

RFP No.: 15-0005
ATTACHMENT E
PLEDGE AND SECURITY AGREEMENT

COMPOSITE PLEDGE, SECURITY AND TRUST AGREEMENT

between

CITIZENS PROPERTY INSURANCE CORPORATION
(successor to Florida Windstorm Underwriting Association)

and

WELLS FARGO BANK, N.A.
(successor to SunTrust Bank, Central Florida, National Association),
as Collateral Trustee

securing

Securities

of

CITIZENS PROPERTY INSURANCE CORPORATION
(successor to Florida Windstorm Underwriting Association)

(HIGH-RISK ACCOUNT)

Dated

as of

August 6, 1997, as supplemented and amended by a
First Amendment dated as of March 31, 1999,
a Second Amendment dated as of August 1, 2002
and a Third Amendment dated as of May 1, 2004

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PLEDGE, SECURITY AND TRUST AGREEMENT

PLEDGE, SECURITY AND TRUST AGREEMENT dated as of August 6, 1997 among CITIZENS PROPERTY INSURANCE CORPORATION (successor to FLORIDA WINDSTORM UNDERWRITING ASSOCIATION) (with its permitted successors, the “Citizens”), WELLS FARGO BANK, N.A., not in its individual capacity but solely as Successor Collateral Trustee hereunder (with its successors, including any co-trustee or successor trustee appointed pursuant to the provisions hereof, the “Collateral Trustee”) and WELLS FARGO BANK, N.A., in its individual capacity as Custodian (with its successors, including any additional custodian appointed pursuant to the provisions hereof, the “Custodian”). Unless otherwise defined herein, all capitalized terms used herein and defined in Section 14 are used herein as so defined.

WITNESSETH:

WHEREAS, Citizens has entered into a Credit Agreement dated as of August 6, 1997 (as the same may be amended, modified or restated from time to time, the “Initial Credit Agreement”) with the lending institutions from time to time party thereto (the “Initial Banks”), Dresdner Bank AG, First Union National Bank, The Fuji Bank, Limited, and Swiss Re Financial Products, as managing agents and The Chase Manhattan Bank, as administrative agent (with its successors, the “Initial Bank Agent”);

WHEREAS, Citizens desires to issue and sell securities from time to time pursuant to a Trust Indenture dated as of August 6, 1997 (as the same may be amended and supplemented from time to time, the “Trust Indenture”) between Citizens and Wachovia Bank, National Association (successor to The Bank of New York), as trustee (with its successors, the “Indenture Trustee”);

WHEREAS, in order to induce the Initial Banks and the Initial Bank Agent to enter into the Initial Credit Agreement and to induce prospective purchasers to purchase the Indenture Obligations, Citizens desires to pledge and to grant a continuing, first-priority lien upon and security interest in and to the Collateral, in favor of the Collateral Trustee (for the benefit of the Secured Parties holding Senior Secured Obligations, ratably, as and to the extent provided herein), as security for the payment of such Senior Secured Obligations and performance of Citizens’ obligations in respect thereof hereunder, under the Initial Credit Agreement, and under the Trust Indenture and the Indenture Obligations; and

WHEREAS, from time to time after the date hereof, Citizens may desire to secure additional indebtedness or other obligations, including its obligations under certain Interest Rate Agreements and any Subsequent Credit Agreement, on a parity with its other Senior Secured Obligations or as Junior Secured Obligations, as the case may be;

NOW, THEREFORE, in order to secure the payment of the Secured Obligations and in consideration of the premises and the mutual agreements set forth herein, the Collateral Trustee declares that it holds the Trust Estate as trustee in trust under this Agreement;

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TO HAVE AND TO HOLD the Trust Estate unto the Collateral Trustee and its successors in trust under this Agreement and its assigns and their assigns forever;

IN TRUST NEVERTHELESS under and subject to the conditions set forth herein and for the benefit of the holders of the Secured Obligations, and in the order of priority described herein, and for the enforcement of the payment of the Secured Obligations, and as security for the performance of and compliance with the covenants and conditions of this Agreement, in each case as and to the extent provided herein;

PROVIDED, HOWEVER, that if Citizens, its successors or its assigns shall satisfy the conditions set forth in the first sentence of Section 19, then this Agreement, and the estates and rights hereby granted, shall cease, determine and be void; otherwise they shall remain and be in full force and effect; and

IT IS HEREBY FURTHER COVENANTED AND DECLARED that the Trust Estate is to be held and applied by the Collateral Trustee, subject to the further covenants, conditions and trusts hereinafter set forth.

SECTION 1. Security Interests.

1.01 Pledge and Grant of Security Interests. (a) In order to secure the full and punctual payment of the Senior Secured Obligations when due (whether at the stated maturity, by acceleration or otherwise) and to secure the performance of all of the obligations of Citizens under this Agreement and under each related Secured Instrument in respect thereof, Citizens hereby (x) assigns and pledges and grants a continuing, first-priority lien and security interest to the Collateral Trustee (for the benefit of the holders of the Senior Secured Obligations, ratably, as provided herein) and (y) pledges and assigns to the Collateral Trustee for the benefit of such holders, a continuing possessory lien and security interest, in each case, upon, in and to all of the right, title and interest Citizens in, to and under the rights, revenues and properties listed in the following clauses (1) through (14), inclusive (including, without limitation, any of the foregoing that constitutes general intangibles as defined in the UCC), whether now owned or existing or hereafter acquired or arising and regardless of where located (all being collectively referred to as the "Collateral"), and Citizens transfers and assigns to the Collateral Trustee (for the benefit of such holders, ratably, as provided herein):

- (1) All Liquidity Shared Revenues;
- (2) All Term Shared Revenues;
- (3) All Net Premium and Surcharge Revenues;
- (4) Reserved;
- (5) The Suspense Account, all cash deposited therein from time to time and the Investments held therein;
- (6) The Liquidity Shared Revenues Account (including all subaccounts therein), all cash deposited therein from time to time and the Investments held therein;

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(7) The Term Shared Revenues Account, all cash deposited therein from time to time and the investments held therein;

(8) The Premium and Surcharge Revenues Account, all cash deposited therein from time to time and the Investments held therein;

(9) Reserved;

(10) The Citizens Account, all cash deposited therein from time to time and the Investments held therein;

(11) All earnings upon the items described in clauses (1) through (10) hereof (including any account established with the Collateral Trustee to hold such earnings pursuant to Section 9);

(12) All Security Entitlements of Citizens in all or any of the Collateral described in clauses (1) through (11) above;

(13) All books and records (including, without limitation, lists, files, printouts and other records, and computer programs and computer materials) of Citizens pertaining to any of the items described in clauses (1) through (12) above; and

(14) All Proceeds of all or any of the Collateral described in clauses (1) through (13) above and all Security Entitlements of Citizens in all or any of such Proceeds.

(b) In order to secure the full and punctual payment of the Junior Secured Obligations and to secure the performance of all of the obligations of Citizens hereunder and under each related Secured Instrument in respect thereof, Citizens hereby (x) assigns pledges and grants a continuing, second-priority lien upon and security interest to the Collateral Trustee (for the benefit of the holders of such Junior Secured Obligations, ratably, as provided herein) and (y) pledges and assigns to the Collateral Trustee, for the junior benefit of such holders a continuing possessory lien and security interest, in each case, upon, in and to all of the Collateral, and Citizens agrees that its transfer and assignment to the Collateral Trustee pursuant to Section 1.01(b) is for the ratable benefit, on a second priority basis, of the holders of Junior Secured Obligations.

(c) The Security Interests described in clause (a) above are first priority security interests and shall, as provided in Section 627.351(6)(m)(4) of the Act, be effective, valid, binding and enforceable against Citizens and valid and binding against and superior to any competing claims or obligations owed to any other Person, including policyholders in the State of Florida. The Security Interests described in clause (b) above are hereby subordinated to the Security Interests described in clause (a) above, and are second in priority only to the security interests described in clause (a) above and shall, as provided in Section 627.351(6)(m)(4) of the Act, be effective, valid, binding and enforceable against Citizens and valid and binding against and, except as provided herein, superior to any competing claims or obligations owed to any other Person, including policyholders in the State of Florida. The Security Interests are granted as security only and shall not subject any Secured Party to, or in any way affect or modify, any

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obligation or liability of Citizens or any other Person with respect to any of the Secured Instruments or any Collateral or any transaction in connection therewith.

