FLORIDA CHAMBER CONFERENCE

Citizens Property Insurance Corporation

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Basics re: Citizens

- Three separate legal accounts, each with assessment capability.

- Unlike a private insurer, Citizens does not have the ability to manage its book of business so that the exposure matches its surplus and reinsurance program. Citizens accepts most risks and its wind risk far exceeds its surplus and reinsurance.

- Citizens has contingent capital in the form of assessments to ensure adequate claims paying resources and the ability to issue municipal debt for post storm cash flow.

- While Citizens is in its best ever financial position, with projected 2012 combined surplus + FHCF reimbursements + private reinsurance of approximately $14.5 billion, we continue to rely on assessments to fund catastrophe losses in the event of a large storm or several smaller storms.

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Assessments Summary

1.

Citizens Policyholder Surcharge
Up to 15% per account for Coastal Account, PLA, and/or CLA deficits
Applies at new business/renewal for all Citizens' policyholders

2.

Regular Assessment
Up to 2% for Coastal Account deficits
Applies at new business/renewal for all non-Citizens' policyholders

3.

Emergency Assessment
Up to 10% per year per account for Coastal Account, PLA and/or CLA deficits
Applies at new business/renewal for all Citizens' and non-Citizens' policyholders

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2012 Initiatives of Board of Governors to Reduce Reliance on Assessments

- **Aggressively Transfer Risk to Private Markets**
  - Final placements reduced potential assessments after a large storm* by $1.5B
- **Reduce Exposure**
  - In total, 31 separate initiatives have been filed by the Board
  - Coverage excluded for pool cages
  - Coverage excluded for personal residential homes $1M +
  - Coverage excluded for some special class risk items

❖ Combined changes reduced 1 in 100 year PML by approximately 5%

- **Increase Depopulation Activity**

**** Large storm is considered a 1 in 50 year PML or greater***

2012 Estimated Claims-Paying Ability (Projected)

	$'s in Billions		
Description	**PLA/CLA**	**Coastal**	**Combined**
Projected surplus 12/31/12	$3.1	$2.9	$6.0
Total Accumulated Surplus available for claims	**$3.1**	**$2.9**	**$6.0**
Pre-Event Liquidity Available	$1.5	$3.6	$5.1
Private Reinsurance / Cat Bonds	$0.0	$1.5	$1.5
FHCF Coverage (Mandatory layer only)	$2.9	$4.0	$6.9
Total Claims-Paying Ability	**$7.5**	**$12.0**	**$19.5**

Notes:

1. Surplus amounts consist of audited 2011 PHS and 2012 projected net income.
2. Pre-Event Liquidity reflects current estimated liquidity for PLA/CLA and Coastal; PLA/CLA financing not yet complete. This does not represent risk transfer and any monies drawn must be repaid.
3. FHCF coverage is based on preliminary 2011 retention and payment multiples, but the actual retention and limits may be significantly different from these estimates.

