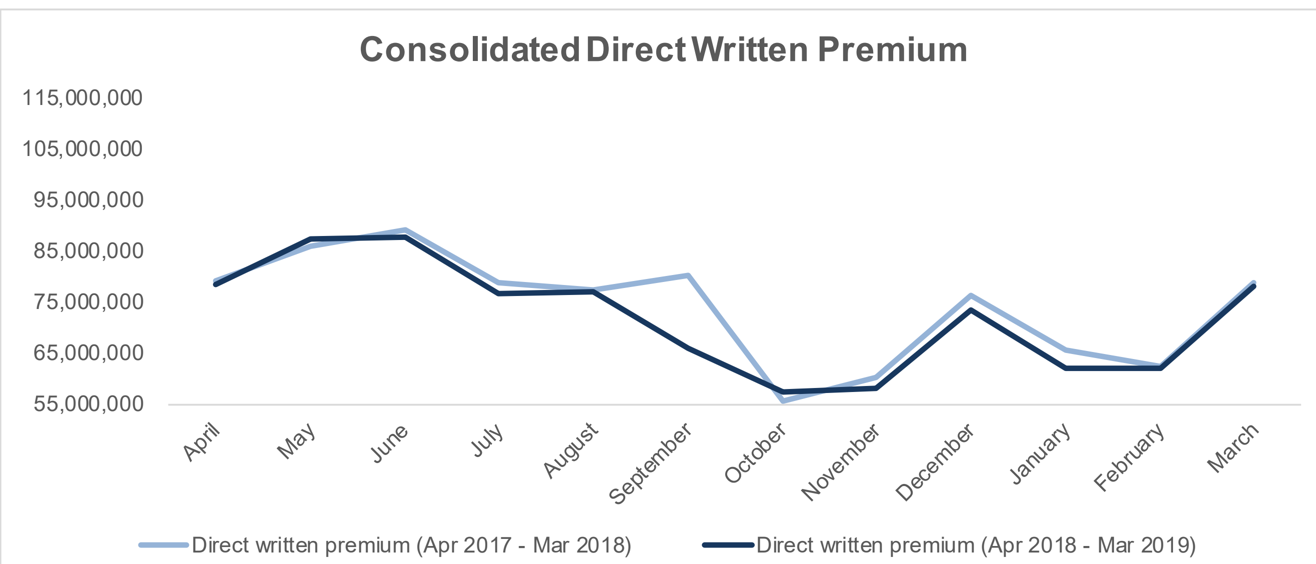
The following is an analysis of Citizens' financial and operating results for the first quarter of 2019.