SECTION 2. Representations and Warranties. Citizens represents and warrants on and as of the date hereof and on and as of each date on which (i) Indenture Obligations are issued and sold, (ii) any Draw is made, (iii) a Credit Agreement becomes effective, (iv) any Liquidity Loan or Term Loan is borrowed, (v) any Secured Interest Rate Agreement and, if such Secured Interest Rate Agreement is a “master” agreement, any transaction to be consummated thereunder, is executed or becomes effective or (vi) any Junior Secured Obligations are issued or incurred, and each such event shall be deemed to be a representation and warranty by Citizens on the date of such event, as follows:

2.01 No Liens. Citizens has, or will at the time of delivery of Collateral to the Collateral Trustee have, good and marketable title to all of the Collateral, free and clear of any Lien, security interest, encumbrance or other right, title or interest of any Person (except as permitted by each Credit Agreement, the Trust Indenture and each Secured Interest Rate Agreement), and full power and authority to undertake and perform the obligations of Citizens and to grant the Security Interests hereunder.

2.02 Enforcement Filings. Citizens has not performed any acts which might prevent the Collateral Trustee from enforcing any of the terms of this Agreement or which would limit the Collateral Trustee in any such enforcement. Other than this Agreement and financing statements in favor of the Collateral Trustee with respect to the Security Interests, the Indenture Trustee (for the benefit of the holders of Outstanding Indenture Obligations), each Bank Agent (for the benefit of the related Banks) and any other Secured Party Representative, no financing statement, pledge, mortgage, security agreement or similar or equivalent document or instrument covering all or any part of the Collateral has been authorized, approved or executed by Citizens (other than any such financing statement, pledge, mortgage, security agreement or similar or equivalent document or instrument that has been, or will be, terminated or released on or before the closing date for the Initial Credit Agreement and the issuance and sale of the initial series of Indenture Obligations), and no such action, document or instrument is on file or of record in any jurisdiction or with any Person (including Citizens), whether or not such filing or recording would be effective to establish or perfect (or achieve priority of) a Lien on the Collateral. No Collateral is in the possession of any Person asserting any claim thereto or security interest therein, except that the Collateral Trustee and, with respect to Net Premium and Surcharge Revenues, to the extent set forth in Section 5.02 below, Citizens may have possession of Collateral as contemplated by this Agreement.

2.03 Chief Executive Office: Records. Except as changed in accordance with the provisions of Section 12.03 below, the chief executive office of Citizens and chief place of business of Citizens and the location where Citizens maintains all records relating to the Collateral is 101 North Monroe Street, Suite 1000, Tallahassee, Florida 32301.

2.04 Perfection. The Security Interests constitute valid pledges of and liens upon and security interests in the Collateral in favor of the Collateral Trustee (for the benefit of the holders of the Secured Obligations, as provided herein) prior to the rights of all other Persons therein and subject to no other Liens under the laws of the State of Florida securing the Secured

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Obligations as and to the extent provided herein. The Collateral Trustee is entitled to all the rights, priorities and benefits afforded by relevant law of the State of Florida to perfected security interests. The Security Interests constitute perfected security interests in the Collateral; with the priorities purported to be granted hereby.

SECTION 3. Liquidity Shared Revenues Account. Citizens and the Collateral Trustee agree that the following provisions of this Section 3 are intended only to facilitate the identification of Liquidity Shared Revenues delivered to and received by the Collateral Trustee and that the distribution and application of the Liquidity Shared Revenues shall be made in accordance with Section 11.01 or 11.06, as the case may be:

3.01 Establishment of Liquidity Shared Revenues Account. There is hereby established with the Collateral Trustee an account designated the "Liquidity Shared Revenues Account" consisting of two separate subaccounts in the name and under the control of the Collateral Trustee into which there shall be deposited from time to time Liquidity Shared Revenues required to be delivered to the Collateral Trustee pursuant to Section 3.02 or any other provision of this Agreement and all Investments acquired therewith. The two subaccounts are designated the "Regular Assessments Subaccount" and the "FHCF Reimbursements Subaccount," respectively. The Collateral Trustee shall deposit (x) all Liquidity Shared Revenues consisting of Regular Assessments in the Regular Assessments Subaccount and (y) all Liquidity Shared Revenues consisting of FHCF Reimbursements in the FHCF Reimbursements Subaccount. Subject to the provisions of this Agreement, the Liquidity Shared Revenues Account shall be under the sole dominion and control of the Collateral Trustee and the Collateral Trustee shall have the sole right to make withdrawals from the Liquidity Shared Revenues Account from time to time (such withdrawals to be made in accordance with the terms of this Agreement). All amounts deposited in such account and subaccounts shall be held by the Collateral Trustee in trust pursuant to the terms of this Agreement. The deposit of amounts in the Liquidity Shared Revenues Account together with any Investments acquired therewith shall not constitute payment of the Secured Obligations until applied thereto as hereinafter provided.

3.02 Deposits. (a) Citizens shall instruct (x) all Assessable Insurers and, in the case of Regular Assessments levied on Assessable Insureds, the Florida Surplus Lines Service Office, to make all payments in respect of Regular Assessments and (y) the FHCF to make all payments in respect of the FHCF Reimbursements, in each case, directly to the Collateral Trustee (by check or by wire transfer to two deposit accounts to be designated by the Collateral Trustee) and to notify the Collateral Trustee in writing whether such payments are Regular Assessments or FHCF Reimbursements, respectively, so that the Collateral Trustee may allocate such payments to the proper account and subaccount. Concurrently with each notification by Citizens to Assessable Insurers of its levy of Regular Assessments for any year, Citizens shall deliver to the Collateral Trustee a list setting forth the name and address of each Assessable Insurer to which such notice has been delivered and the amount of the Regular Assessments for each year levied on such Assessable Insurer pursuant to such notice. Citizens shall promptly deliver to the Collateral Trustee a copy of any instructions or notices delivered to the FHCF in respect of any FHCF Reimbursements. Citizens hereby authorizes the Collateral Trustee to act as Citizens' attorney-in-fact to endorse the name of Citizens on any instruments which may come into the Collateral Trustee's possession with respect to the Liquidity Shared Revenues. Citizens shall instruct the Florida Surplus Lines Service Office to (x) notify the surplus lines agents for

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the Assessable Insureds of the pledge of the Regular Assessments pursuant to this Agreement and (y) direct all surplus lines agents for the Assessable Insureds to collect and make all payments in respect of Regular Assessments directly to the Florida Surplus Lines Service Office for further payment to the Collateral Trustee, and to accompany such payment with written notice to the Florida Surplus Lines Service Office that such payments are Regular Assessments and the Plan Year Deficit to which such payments relate. Citizens shall instruct the Florida Surplus Lines Service Office to provide the Collateral Trustee with a copy of such written notice promptly after it is received from the surplus lines agent, together with payment to the Collateral Trustee on such Regular Assessments. Citizens shall also instruct the Florida Surplus Lines Service Office to deliver to the Collateral Trustee a list setting forth the name and address of each surplus lines agent who has been directed by the Florida Surplus Lines Service Office to collect Regular Assessments from Assessable Insureds. Citizens hereby appoints the Collateral Trustee as Citizens' agent to receive Regular Assessments and FHCF Reimbursements.

(b) Citizens agrees that, if any Regular Assessments shall be received by it, Citizens shall deposit such Regular Assessments, together with all earnings thereon, with the Collateral Trustee, within ten days following the receipt thereof and shall certify in writing to the Collateral Trustee the appropriate amount of such Liquidity Shared Revenues so that the Collateral Trustee may allocate such deposit to the proper account and subaccount. Citizens further agrees that when any Liquidity Shared Revenues consisting of FHCF Reimbursements shall be received by it, Citizens shall deposit such Liquidity Shared Revenues with the Collateral Trustee not later than two Business Days after Citizens receives such Liquidity Shared Revenues, and shall certify in writing to the Collateral Trustee the appropriate amount of such Liquidity Shared Revenues so that the Collateral Trustee may allocate such deposit to the proper account and subaccount. Until so deposited with the Collateral Trustee, all Liquidity Shared Revenues shall be held in trust by Citizens for and as the property of the Collateral Trustee and the Secured Parties and shall not be commingled with any funds or property of Citizens not constituting Collateral.

3.03 Distribution. The balance from time to time on deposit in the two subaccounts of the Liquidity Shared Revenues Account shall, except during the effectiveness of a Notice of Default Distribution, be distributed in accordance with Section 11.01. Within one Business Day following the receipt and during the effectiveness of a Notice of Default Distribution, the Collateral Trustee shall apply or cause to be applied (subject to collection) any or all of the balance from time to time on deposit in the two subaccounts of the Liquidity Shared Revenues Account in the manner specified in Section 11.06.