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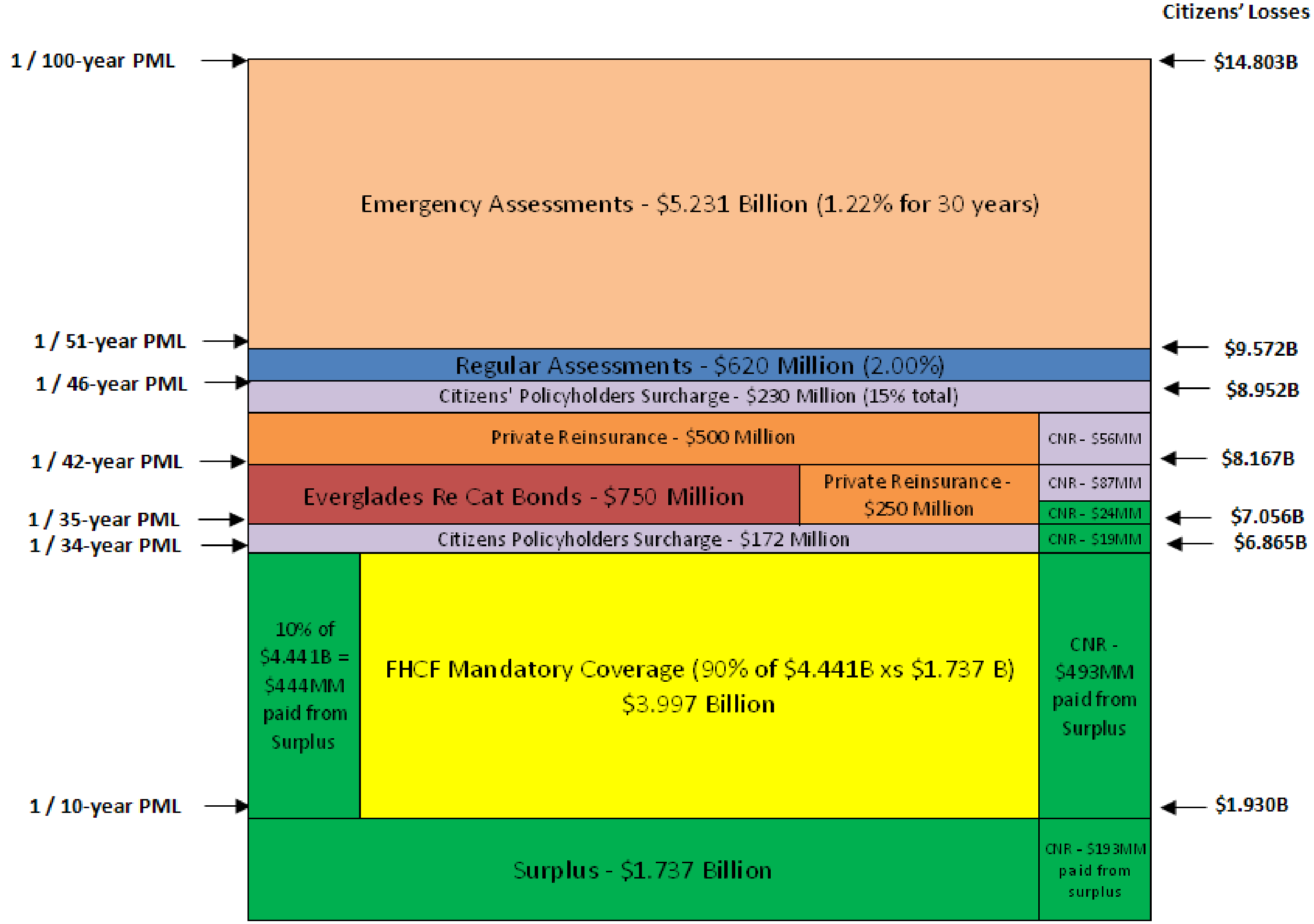
Coastal Account Estimated Liquidity & Claims-Paying Resources[1]

1 in 100 Year Event *(2012 Season – Projected)*

- Emergency Assessment not required until at least 1-51 year event
- Citizens Policyholders Surcharge triggered at about 1-34 year event
- Regular Assessments triggered at about 1-46 year event
- 1 in 100 year PML - $14.803 Billion at 12/31/11 including 10% of LAE