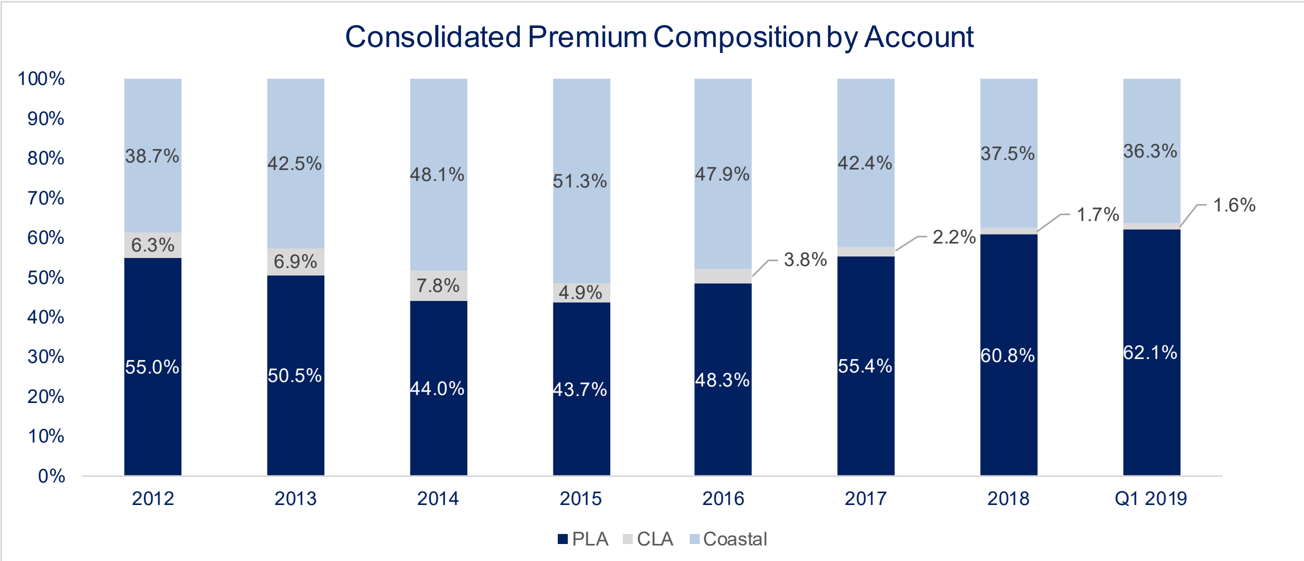
- PREMIUMS -

Consolidated direct written premium through the first quarter of 2019 was $202.1 million or $4.5 million (2.2%) less than consolidated direct written premium a year prior. The decrease in written premium is the result of decreases in combined policies inforce (PIF), primarily commercial lines policies within the Commercial Lines Account (CLA) and Coastal Account. In the first quarter of 2019, decreases in PIF were 2,913 (1.0%), 349 (29.2%) and 16,622 (12.3%) within the Personal Lines Account (PLA), CLA and Coastal Account, respectively. For the quarter ended March 31, 2019, the consolidated decrease in consolidated direct written premium was marginally less than the consolidated decrease in PIF (4.5%) due to slightly higher average premiums per policy compared to the same period a year ago. The volume of premiums removed through depopulation of $2.8 million during 2019 was $0.5 million (14.2%) less than the same period in 2018.

	3-months ended	
	Mar 2019	Mar 2018
New Business	15,907	21,849
Untagged Takeouts	11	66
Reinstatements	1,920	2,260
Cancellations	(10,443)	(10,713)
Non-Renewals	(10,950)	(10,031)
New Tags for Takeout	(3,375)	(3,486)
Net change	(6,930)	(55)
Ending PIF	420,467	440,351

Consolidated direct earned premium declined $6.9 million (3.1%) during the first quarter of 2019 compared to the same period a year ago and approximated the decline in direct written premium.





Through the first quarters of 2019 and 2018, no premiums ceded for private reinsurance were recognized by Citizens – premiums ceded for private reinsurance are recognized at the inception of the Atlantic Hurricane Season, or June 1st.

- LOSSES -

Non-CAT Only	Consolidated			Personal Lines Account			Commercial Lines Account			Coastal Account		
	Q1 2019	CY 2018	Q1 2018	Q1 2019	CY 2018	Q1 2018	Q1 2019	CY 2018	Q1 2018	Q1 2019	CY 2018	Q1 2018
Direct loss ratio	25.3%	31.0%	29.7%	40.3%	40.4%	42.9%	-276.5%	142.5%	15.4%	13.8%	11.1%	11.7%
Direct loss ratio (underlying)	29.4%	28.1%	29.0%	39.3%	39.0%	42.0%	8.6%	10.3%	9.4%	13.4%	12.4%	11.8%
Direct LAE ratio	23.7%	24.1%	21.4%	31.1%	32.9%	29.0%	-12.4%	-14.5%	0.3%	12.7%	12.8%	11.8%
Direct LAE ratio (underlying)	18.5%	16.5%	15.5%	24.5%	22.0%	21.0%	3.6%	3.6%	4.8%	9.0%	8.9%	8.4%

CAT and Non-CAT	Consolidated			Personal Lines Account			Commercial Lines Account			Coastal Account		
	Q1 2019	CY 2018	Q1 2018	Q1 2019	CY 2018	Q1 2018	Q1 2019	CY 2018	Q1 2018	Q1 2019	CY 2018	Q1 2018
Direct loss ratio	25.3%	53.9%	29.7%	40.3%	82.5%	42.9%	-276.5%	168.4%	15.4%	13.8%	4.8%	11.7%
Direct loss ratio (underlying)	29.4%	44.3%	29.0%	39.3%	54.2%	42.0%	8.6%	27.4%	9.4%	13.4%	30.3%	11.8%
Direct LAE ratio	23.6%	30.8%	21.6%	31.1%	40.5%	29.2%	-12.4%	-11.4%	0.2%	12.7%	18.3%	12.1%
Direct LAE ratio (underlying)	18.5%	17.9%	15.5%	24.5%	23.5%	21.0%	3.6%	3.9%	4.8%	9.0%	10.2%	8.4%

The term *underlying* refers to losses and LAE on claims incurred in the current accident year and excludes development on prior accident years

At March 31, 2019, consolidated direct and net ultimate losses and loss adjustment expenses (LAE) related to Hurricanes Irma and Michael were unchanged compared to December 31, 2018. On a consolidated basis, ultimate direct losses and LAE related to Hurricane Irma were $1.915 billion. Of that amount, $697.2 million is recoverable under Citizens' reinsurance contracts with both the FHCF ($329.8 million in the PLA and $238.2 million in the Coastal Account) and private reinsurers ($129.2 million in the Coastal Account only).