3.04 Reports; Records. (a) The Collateral Trustee shall furnish to Citizens on the last Business Day of each week, a report setting forth (x) each deposit constituting Regular Assessments received in such week and maker of such deposit of Regular Assessments and (y) each deposit constituting FHCF Reimbursements received in such week.

(b) Citizens or any Secured Party may upon reasonable prior notice and during normal business hours review the Collateral Trustee's records with respect to the Liquidity Shared Revenues.

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SECTION 4. Term Shared Revenues Account. Citizens and the Collateral Trustee agree that the following provisions of this Section 4 are intended only to facilitate the identification of Term Shared Revenues delivered to and received by the Collateral Trustee and that the distribution and application of the Term Shared Revenues shall be made in accordance with Sections 11.02 and 11.03 or Section 11.06, as the case may be:

4.01 Establishment of Term Shared Revenues Account. There is hereby established with the Collateral Trustee an account designated the "Term Shared Revenues Account" in the name and under the control of the Collateral Trustee into which there shall be deposited from time to time Term Shared Revenues required to be delivered to the Collateral Trustee pursuant to Section 4.02 or any other provision of this Agreement and all Investments acquired therewith. Subject to the provisions of this Agreement, the Term Shared Revenues Account shall be under the sole dominion and control of the Collateral Trustee and the Collateral Trustee shall have the sole right to make withdrawals from the Term Shared Revenues Account from time to time (such withdrawals to be made in accordance with the terms of this Agreement). All amounts deposited in such account shall be held by the Collateral Trustee in trust pursuant to the terms of this Agreement. The deposit of amounts in the Term Shared Revenues Account together with any Investments acquired therewith shall not constitute payment of the Secured Obligations until applied thereto as hereinafter provided.

4.02 Deposits. (a) Citizens shall instruct all Assessable Insurers and, in the case of Emergency Assessments levied on Assessable Insureds, the Florida Surplus Lines Service Office to make all payments in respect of collections of Emergency Assessments directly to the Collateral Trustee (by check or by wire transfer to an account to be designated by the Collateral Trustee) and to notify the Collateral Trustee in writing that such funds constitute Emergency Assessments so that the Collateral Trustee may allocate such payments to the proper account. Concurrently with each notification by Citizens to Assessable Insurers of its levy of Emergency Assessments, Citizens shall deliver to the Collateral Trustee a list setting forth the name and address of each such entity to which such notice has been delivered. Citizens hereby authorizes the Collateral Trustee to act as Citizens' attorney-in-fact to endorse the name of Citizens on any instruments which may come into the Collateral Trustee's possession with respect to the Term Shared Revenues. Citizens shall instruct the Florida Surplus Lines Service Office to (x) notify the surplus lines agents for the Assessable Insureds of the pledge of the [Regular Assessments] pursuant to this agreement and (y) direct all surplus lines agents for the Assessable Insureds to make all payments in respect of Emergency Assessments directly to the Florida Surplus Lines Service Office for further payment to the Collateral Trustee, and to accompany such payment with written notice to the Florida Surplus Lines Service Office that such payments are Emergency Assessments and the Plan Year Deficit to which payments relate. Citizens shall instruct the Florida Surplus Lines Service Office to provide the Collateral Trustee with a copy of such written notice promptly after it is received from the surplus lines agent, together with payment to the Collateral Trustee of such Emergency Assessments. Citizens shall also instruct the Florida Surplus Lines Service Office to deliver to the Collateral Trustee a list setting forth the name and address of each surplus lines agent who has been directed by the Florida Surplus Lines Service Office to collect Emergency Assessments from Assessable Insureds. Citizens hereby appoints the Collateral Trustee as Citizens' agent to receive Emergency Assessments.

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(b) Citizens agrees that, if any Emergency Assessments shall be received by it, Citizens shall deposit such Emergency Assessments, together with all earnings thereon, with the Collateral Trustee, within ten days following the receipt thereof and shall certify to the Collateral Trustee the amount of such Term Shared Revenues so that the Collateral Trustee may allocate such deposit to the proper account. Until so deposited with the Collateral Trustee, all Term Shared Revenues shall be held in trust by Citizens for and as the property of the Collateral Trustee and the Secured Parties and shall not be commingled with any funds or property of Citizens not constituting Collateral.

4.03 Distribution. The balance from time to time on deposit in the Term Shared Revenues Account shall, except during the effectiveness of a Notice of Default Distribution, be distributed in accordance with Sections 11.02 and 11.03. Within one Business Day following the receipt and during the effectiveness of a Notice of Default Distribution, the Collateral Trustee shall apply or cause to be applied (subject to collection) any or all of the balance from time to time on deposit in the Term Shared Revenues Account in the manner specified in Section 11.06.

4.04 Reports; Records. (a) The Collateral Trustee shall furnish to Citizens on each Monthly Distribution Date, a report setting forth each deposit of Emergency Assessments in the preceding month and the maker of such deposit.

(b) Citizens or any Secured Party may upon reasonable prior notice and during normal business hours review the Collateral Trustee's records with respect to the Term Shared Revenues.

SECTION 5. Net Premium and Surcharge Revenues Account. Citizens and the Collateral Trustee agree that the following provisions of this Section 5 are intended only to facilitate the identification of Net Premium and Surcharge Revenues delivered to and received by the Collateral Trustee and that the distribution and application of the Net Premium and Surcharge Revenues shall be made in accordance with Section 11.04 or 11.06, as the case may be.

5.01 Establishment of Net Premium and Surcharge Revenues Account. There is hereby established with the Collateral Trustee an account designated the "Net Premium and Surcharge Revenues Account" in the name and under the control of the Collateral Trustee into which there shall be deposited from time to time Net Premium and Surcharge Revenues required to be delivered to the Collateral Trustee pursuant to Section 5.02 or any other provision of this Agreement and all Investments acquired therewith. Subject to the provisions of this Agreement, the Net Premium and Surcharge Revenues Account shall be under the sole dominion and control of the Collateral Trustee and the Collateral Trustee shall have the sole right to make withdrawals from the Net Premium and Surcharge Revenues Account from time to time (such withdrawals to be made in accordance with the terms of this Agreement). All amounts deposited in such account shall be held by the Collateral Trustee in trust pursuant to the terms of this Agreement. The deposit of amounts in the Net Premium and Surcharge Revenue Account together with any Investments acquired therewith shall not constitute payment of the Secured Obligations until applied thereto as hereinafter provided.

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5.02 Deposits. Citizens agrees that it shall, with respect to all Net Premium and Surcharge Revenues received by it, either (x) deposit such Net Premium and Surcharge Revenues, together with any earnings thereon, with the Collateral Trustee or (y) in the event Citizens shall not be entitled to such payments, return such payment to the sender, in each case, within five Business Days of receipt thereof. Any such deposit with the Collateral Trustee shall be accompanied by a certificate of Citizens as to the amount of such Net Premium and Surcharge Revenues so that the Collateral Trustee may allocate such deposit to the proper account. Until so deposited with the Collateral Trustee, all Net Premium and Surcharge Revenues shall be held in trust by Citizens for and as property of the Collateral Trustee and the Secured Parties and shall not be commingled with any funds or property of Citizens not constituting Collateral. Citizens will provide the Collateral Trustee with a monthly report no later than the tenth day of each month, setting forth the Net Premium and Surcharge Revenues for the immediately preceding month. Concurrently with each notification by Citizens to its policyholders of its levy of a market equalization surcharge pursuant to Section 627.351(6)(c)(10) of the Act Citizens shall deliver to the Collateral Trustee a notice describing the levy of such surcharge and setting forth the percentage of such surcharge. Citizens hereby authorizes the Collateral Trustee to act as Citizens' attorney-in-fact to endorse the name of Citizens on any instruments which may come into the Collateral Trustee's possession with respect to the Net Premium and Surcharge Revenues.

5.03 Distribution. The balance from time to time on deposit in the Net Premium and Surcharge Revenues Account shall, except during the effectiveness of a Notice of Default Distribution, be distributed in accordance with Section 11.04. Within one Business Day following the receipt and during the effectiveness of a Notice of Default Distribution, the Collateral Trustee shall apply or cause to be applied (subject to collection) any or all of the balance from time to time on deposit in the Net Premium and Surcharge Revenues Account in the manner specified in Section 11.06.

5.04 Records. Citizens or any Secured Party may upon reasonable prior notice and during normal business hours review the Collateral Trustee's records with respect to the Premium and Surcharge Revenues Account.

SECTION 6. Reserved.