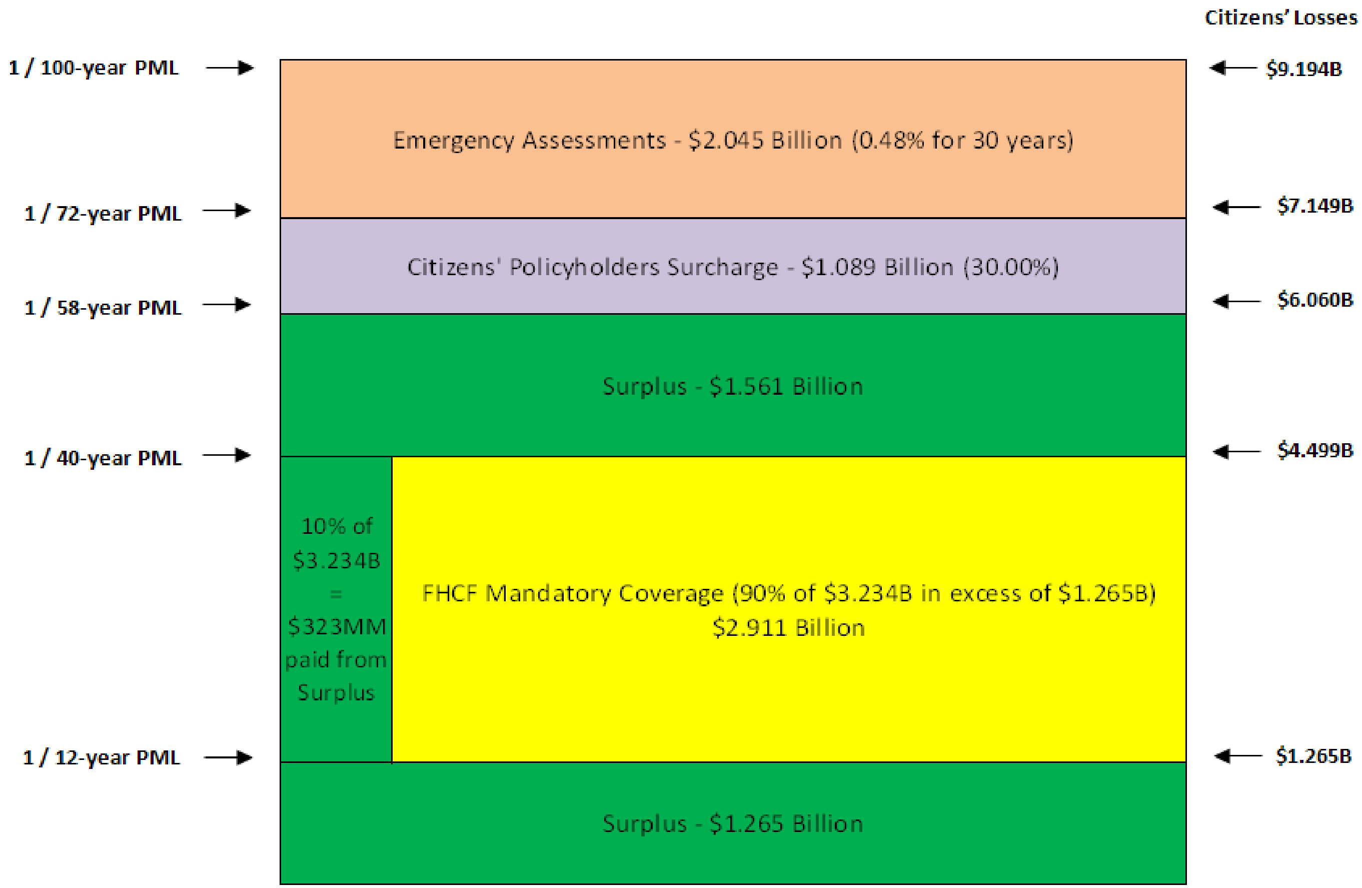
(Not to scale)

[1] Please see Notes & Assumptions attached hereto.

PLA/CLA Estimated Liquidity & Claims-Paying Resources[1]

1 in 100 Year Event (*No Regular Assessment - 2012 Season – Projected*)

- Emergency Assessment not required until at least 1-72 year event
- Citizens Policyholders Surcharge triggered at about 1-58 year event
- 1 in 100 year PML - $9.194 Billion at 12/31/11 including 10% LAE



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[1] Please see Notes & Assumptions attached hereto.

2012 / 2013 Risk Transfer Program

Risk Transfer Program – Highlights

- 2012 placements resulted in savings of approximately **$28.9 million** compared to 2011 placements

- Non-traditional reinsurance pricing (cat bond) resulted in savings of approximately **$18.1 million** compared to 2011 traditional reinsurance pricing

	2012				2011
		PRIVATE			
	CAT BOND (75%)	CO-INSURED (25%)	TRADITIONAL	TOTAL PROGRAM	TOTAL PROGRAM
Attachment	$ 6.35 billion	$ 6.35 billion	$ 7.35 billion	$ 6.35 billion	$ 6.30 billion
Coverage	$ 750,000,000	$ 250,000,000	$ 500,000,000	$ 1,500,000,000	$ 575,000,000
Net ROL	**19.089%**	**17.109%**	**15.768%**	**17.652%**	**19.760%**

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Capital Markets Catastrophe Bond

Highlights

- Multi-year
- Fully collateralized
- Savings of approximately **$18.1 million** compared to 2011 traditional reinsurance program
- Applies to PR-W, PR-M, CR-W, and CR-M policies
- Reduced pricing compared to traditional reinsurance
- Largest cat bond in the history of the market (for a single tranche and single peril)
- Diversification of overall risk transfer program
    - New investors
        - 30 of 32 did not historically participate in the traditional reinsurance space
    - Expanded capacity
        - Final placement upsized 300% from initial budget