On a consolidated basis, ultimate direct losses and LAE related to Hurricane Michael were $151.7 million. No reinsurance recoverables associated with Hurricane Michael were recorded due to the losses and LAE not meeting the attachment levels of reinsurance arrangements.

Current accident year losses and LAE unrelated to sinkholes and hurricanes did not experience meaningful variances from prior accident years and development of prior accident year losses and LAE was minimal. Although litigated non-weather water claims continue to be a dominant driver of loss and LAE activity within the PLA, recent trends suggest that the litigation rate may have peaked and is showing preliminary signs of decline.

Within the CLA, volatility in older sinkhole claims continues to contribute to material quarterly variances in the reported loss and LAE ratios. While loss and LAE development within the CLA are less significant to the accident years to which they relate, the diminishing size of the overall commercial lines book of business leaves it more susceptible to material swings in the loss and LAE ratio as a result of development in prior accident years when the commercial lines book of business was considerably larger. The reported loss and LAE ratios for the 1st quarter of 2019 were driven by favorable development on outstanding loss and LAE reserves for older sinkhole claims.

Administrative expenses reclassified to LAE are assigned to prior accident years based on the number of claims closed for the current and each prior accident year. Accordingly, fluctuations in the number of claims closed and the fraction of claims closed for each accident year can lead to adverse or favorable development of LAE in prior accident years.

- ADMINISTRATIVE EXPENSES -

Administrative expenses incurred during the first quarter of 2019 of $35.6 million were $3.6 million (9.1%) less than administrative expenses incurred during the same period a year ago and $6.9 million (16.3%) less than budget. Variances (year-over-year and budget-to-actual) in contingent staffing was primarily due to lower-than-anticipated need for independent adjusters that were engaged in response to Hurricanes Michael and Irma as well as a higher-than-anticipated number of claims entering mediation. These expenses, along with other claims-related costs, are reclassified to loss adjustment expenses (LAE).

Other factors contributing to significant year-over-year or budget-to-actual variances are as follows:

- Operations and Maintenance expenses were $0.5 million (48.0%) below budget as a result of deferrals and delays in related expenditures and lower-than-anticipated utilities expenses.

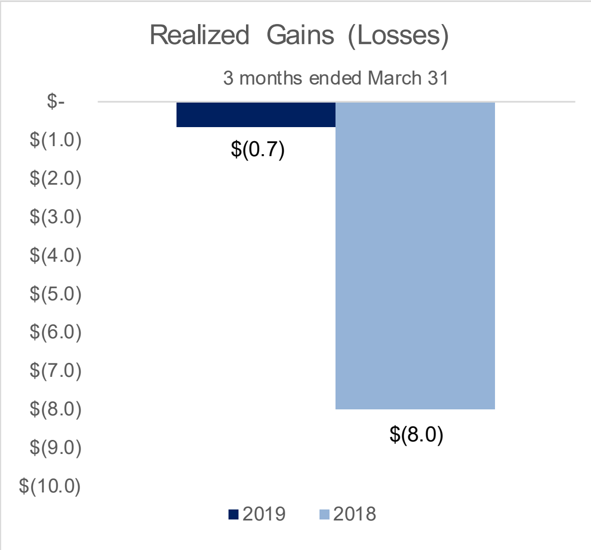
- Computer Hardware expenses were $0.9 million (67.7%) below budget and $0.4 million (50.1%) less than 2018 and were largely the result of delays in purchases of several large Information Technology-related initiatives.

- Professional Services expenses were $3.1 million (73.8%) below budget and $1.1 million (48.8%) less than 2018 and were largely the result of delays in the implementation several large-scale projects and expenses incurred in 2018 but not in 2019 related to the ERP implementation and other implementations completed by year-end 2018.