SECTION 7. Citizens Account. There is hereby established with the Collateral Trustee an account designated the "Citizens Account" in the name and under the control of the Collateral Trustee. The Collateral Trustee shall deposit amounts in the Citizens Account as provided under this Agreement. Except during the effectiveness of a Notice of Default Distribution, the Collateral Trustee shall transfer amounts deposited in the Citizens Account (including earnings thereon) in accordance with the instructions of Citizens. Subject to the provisions of this Agreement, the Citizens Account shall be under the sole dominion and control of the Collateral Trustee and the Collateral Trustee shall have the sole right to make withdrawals from the Citizens Account from time to time (such withdrawals to be made in accordance with the terms of this Agreement). All amounts on deposit in the Citizens Account, shall, during the effectiveness of a Notice of Default Distribution, be distributed in the manner specified in Section 11.06.

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SECTION 8. Suspense Account. There is hereby established with the Collateral Trustee an account designated the "Suspense Account" in the name and under the control of the Collateral Trustee. Subject to the provisions of this Agreement, the Suspense Account shall be under the sole dominion and control of the Collateral Trustee and the Collateral Trustee shall have the sole right to make withdrawals from the Suspense Account from time to time (such withdrawals to be made in accordance with the terms of this Agreement). If the Collateral Trustee is not notified as required hereby and therefore cannot determine how to dispose of or apply amounts it receives in respect of this Agreement, the Collateral Trustee shall deposit such amounts in the Suspense Account and shall hold such amounts in trust pursuant to this Agreement. The Collateral Trustee shall give written notice to each Secured Party Representative and Citizens of amounts deposited in the Suspense Account, and Citizens shall cooperate with the Collateral Trustee and the Secured Party Representatives in determining the appropriate application of such amounts. The Collateral Trustee shall transfer amounts deposited in the Suspense Account (including earnings thereon) to the other accounts and subaccounts provided herein in accordance with joint written instructions from Citizens, the Indenture Trustee and each Bank Agent, or if a Notice of Default Distribution has been received and is effective, in accordance with joint written instructions from the Indenture Trustee and each Bank Agent. Amounts on deposit in the Suspense Account shall not be applied in satisfaction of Secured Obligations until transferred by the Collateral Trustee in accordance with the provisions of this Section. Amounts on deposit in the Suspense Account that are determined through the joint written instructions described above not to be any of Liquidity Shared Revenues, Term Shared Revenues or Net Premium and Surcharge Revenues shall, unless a Notice of Default Distribution is effective, be deposited into the Citizens Account. All amounts on deposit in the Suspense Account shall, during the effectiveness of a Notice of Default Distribution, be distributed in the manner specified in Section 11.06.

SECTION 9. Investment of Certain Funds. Amounts held in the accounts and subaccounts created pursuant to this Agreement shall be invested and reinvested by the Collateral Trustee in Authorized Investments as directed in writing (i) by Citizens or (ii) if a Notice of Default Distribution is effective, jointly by all Bank Agents or, if no Credit Agreement is in effect, by the Indenture Trustee. If, at any time, the Collateral Trustee does not receive such directions, then the Collateral Trustee shall invest and reinvest all such amounts in securities of the type described in clause (iv) of the definition of "Authorized Investments"; provided that such securities represent an interest or interests in money market funds that invest solely in direct obligations of, or obligations the timely payment of the principal and interest on which are unconditionally guaranteed by, the United States of America. Earnings from any Collateral Account (other than the Suspense Account) shall be either retained in such Collateral Account or, at the option of Citizens (or, if a Notice of Default Distribution is effective, pursuant to the joint instructions of all Bank Agents or, if no Credit Agreement is in effect, the Indenture Trustee), transferred to one or more other Collateral Accounts (including any separate account established for such purpose with the Collateral Trustee for the benefit of the Secured Parties) and, in either case, applied in accordance with Section 11. Earnings from the Suspense Account shall be retained in the Suspense Account and shall be credited to the appropriate earnings account, if any, or other Collateral Account or remitted to Citizens, as the case may be, upon a determination pursuant to Section 8 of the appropriate application of the underlying amounts in the Suspense Account that gave rise to such earnings. In directing the Collateral Trustee to make investments hereunder, Citizens shall select investments such that such investments shall mature

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on such dates as are necessary to make distributions hereunder as and when required hereby; it being understood and agreed that, at any time of a distribution hereunder, the Collateral Trustee may liquidate investments prior to maturity to the extent necessary do make such distribution and the Collateral Trustee shall not be responsible for any losses incurred as a result of any such liquidation.

SECTION 10. Additional Secured Obligations. If at any time after the date hereof Citizens desires to (x) enter into a loan or credit agreement or an Interest Rate Agreement, in each case, which would be secured hereby and designated as a Subsequent Credit Agreement or Secured Interest Rate Agreement, respectively, or (y) incur or issue any proposed indebtedness or other obligations which would be secured hereby and designated as a Junior Secured Obligation, Citizens shall deliver to the Collateral Trustee (and concurrently to each Secured Party Representative) a certificate signed by the Executive Director of Citizens, which shall (i) identify, and describe in reasonable detail the terms of, such proposed Subsequent Credit Agreement, Secured Interest Rate Agreement or Junior Secured Obligation, (ii) certify that the designation thereof as a Subsequent Credit Agreement, Secured Interest Rate Agreement or Junior Secured Obligation, as the case may be, is not prohibited by any provision of any Secured Instrument then in effect and (iii) specify the name and the address for notices to the proposed holder or holders of each such proposed additional Secured Obligation so designated (or, in the case of any Subsequent Credit Agreement, the proposed Bank Agent thereunder, and, in the case of Junior Secured Obligations in respect of which a trustee or agent will be appointed to act for the benefit or on behalf of the holders thereof, such proposed trustee or agent). Unless the Collateral Trustee, by no later than the fifteenth Business Day following the receipt of such certificate by the Collateral Trustee, notifies Citizens that the Collateral Trustee has received notice from any Secured Party Representative stating that such proposed designation is prohibited by the relevant Secured Instrument (which notice the Collateral Trustee shall promptly distribute to Citizens and each Secured Party Representative), such proposed loan or credit agreement or Interest Rate Agreement or other indebtedness or other obligation shall be, from and after the later of (a) the sixteenth Business Day after the receipt of such certificate by the Collateral Trustee and (b) the date of execution of such agreement, a Subsequent Credit Agreement, Secured Interest Rate Agreement or Junior Secured Obligation, as so proposed to be designated, for purposes of this Agreement. In addition, such Subsequent Credit Agreement, such Secured Interest Rate Agreement and each agreement or instrument evidencing such Junior Secured Obligation shall be, from and after such date until the termination thereof and the payment of all amounts payable thereunder, a Secured Instrument (and shall be listed in Schedule I hereto) for purposes of this Agreement. Citizens shall also cause the Secured Party Representative in respect of such additional Secured Obligations to sign a counterpart of this Agreement (including a revised Schedule I) agreeing to and acknowledging the provisions of this Agreement and shall promptly provide a copy thereof to the Collateral Trustee.

SECTION 11. Distributions.

11.01 Liquidity Shared Revenues Distribution. Unless a Notice of Default Distribution is then effective, the Collateral Trustee will distribute the Liquidity Shared Revenues held in the Liquidity Shared Revenues Account prior to 10:00 A.M., New York time, on the twenty-fifth day of each calendar month, or the next succeeding Business Day if such date

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is not a Business Day, (each such date, a “Monthly Distribution Date”), immediately prior to any distribution of Term Shared Revenues pursuant to Sections 11.02 and 11.03, as follows:

(a) first,

(i) if a Bank Agent and Citizens have notified the Collateral Trustee that an Outstanding Liquidity Loan or Loans (or an Outstanding Term Loan or Loans refinancing such Outstanding Liquidity Loan or Loans) have been borrowed in respect of any Type of Liquidity Shared Revenues then on deposit in the Liquidity Shared Revenues Account, the Collateral Trustee shall distribute to such Bank Agent from the Regular Assessment Subaccount or the FHCF Reimbursement Subaccount, as the case may be, an amount equal to the unpaid principal of such Outstanding Liquidity Loan or Loans (or such Outstanding Term Loan or Loans), and

(ii) if the Indenture Trustee and Citizens have notified the Collateral Trustee that an outstanding Draw or Draws have been made in respect of any Type of Liquidity Shared Revenues then on deposit in the Liquidity Shared Revenues Account (including an outstanding Draw or Draws refinancing a previously Outstanding Liquidity Loan or Loans borrowed in respect of such Liquidity Shared Revenues), the Collateral Trustee shall distribute to the Indenture Trustee from the Regular Assessment Subaccount or the FHCF Reimbursement Subaccount, as the case may be, amount equal to the unpaid amount of such outstanding Draw or Draws,

provided that, if such Liquidity Shared Revenues are payable to more than one Secured Party Representative and the amount thereof shall be insufficient to pay the foregoing amounts in full, then the Collateral Trustee shall distribute such Liquidity Shared Revenues to such Secured Party Representatives ratably in proportion to the foregoing amounts;

(b) second, to each Bank Agent, an amount equal to the accrued and unpaid interest attributable to the principal amounts referred to in clause (a)(i) above, provided that, if such Liquidity Shared Revenues are insufficient to pay the foregoing amounts in full, then the Collateral Trustee shall distribute such Liquidity Shared Revenues to such Secured Party Representatives ratably in proportion to the foregoing amounts; and

(c) third, to the extent of any remaining excess, the Collateral Trustee shall deposit the amount of such excess into the Citizens Account.