Update on Depopulation
(Opportunities for Private Sector Insurers)

Focus on Depopulation

- Reinstated Depopulation Committee
- Held Depopulation Summit
- Solicited ideas from industry
- Standard 16% ceding commission eliminated
- Improving data provided to takeout companies
- Demonstrated data quality and completeness
- Additional depopulation initiatives are under consideration
- www.citizensfla.com/about/depopinfo.cfm

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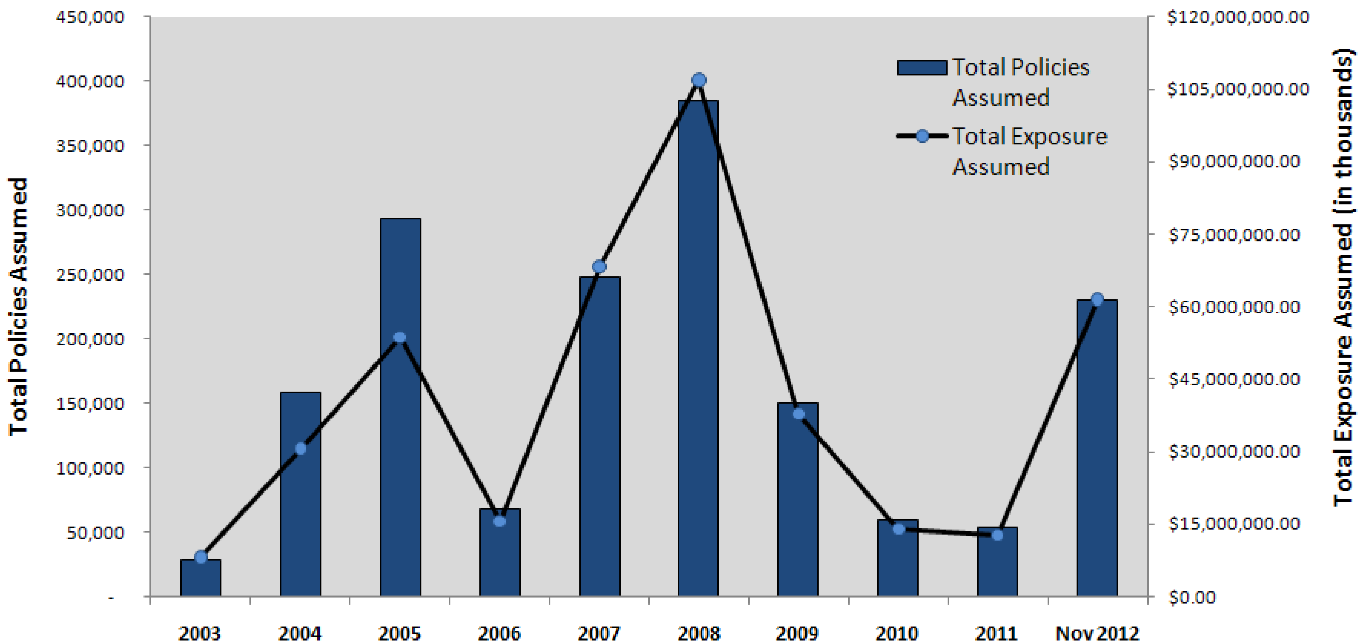
Historical Depopulation Activity



Year	Total Participating Companies	Total Policies Assumed	Total Assumed Exposure
2003	1	28,219	$8,140,681,906
2004	4	158,416	$30,663,076,480
2005	10	293,684	$53,658,840,059
2006	4	67,853	$15,637,589,369
2007	7	247,923	$68,259,426,361
2008	14	385,084	$106,870,490,165
2009	11	149,645	$37,784,506,743
2010	6	59,792	$13,888,913,857
2011	3	53,577	$12,770,720,383
Nov 2012	5	229,502	$61,469,836,376