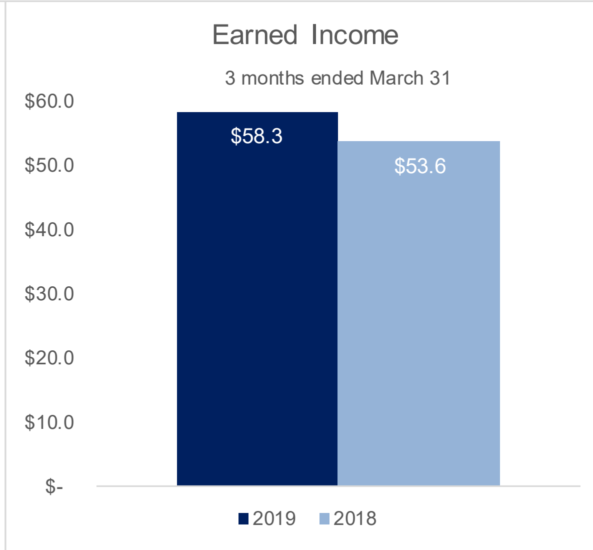
- Software Maintenance and Licensing expenses were $1.7 million (27.3%) less than 2018 as a result of the timing of invoices during the first quarter of 2018 for software licenses in response to Hurricane Irma.

For the quarter ended March 31, 2019, Citizens' expense ratio was 28.0%, reflecting a 0.8% decrease from the same period a year ago and a 3.0% decrease compared to budget.

- INVESTMENT INCOME -



($ in millions)



($ in millions)

Total investment income (measured as investment income excluding investment expenses) for the first quarter of 2019 was $57.6 million, or $12.0 million (26.3%) greater than the same period a year ago, despite a $839.0 million (8.3%) decline in total average invested assets over the same comparable period. Principal reasons for the increase in total investment income were year-over-year decreases in realized losses, increases in average coupon yields and decreases in holdings of tax-exempt securities which generally have lower yields compared to taxable securities. Decreases in realized losses were driven by increases in market values of securities (in turn driven by decreases in overall interest rates and narrowing of corporate spreads relative to US Treasuries) compared to book value when the underlying securities were sold. Decreases in realized losses were also driven by a decrease in the number of securities sold at a loss, whereas in prior periods more securities were sold at a loss in order to reinvest at higher yields. Increases in coupon yields were primarily the result of portfolio managers re-investing proceeds from dispositioned securities at higher overall yields while holdings in tax-exempt securities decreased as a result of decreases in pre-event bond proceeds used to satisfy debt service payments.

	3-months ended ($ millions)	
	Mar 2019	**Mar 2018**
Earned income	$ 58.26	$ 53.62
Net realized gains (losses)	(0.65)	(8.00)
Total income	**$ 57.61**	**$ 45.62**
Average invested assets	**$ 9,218.96**	**$ 10,057.98**

	Externally-Managed Portfolios (March 31, 2019)			
	Taxable Liquidity	Taxable Claims	Tax-Exempt Claims	Taxable LD Claims
Total market value ($ in billions)	$0.702	$2.084	$1.259	$4.491
Duration	0.8	3.5	1.8	5.2
Avg. credit rating (S&P / Moody's / Fitch)	A / Aa3 / AA-	A / A1 / AA-	AA / Aa2 / AA	A / A1 / A+

- CASH FLOWS -

Consolidated cash flows used in operations were $30.5 million during the first quarter of 2019 compared to $84.2 million during the same period in 2018. Net premiums collected were $185.9 million or $2.2 million (1%) less a year prior, generally consistent with declines written premium, partially offset by decreases in ceded premiums paid for reinsurance for the 2018 storm season compared to 2017. Period-over-period increases in net investment income collected were driven by overall decreases in the level of debt obligations outstanding as well as increases in investment income collected.

Benefits and loss related payments were principally the result of loss and LAE payments associated with the continued settlement of claims resulting from Hurricanes Irma (2017) and Michael (2018), partially offset by reinsurance recoveries that commenced in the third quarter of 2018. The increase in underwriting expenses paid was due to payments for independent adjuster services during the first quarter of 2019.

	Consolidated - 3 months ended	
	Mar 2019	**Mar 2018**
Premiums collected, net	$ 185,856,723	$ 188,084,965
Net investment income	72,093,917	55,672,855
Miscellaneous income (expense) collected (paid)	837,243	1,035,653
Benefits and loss related payments	(161,109,168)	(196,374,799)
Loss adjustment expense payments	(68,454,799)	(82,828,891)
Underwriting expenses paid	(59,678,874)	(49,750,957)
Net cash flows provided by (used in) operations	**$ (30,454,958)**	**$ (84,161,174)**