11.02 Term Shared Revenues Distribution. Unless a Notice of Default Distribution is then effective, the Collateral Trustee will distribute the Term Shared Revenues held in the Term Shared Revenues Account prior to 10:00 A.M., New York time, on each Monthly Distribution Date, immediately after any distribution of Liquidity Shared Revenues pursuant to Section 11.01 and immediately prior to any distribution of Term Shared Revenues pursuant to Section 11.03, in the following order of priority:

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(a) first,

(i) to each Bank Agent, the amount of accrued and unpaid interest on all Outstanding Term Loans (and, if interest on such Outstanding Term Loans is scheduled to be due and payable after such distribution date but prior to the next succeeding Monthly Distribution Date, the amount of interest to accrue on such Outstanding Term Loans to such due date assuming no change in any applicable interest rate),

(ii) to the Indenture Trustee, the amount of accrued and unpaid interest on the Outstanding Indenture Obligations (and, if any such interest is scheduled to be due and payable after such distribution date but prior to the next succeeding Monthly Distribution Date, the amount of interest scheduled to accrue on the Outstanding Indenture Obligations to such due date assuming no change in any applicable interest rate), and

(iii) to each Hedge Counterparty, an amount equal to the unpaid amount (if any) of any net payment (other than a termination payment) then due and payable, or to become due and payable on or before the next succeeding Monthly Distribution Date, by Citizens under the related Secured Interest Rate Agreement;

provided that, if such Term Shared Revenues, shall be insufficient to pay the foregoing amounts in full (any such deficiency, an “Interest Deficiency”), then the Collateral Trustee shall distribute such Term Shared Revenues to such Secured Party Representatives ratably in proportion to such amounts;

(b) second,

(i) to each Bank Agent, an amount equal to the aggregate unpaid principal of Outstanding Term Loans payable on or before the last Business Day of the Payment Quarter in which such Monthly Distribution Date occurs (less any amount already transferred by the Collateral Trustee pursuant to this Section 11.02 in respect of the principal of Term Loans payable in such Payment Quarter), and

(ii) to the Indenture Trustee, an amount equal to the aggregate unpaid principal (other than any such principal representing a defeasance or sinking fund payment) of the Outstanding Indenture Obligations payable on or before the last Business Day of the Payment Quarter in which such Monthly Distribution Date occurs (less any amount already held by the Indenture Trustee as an irrevocable defeasance fund or reserve with respect to such obligations to the extent available for the payment of such principal) plus the amount of any unpaid redemption premium, if any, payable on the next call date thereon;

provided that, if such Term Shared Revenues shall be insufficient to pay the foregoing principal amounts in full (any such deficiency, a “Principal Deficiency”), then the

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Collateral Trustee shall distribute such Term Shared Revenues to such Secured Party Representatives ratably in proportion to such amounts;

(c) third, to the Indenture Trustee, an amount equal to the unpaid Defeasance and Reserve Amount (if any) for such Payment Quarter;

(d) fourth, to each Hedge Counterparty, an amount equal to the unpaid amount of any termination payment then due and payable under the related Secured Interest Rate Agreement; provided that, if such Term Shared Revenues shall be insufficient to pay the foregoing termination payment amounts in full (any such deficiency, a "Termination Payment Deficiency"), then the Collateral Trustee shall distribute such Term Shared Revenues to such Hedge Counterparties ratably in proportion to such amounts; and

(e) fifth,

(i) to each Bank Agent, an amount equal to the unpaid Related Senior Secured Obligations then due and payable under the related Credit Agreement;

(ii) to the Indenture Trustee, an amount equal to the unpaid Related Senior Secured Obligations then due and payable under the Trust Indenture; and

(iii) to each Hedge Counterparty, an amount equal to the unpaid Related Senior Secured Obligations then due and payable under the related Secured Interest Rate Agreement;

provided that, if such Term Shared Revenues shall be insufficient to pay the foregoing amounts described in this clause (e) in full (any such deficiency, a "Related Obligation Deficiency"), then the Collateral Trustee shall distribute such Term Shared Revenues to such Secured Party Representatives ratably in proportion to the foregoing amounts.

Any amounts remaining in the Term Shared Revenues Account on any Monthly Distribution Date after giving effect to the distribution of amounts pursuant to this Section 11.02 on such date, shall remain in the Term Shared Revenues Account and shall be distributed thereafter pursuant to this Section 11.02, Section 11.03 or Section 11.06, as applicable.

11.03 Quarterly Term Shared Revenues Distribution. Unless a Notice of Default Distribution is then effective the Collateral Trustee will distribute the Term Shared Revenues held in the Term Shared Revenues Account prior to 10:00 A.M., New York time, on the last Monthly Distribution Date to occur in each Payment Quarter (such date, the "Quarterly Distribution Date"), immediately after and in addition to any distribution of Term Shared Revenues pursuant to Section 11.02, in the following order of priority:

(a) first, to each Bank Agent, an amount equal to the Required Quarterly Prepayment Amount in respect of the related Credit Agreement; and

(b) second, to the extent of the remaining excess, to the Secured Party Representative in respect thereof, an amount equal to the amounts then due and payable in

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respect of Junior Secured Obligations, provided that, if such Term Shared Revenues shall be insufficient to pay such amounts in full, then the Collateral Trustee shall distribute such Term Shared Revenues to such Secured Party Representatives ratably in proportion to the foregoing amounts;

(c) third, to the extent of the remaining excess, the Collateral Trustee shall distribute to the Indenture Trustee in an amount equal to the Proceeds Account Deficiency Amount of for deposit into the "Proceeds Account" established under the Trust Indenture; and

(d) fourth, to the extent of the remaining excess, the Collateral Trustee shall deposit such excess in the Citizens Account.

11.04 Net Premium and Surcharge Revenues Distribution. (a) Unless a Notice of Default Distribution is then effective, the Collateral Trustee will, from time to time, withdraw amounts on deposit in the Net Premium and Surcharge Revenues Account on any Business Day and pay over such amounts as directed by Citizens upon receipt from Citizens of a certificate stating that such amounts will be used within the 30 days following such withdrawal either (x) to pay Loss Claims and/or to pay operating and other expenses of Citizens or (y) to make an additional deposit in the Defeasance Subaccount under, and as defined, in the Indenture, and stating that such deposit is permitted pursuant to the terms of the Credit Agreement.

(b) Unless a Notice of Default Distribution is then effective, on each Monthly Distribution Date, immediately following the distribution of Term Shared Revenues pursuant to Section 11.02 above, in the event a Deficiency exists, the Collateral Trustee shall distribute the Net Premium and Surcharge Revenues held in the Net Premium and Surcharge Revenues Account in the following order of priority:

(i) first, to each Secured Party Representative with respect to which an Interest Deficiency exists, the amount of such Interest Deficiency, provided that if such Net Premium and Surcharge Revenues shall be insufficient to pay the foregoing amounts in full, then the Collateral Trustee shall distribute such Net Premium and Surcharge Revenues to such Secured Party Representatives ratably in proportion to such amounts;

(ii) second, to each Secured Party Representative with respect to which a Principal Deficiency exists, the amount of such Principal Deficiency, provided that if such Net Premium and Surcharge Revenues shall be insufficient to pay the foregoing amounts in full, then the Collateral Trustee shall distribute such Net Premium and Surcharge Revenues to such Secured Party Representatives ratably in proportion to such amounts;

(iii) third, to the Indenture Trustee, the amount of any Amortization Deficiency then existing;

(iv) fourth, to each Hedge Counterparty with respect to which a Termination Payment Deficiency then exists, an amount equal to such Termination Payment Deficiency, provided that if such Net Premium and Surcharge Revenues shall be insufficient to pay the foregoing amounts in full,

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then the Collateral Trustee shall distribute such Net Premium and Surcharge Revenues to such Hedge Counterparties ratably in proportion to such amounts;

(v) fifth, to each Secured Party Representative with respect to which a Related Obligation Deficiency exists, the amount of such Related Obligation Deficiency, provided that if such Net Premium and Surcharge Revenues shall be insufficient to pay the foregoing amounts in full, then the Collateral Trustee shall distribute such Net Premium and Surcharge Revenues to such Secured Party Representative ratably in proportion to such amounts.