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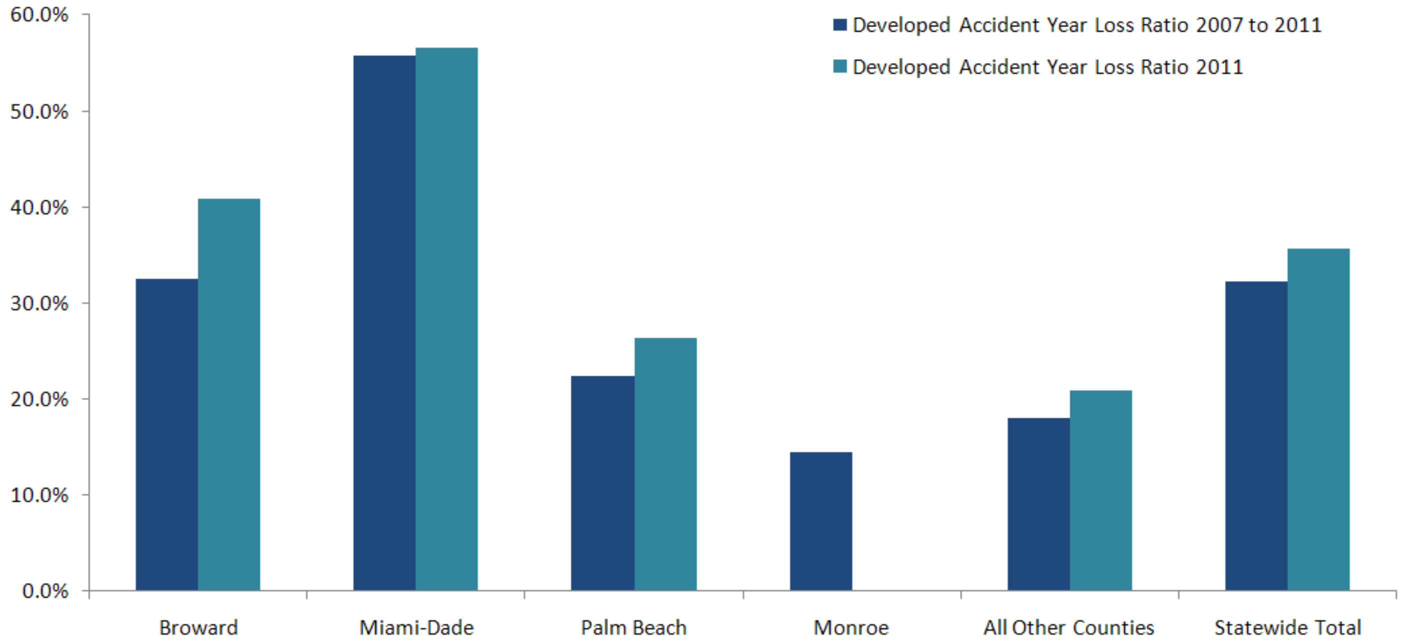
Personal Lines Account – Homeowner (HO-3)

Accident Year Loss Ratios (data as of 03/31/2012)



County	Earned Premium		Developed Accident Year Incurred Loss		Developed Accident Year Loss Ratio	
	2007 - 2011	2011	2007 - 2011	2011	2007 - 2011	2011
Broward	$748,146,096	$177,977,887	$243,429,994	$72,633,390	32.5%	40.8%
Miami-Dade	$1,186,181,030	$310,244,302	$661,512,892	$175,568,726	55.8%	56.6%
Palm Beach	$364,590,709	$89,727,544	$81,807,796	$23,600,780	22.4%	26.3%
Monroe	$1,713,498	$122,269	$246,847	-	14.4%	0.0%
All Other Counties	$1,729,340,306	$446,177,692	$310,260,869	$93,021,304	17.9%	20.8%
Statewide Total	$4,029,971,639	$1,024,249,694	$1,297,258,399	$364,824,200	32.2%	35.6%