11.05 Reserved.

11.06 Default Distributions. (a) Subject to subsection (b) below, all Collateral held by the Collateral Trustee in any Collateral Account while a Notice of Default Distribution is in effect shall, to the extent available for distribution, be distributed by the Collateral Trustee on dates fixed by the Collateral Trustee (the first of which shall be within 30 days after the Collateral Trustee receives a Notice of Default Distribution and the remainder of which shall be monthly thereafter on the day of the month corresponding to the first distribution date (or, if such day is not a Business Day, the next succeeding Business Day, and, in any case, if there is no such corresponding day, the last day of such month) for such distribution, or, in each case, such later date as is provided in Section 11.07 below (individually a “Default Distribution Date” and collectively “Default Distribution Dates”) in the following order of priority:

(i) first, to the Collateral Trustee or to any other holder of Senior Secured Obligations which has theretofore advanced or paid to the Collateral Trustee any unpaid fees and other expenses and liabilities of the Collateral Trustee incurred under Sections 11 and 13 or in connection with a Notice of Default Distribution, an amount equal to the amount of accrued and unpaid fees and other expenses and liabilities incurred by the Collateral Trustee or so advanced or paid by such other Secured Party prior to such Default Distribution Date;

(ii) second, to the Collateral Trustee or to any other holders of Senior Secured Obligations which has theretofore advanced or paid to the Collateral Trustee any unpaid fees and other expenses and liabilities of the Collateral Trustee incurred under this Agreement other than such fees and other expenses and liabilities referred to in clause (i) above, an amount equal to the amount of such accrued and unpaid fees and other expenses and liabilities incurred by the Collateral Trustee or so advanced or paid by such other holder of Senior Secured Obligations prior to such Default Distribution Date;

(iii) third, to each Secured Party Representative in respect of Senior Secured Obligations, an amount equal to their respective Catch-up Amounts (as defined below), if any, and, if the available Collateral shall be insufficient to pay such Catch-up Amounts in full, then to such Secured Party Representatives ratably in proportion to their respective Catch-up Amounts;

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(iv) fourth, to each Secured Party Representative in respect of Senior Secured Obligations, the sum of (1) the aggregate unpaid principal of such Senior Secured Obligations and (2) the amount of unpaid redemption premium, if any, and accrued and unpaid interest on such Senior Secured Obligations (or, in the case of Senior Secured Obligations under any Secured Interest Rate Agreement, the aggregate unpaid amount then due and payable by Citizens in respect thereof), and, if the available Collateral shall be insufficient to pay such sums in full, then to such Secured Party Representatives ratably in proportion to such unpaid sums on such Default Distribution Date;

(v) fifth, to each Secured Party Representative in respect of Junior Secured Obligations, an amount equal to their respective Catch-up Amounts, if any, and, if the available Collateral shall be insufficient to pay such Catch-up Amounts in full, then to such Secured Party Representatives ratably in proportion to their respective Catch-up Amounts;

(vi) sixth, to each Secured Party Representative in respect of Junior Secured Obligations, amounts equal to all other sums then due and payable in respect of the Junior Secured Obligations, including, without limitation, the costs and expenses of such Secured Parties and their representatives which are due and payable under the relevant Secured Instruments as of such Default Distribution Date and, if the available Collateral shall be insufficient to pay such sums in full, then to such Secured Parties ratably in proportion to such sums; and

(vii) seventh, any surplus then remaining shall be paid to Citizens or as a court of competent jurisdiction may direct.

Catch-up Amounts shall be calculated on any Default Distribution Date before giving effect to any distribution on such Default Distribution Date pursuant to clauses (iii) and (v) above. The term "Catch-up Amount" means, with respect to any Secured Instrument, the amount, if any, required to be distributed from the Collateral to any Secured Party Representative in respect of any Senior Secured Obligations or Junior Secured Obligations, as the case may be, thereunder, so that, immediately after giving effect to such distribution, the ratio of (i) all amounts distributed hereunder from the Collateral from and after the initial Default Distribution Date to such Secured Party Representative in respect of such Senior Secured Obligations or Junior Secured Obligations, respectively, to (ii) the sum of the unpaid amount of such Senior Secured Obligations (or, in the case of Senior Secured Obligations under any Secured Interest Rate Agreement, the aggregate unpaid amount then due and payable by Citizens in respect thereof) or the sum of the unpaid amount then due and payable in respect of Junior Secured Obligations, respectively, with respect to such Secured Party Representative (as notified by such Secured Party Representative to the Collateral Trustee prior to such Default Distribution Date), plus the amount of all distributions made hereunder from the Collateral from and after the initial Default Distribution Date to such Secured Party Representative in respect of such Senior Secured Obligations or Junior Secured Obligations, respectively, is equal to the highest ratio of (iii) all amounts distributed hereunder from the Collateral from and after the initial Default Distribution Date to any other Secured Party Representative in respect of Secured Obligations ranking on a parity therewith under any other Secured Instrument to (iv) the sum of the aggregate unpaid

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amount of such other Secured Obligations (or, in the case of Senior Secured Obligations under any Secured Interest Rate Agreement or all Junior Secured Obligations, the aggregate unpaid amount then due and payable by Citizens in respect thereof) with respect to such Secured Party Representative (as notified by such other Secured Party Representative to the Collateral Trustee prior to such Default Distribution Date) plus the amount of all distributions made hereunder from the Collateral from and after the initial Default Distribution Date to such other Secured Party Representative in respect of such other Secured Obligations.

(b) The term “unpaid” as used in Sections 11.01 through 11.06 hereof, with respect to any Secured Obligations, refers:

(i) in the absence of a Delinquency Proceeding, to all amounts of such Secured Obligations Outstanding as of a distribution date, less the amount of any funds then held by the relevant Secured Party Representative and available for payment of such Secured Obligations, in each case as most recently notified by such Secured Party Representative to the Collateral Trustee, and

(ii) during the pendency of a Delinquency Proceeding, to all amounts which have not been disallowed in respect of such Secured Obligations as a basis for distribution (including estimated amounts, if any, allowed in respect of contingent claims), less the amount of any funds then held by the relevant Secured Party Representative and available for payment of such Secured Obligations (as most recently notified by such Secured Party Representative to the Collateral Trustee),

to the extent that prior distributions (whether actually distributed or set aside pursuant to Section 11.07 below) have not been made in respect thereof (it being understood and agreed that the term “unpaid” as so used shall not necessarily mean, unless so specified, that any such Secured Obligation is then due and payable).

11.07 Distribution Calculations. (a) Each Secured Party Representative entitled to any distribution under Sections 11.01 through 11.06 hereof shall notify the Collateral Trustee and Citizens in writing at least eight Business Days prior to each scheduled distribution date in respect thereof of all unpaid amounts to be paid to it from each such distribution. At least six Business Days prior to making the determinations and allocations required above, the Collateral Trustee shall deliver to Citizens and each Secured Party Representative written notice of the amounts and type of Collateral and the basis of the Collateral Trustee’s calculation of such amounts (e.g., principal, interest, fees or other amounts) proposed to be distributed to each Secured Party Representative entitled thereto with such proposed distributions to be based upon the Collateral Trustee’s reasonable assumptions as to any earnings to be credited to the Collateral Accounts prior to such distribution. Each Secured Party Representative receiving notice of such proposed distribution agrees to notify the Collateral Trustee, Citizens and each other Secured Party Representative in respect of the Secured Obligations participating in such proposed distribution and, Citizens agrees to notify the Collateral Trustee and each Secured Party Representative, in each case, promptly (and in any event not later than the fifth Business Day from and including the date of the Collateral Trustee’s delivery of notice of such proposed distribution) if it disagrees with the amounts and type of such Collateral proposed to be

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distributed, and, in the event of any such disagreement, the Collateral Trustee shall withhold distribution until receipt of joint written instructions from all Secured Party Representatives participating in such proposed distribution and, unless a Notice of Default Distribution is then effective, Citizens, as to the proper amounts and type of such Collateral to be distributed. In making the determinations and allocations required pursuant to Section 11 or any other provision of this Agreement, the Collateral Trustee may conclusively rely upon information supplied by each Secured Party Representative (and not challenged within the time period set forth above by any other Secured Party Representative or, unless a Notice of Default Distribution is then effective, Citizens) as to the amounts payable with respect to Secured Obligations represented by such Secured Party Representative, and the Collateral Trustee shall have no liability to any of the other Secured Parties or Citizens for actions taken in reliance on such information. The Collateral Trustee shall, concurrently with making any distribution hereunder, deliver to each Secured Party Representative and Citizens written notice of the amounts and type of Collateral and the basis of the Collateral Trustee's final calculation of such amounts (e.g., principal, interest, fees or other amounts) being distributed to each Secured Party Representative entitled thereto. All distributions made by the Collateral Trustee shall be (subject to any decree of any court of competent jurisdiction) final and the Collateral Trustee shall have no duty to inquire as to the, application by the Secured Parties of any amounts distributed to them.

(b) To the extent that the Collateral Trustee distributes proceeds of Collateral collected with respect to Secured Obligations entitled thereto held by one holder to or on behalf of Secured Obligations entitled thereto held by a second holder, the first holder shall be deemed to have purchased a participation in such Secured Obligations held by the second holder, or shall be subrogated to the rights of the second holder to receive any subsequent payments and distributions made with respect to the portion thereof paid or to be paid by the application of such proceeds.

(c) Citizens shall remain liable for any Secured Obligation that remains unpaid. The Collateral Trustee may make distributions hereunder in cash or in kind or, on a ratable basis, in any combination thereof.

SECTION 12. Further Assurances; Covenants. Citizens hereby covenants and agrees:

12.01 Performance of Agreements. Citizens will comply with and perform its assurances, covenants and obligations under each Secured Instrument (within any applicable grace period provided for therein), and, without limiting the foregoing, its further assurances, covenants and obligations hereunder.

12.02 Delivery of Collateral. Citizens will deliver or cause to be delivered to the Collateral Trustee (in cash, by wire transfer to the Custodian Account or another account to be designated by the Collateral Trustee or by deposit of an instrument payable to Citizens with the Collateral Trustee) all Collateral to be held by the Collateral Trustee (for the benefit of the holders of the Secured Obligations) in accordance with this Agreement.

12.03 Name Changes; Offices. Citizens will not change its name, identity or structure in any manner unless (x) such change shall be permitted under the terms of each Credit

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Agreement, the Trust Indenture and each Secured Interest Rate Agreement and (y) Citizens shall have given the Collateral Trustee and each Secured Party Representative not less than 30 days' prior written notice thereof and delivered an opinion of counsel with respect thereto in accordance with Section 12.06. Citizens will not (i) change the location of its chief executive office or chief place of business or the locations where it keeps or holds any Collateral or any records relating thereto from the applicable location described in Section 2.03 or (ii) establish any new office or offices unless, in each case, it shall have given the Collateral Trustee and each Secured Party Representative not less than 30 days' prior notice thereof and delivered an opinion of counsel with respect thereto in accordance with Section 12.06. Citizens shall not in any event change the location of any Collateral if such change would cause the Security Interests in such Collateral to lapse or cease to be perfected.

12.04 Further Assurances. (a) From time to time, at its expense, Citizens will execute, deliver, file and record any statement, assignment, instrument, document, agreement or other paper and take any other action (including, without limitation, any filings of financing or continuation statements under the UCC or the giving of notice of Security Interests to Persons) that from time to time may be necessary or desirable, or that the Collateral Trustee, at the direction of any Secured Party Representative, may reasonably request, in order to create, preserve, perfect, continue the perfection of, confirm or validate the Security Interests or to enable the Secured Parties to obtain the full benefits of this Agreement, or to enable the Collateral Trustee to exercise and enforce any of its rights, powers and remedies hereunder with respect to any of the Collateral. To the extent permitted by applicable law, Citizens hereby authorizes the Collateral Trustee to execute and file financing statements or continuation statements without Citizens' signature appearing thereon. Citizens agrees that a carbon, photographic, photostatic or other reproduction of this Agreement or of a financing statement is sufficient as a financing statement. To the extent permitted by applicable law, Citizens hereby also authorizes the Collateral Trustee to act as Citizens' attorney-in-fact and to execute, deliver, file and record other statements, assignments, instruments, documents, agreements or papers and to take other actions as provided above in the name of Citizens.

(b) If Citizens has knowledge that any Collateral is at any time in the possession or control of any third party (other than the Collateral Trustee or any surplus lines agent or the Florida Surplus Lines Service Office), Citizens will notify such third party in writing of the Security Interests created hereby and direct such third party in writing to hold all such Collateral in trust for the Collateral Trustee hereunder subject to the Collateral Trustee's instructions (and to deliver promptly a copy of such notice and direction to the Collateral Trustee).

(c) Citizens will keep full and accurate books and records relating to the Collateral, and stamp or otherwise mark such books and records in such manner as the Collateral Trustee may reasonably require in order to reflect the Security Interests in favor of the Collateral Trustee (for the benefit of the holders of the Secured Obligations).

(d) Citizens will promptly notify or cause to be notified (and Citizens hereby authorizes the Collateral Trustee, upon written direction and upon its receipt of adequate information for such purpose, to notify) the FHCF, each Assessable Insurer and the Florida Surplus Lines Service Office (and to cause the Florida Surplus Lines Service Office to notify

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each surplus lines agent) and, at the request of any Bank Agent or the Indenture Trustee upon occurrence of an “Event of Default” under (and as defined in) any Credit Agreement or the Trust Indenture, respectively, the holders of Assessable Policies that the Collateral has been assigned to the Collateral Trustee and that any payments due or to become due in respect of the Collateral are to be made directly to the Collateral Trustee hereunder, and that such payments shall be made in cash or by wire transfer to an account to be designated by the Collateral Trustee. Citizens shall promptly notify the Florida Surplus Lines Service Office to direct each surplus lines agent for an Assessable Insured that any payments due or to become due in respect of the Collateral are to be made directly to the Florida Surplus Lines Service Office for further payment to the Collateral Trustee. Citizens shall instruct the Florida Surplus Lines Service Office that any such payments received by it are to be promptly paid to the Collateral Trustee.

(e) Promptly upon request, Citizens will provide to the Collateral Trustee and each Secured Party Representative all information and evidence any of such Persons may reasonably request concerning the Collateral to enable the Collateral Trustee to enforce the provisions of this Agreement.

(f) Citizens will pay any and all recording and filing fees and any and all stamp, excise, intangibles and other taxes, if any, which may be payable or determined to be payable in connection with this Agreement (or any amendment, supplement, modification or waiver hereof) or the consummation of any of the transactions contemplated hereby.

12.05 Other Liens. Except as otherwise provided in this Agreement or as permitted by each Credit Agreement and the Trust Indenture, Citizens will not sell, lease, exchange, assign, pledge, mortgage, grant a lien upon or security interest in, or otherwise dispose of, or grant, or permit any Person to obtain, a right to payment or reimbursement from (including, without limitation, by reason of rights of subrogation), or grant any option with respect to, any Collateral.

12.06 Opinions of Counsel. At its cost and expense, Citizens will cause to be delivered to the Collateral Trustee and each Secured Party Representative an opinion of counsel, in form and substance satisfactory to such Secured Party Representative, (x) not more than six months nor less than two months before the expiration of any financing statement or amendment or supplement thereto, continuation statement or other document that has been recorded or filed to perfect and protect the Security Interests and (y) not more than two months nor less than 30 days prior to each date on which Citizens proposes to take any action contemplated by Section 12.03, to the effect that all financing statements and amendments or supplements thereto, continuation statements and other documents required to be recorded or filed in order to perfect and protect (or continue the perfection of) the Security Interests as perfected and prior security interests in the Collateral against all other creditors and policyholders of Citizens for a period, specified in such opinion, continuing until a date not earlier than five years from the date of such opinion, have been filed in each filing office necessary for such purpose and that no action, other than such actions as are contemplated by the opinion of counsel of Citizens delivered on the closing date for the Initial Credit Agreement and the issuance and sale of the initial series of Indenture Obligations or any subsequent opinion delivered pursuant to this Section 12.06, are required to be taken in order so to perfect and protect (or continue the perfection of) the Security

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Interests, and that all filing fees and taxes, if any, payable in connection with such filings or other actions have been paid in full.

12.07 Fees of Collateral Trustee. Citizens will pay the fees (including, during the effectiveness of a Notice of Default Distribution, such reasonable additional fees as are requested in connection with the performance of additional duties in connection with such notice) of the Collateral Trustee (other than any successor Collateral Trustee), as agreed upon by Citizens and the Collateral Trustee, and its reasonable expenses for services provided under this Agreement, and will pay the fees and expenses of any successor Collateral Trustee as agreed at the time of appointment of such successor Collateral Trustee.