Rates

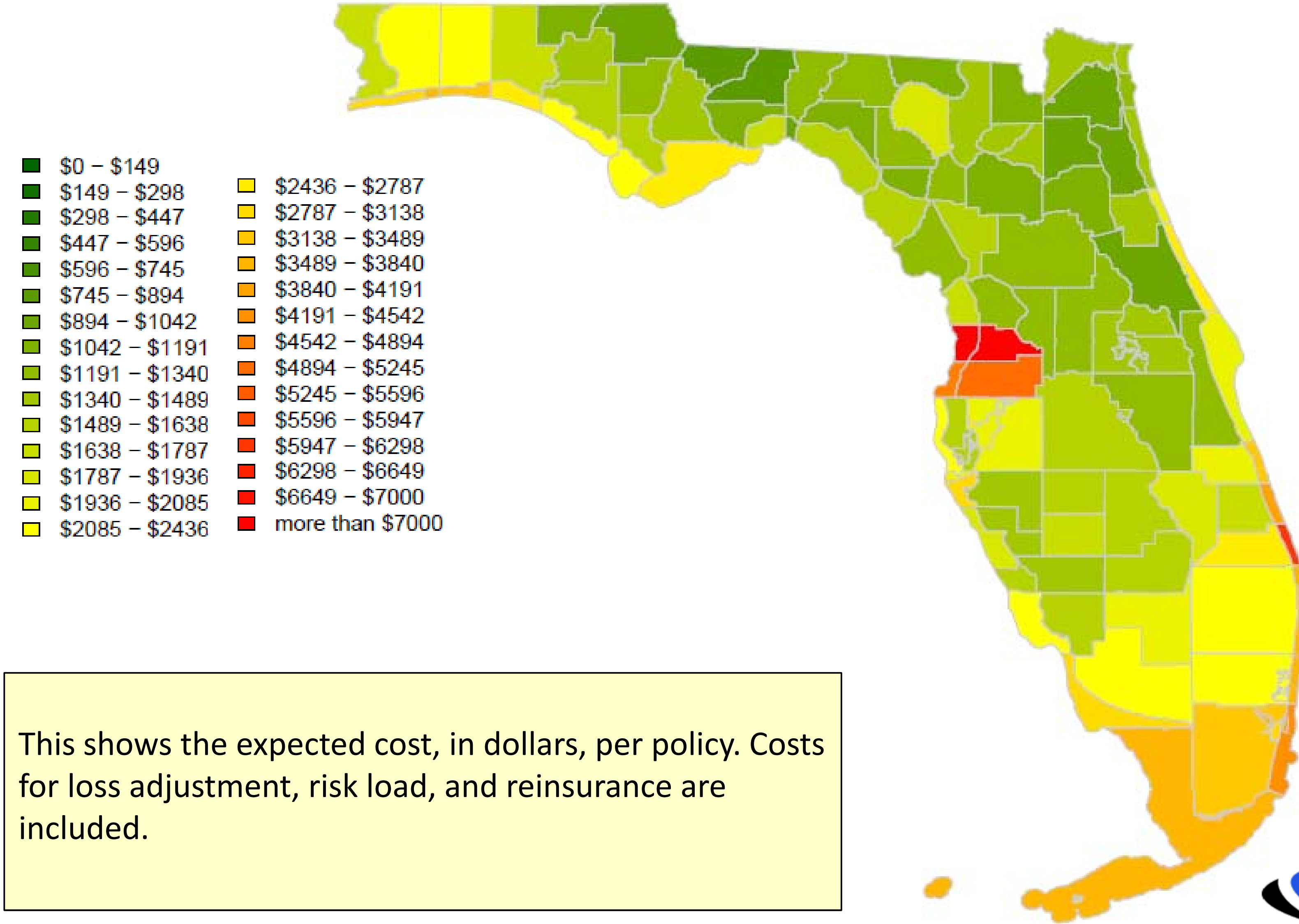
- Prior to 2007, rates were set to non-competitive levels based on “Top 20” filings
- Effective January 1, 2007 through December 31, 2009, rates for personal residential and commercial residential were frozen (based on 2006 rates)
- Wind mitigation credits were doubled in 2008
- Beginning in 2010, Citizens was permitted to increase premiums but with a 10% cap on policy level annual increases
- With the current 10% cap, it will take several years to reach actuarially sound rates

Rates (cont'd)

- Even if rates are actuarially sound, assessments could be triggered depending on amount of losses in a season (severe single event or multiple events in a single season)

- When Citizens' rates are actuarially sound, such rates could still be less than private market due to differences in cost structure
  - No taxes
  - No profit/return to investors
  - Lower administrative expenses as a governmental entity
  - Less reinsurance than private market
  - Lower commissions, no contingent commissions, profit sharing
  - No advertising

Personal Lines Account – Homeowner (HO-3) Average Cost Per Policy



This shows the expected cost, in dollars, per policy. Costs for loss adjustment, risk load, and reinsurance are included.

Sinkhole Premium and Losses plus Allocated Loss Adjustment Expenses