12.08 Records of Obligations. Citizens will deliver to the Collateral Trustee and each Secured Party Representative on the tenth of each month, and from time to time upon request of the Collateral Trustee, a list setting forth, as of the end of the prior month, (i) with respect to the Trust Indenture and the Outstanding Indenture Obligations, the aggregate unpaid principal amount of the Outstanding Indenture Obligations and the scheduled amortization or principal payment dates applicable thereto and the name and address of the Indenture Trustee, (ii) with respect to each Credit Agreement, the aggregate unpaid principal amount of all Outstanding Liquidity Loans and all Outstanding Term Loans and the maturity or scheduled principal payment dates applicable thereto and the name and address of the Bank Agent thereunder, (iii) with respect to any Secured Interest Rate Agreement, the market value of such agreement and the name and address of the Hedge Counterparty thereunder and (iv) with respect to each other Secured Instrument, the aggregate unpaid principal or face amount Outstanding thereunder and to the extent known, the names of the holders of Secured Obligations Outstanding thereunder. Citizens shall furnish to the Collateral Trustee on the closing date for the Initial Credit Agreement and the issuance and sale of the initial series of Indenture Obligations a list setting forth the name and address of each party to which notices must be sent under each Secured Instrument in effect on such date and Citizens shall furnish promptly to the Collateral Trustee any changes or additions to such list of which it receives notice. Citizens may rely on information provided by the relevant Secured Party Representative in preparing the information required to be delivered under this Section 12.08. Each Secured Party Representative agrees to notify the Collateral Trustee, Citizens and each other Secured Party Representative in writing promptly and in any event within five Business Days after receipt thereof if it disagrees with any such information delivered by Citizens.

12.09 Obligations. Citizens hereby acknowledges and agrees that the obligations of Citizens under this Agreement will at all times constitute direct and general obligations of Citizens, attributable to the High-Risk Account, payable from all moneys and other assets of Citizens in or relating to the High-Risk Account. The Collateral Trustee agrees and acknowledges, and each of the other Secured Parties, by its acceptance of the benefits of this Agreement, is deemed to agree and acknowledge, that it has no claim against, or recourse to, the Personal Lines Account or the Commercial Lines Account (including the revenues and assets allocated to the Personal Lines Account or the Commercial Lines Account in accordance with the Act and the Plan) in respect of the obligations under this Agreement.

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SECTION 13. Remedies.

13.01 Notices of Default Distribution. (a) Within one Business Day following the receipt of a Notice of Default Distribution, the Collateral Trustee shall promptly notify Citizens, any co-collateral trustee or separate collateral trustee and each Secured Party Representative of its receipt thereof. The Collateral Trustee shall also promptly notify Citizens, any co-collateral trustee or separate collateral trustee and each Secured Party Representative of the date of the first Default Distribution Date established pursuant to Section 11.06. Except as expressly permitted hereunder, the Collateral Trustee is not empowered to exercise any remedy under this Section 13 unless a Notice of Default Distribution is in effect.

(b) A Notice of Default Distribution shall become effective one Business Day following the receipt thereof by the Collateral Trustee. During the effectiveness of a Notice of Default Distribution, any other Secured Party Representative in respect of Senior Secured Obligations (other than the Collateral Trustee) may deliver a separate Notice of Default Distribution, whether or not an event or condition described in clause (i)(a) or (i)(b) of the definition of “Notice of Default Distribution” has occurred or is continuing with respect to such Senior Secured Obligations. A Notice of Default Distribution, once effective, shall remain in effect unless and until it is canceled as provided in paragraph (c) below.

(c) The Secured Party Representative or Representatives giving a Notice of Default Distribution shall be entitled to cancel it by delivering a written notice of cancellation to the Collateral Trustee (x) before the Collateral Trustee takes any action to exercise any remedy with respect to the Collateral or (y) thereafter, if the Collateral Trustee believes, based upon advice of counsel, that all actions it has taken to exercise any remedy or remedies with respect to the Collateral can be reversed; provided that each Notice of Default Distribution delivered with respect to any Senior Secured Obligations pursuant to the second sentence of Section 13.01(b), shall unless an event or condition described in clause (i)(a) or (i)(b) of the definition of “Notice of Default Distribution” has occurred and is continuing with respect to such Senior Secured Obligations, be automatically canceled upon the cancellation of all other Notices of Default Distribution then in effect. The Collateral Trustee shall promptly notify Citizens as to the receipt and contents of any such notice of cancellation and shall promptly notify Citizens and each Secured Party Representative as to the cancellation of any Notice of Default Distribution.

13.02 Remedies. During the effectiveness of a Notice of Default Distribution, the Collateral Trustee may exercise on behalf of the Secured Parties all rights under this Agreement, and may exercise all rights of a secured party under the UCC or under common law and, in addition, the Collateral Trustee may, without being required to give any notice, except as herein provided or as may be required by mandatory provisions of law, (i) withdraw all cash and Investments in each Collateral Account and apply such cash and Investments and other cash, if any, then held by it as Collateral as specified in Section 11.06 and (ii) if there shall be no such cash or Investments or if such cash and Investments shall be insufficient to pay all the Secured Obligations in full, sell the Collateral relating thereto or any part thereof at public or private sale, for cash, upon credit or for future delivery, and at such price or prices as the Collateral Trustee may deem satisfactory. The Collateral Trustee or any other Secured Party may be the purchaser of any or all of the Collateral so sold at any public sale (or, if the Collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed

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standard price quotations, at any private sale). Citizens will execute and deliver such documents and take such other action (including, without limitation, assembling Collateral and making it available to the Collateral Trustee at a place designated by the Collateral Trustee) as the Collateral Trustee deems necessary or advisable in order that any such sale may be made in compliance with law. Upon any such sale the Collateral Trustee shall have the right to deliver, assign and transfer to the purchaser thereof the Collateral so sold. Each purchaser at any such sale shall hold the Collateral so sold to it absolutely and free from any claim or right of whatsoever kind, including any equity or right of redemption of Citizens which may be waived, and Citizens, to the extent permitted by law, hereby specifically waives all rights of redemption, stay or appraisal which it has or may have under any law now existing or hereafter adopted. The notice (if any) of such sale shall (1) in the case of a public sale, state the time and place fixed for such sale, and (2) in the case of a private sale, state the day after which such sale or other disposition may be consummated. Any such public sale shall be held at such time or times within ordinary business hours and at such place as the Collateral Trustee may fix in the notice of such sale. At any such sale the Collateral may be sold in one lot as an entirety or in separate parcels as the Collateral Trustee may determine. The Collateral Trustee shall not be obligated to make any such sale pursuant to any such notice. The Collateral Trustee may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the same may be so adjourned. In the case of any sale of all or any part of the Collateral on credit or for future delivery, the Collateral so sold may be retained by the Collateral Trustee until the selling price is paid by the purchaser thereof, but the Collateral Trustee shall not incur any liability in the case of the failure of such purchaser to take up and pay for the Collateral so sold and, in the case of any such failure, such Collateral may again be sold upon like notice. The Collateral Trustee, instead of exercising the power of sale herein conferred upon it, may proceed by a suit or suits at law or in equity to foreclose the Security Interests and sell the Collateral, or any portion thereof, under a judgment or decree of a court or courts of competent jurisdiction.

13.03 Authority upon Default. Citizens hereby irrevocably appoints the Collateral Trustee its true and lawful attorney, with full power of substitution, in the name of Citizens, the Collateral Trustee, the Secured Parties or otherwise, for the sole use and benefit of the Secured Parties, but at Citizens' expense, to exercise, to the extent permitted by law, at any time and from time to time so long as a Notice of Default Distribution is in effect, all or any of the following powers pursuant to this Agreement with respect to all or any of the Collateral:

(a) to demand, sue for, collect, receive and give acquittance for any and all monies due or to become due thereon or by virtue thereof;

(b) to settle, compromise, compound, prosecute or defend any action or proceeding with respect thereto;

(c) to sell, transfer, assign or otherwise deal in or with the same or the proceeds or avails thereof, as fully and effectually as if the Collateral Trustee or any other Secured Party, as the case may be, were the absolute owner thereof;

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(d) to extend the time of payment of any or all thereof and to make any allowance and other adjustments with reference thereto; and

(e) to give notice of the Security Interests and Notice of Default Distribution to the FHCF, each Assessable Insurer and the Florida Surplus Lines Service Office and to direct that any payments due or to become due in respect of Collateral are to be made directly to the Collateral Trustee hereunder and to give notice of the Security Interests to the holders of Assessable Policies and to the Florida Surplus Lines Service Office and cause the Florida Surplus Lines Service Office to give such notice to the surplus lines agents;

provided that the Collateral Trustee shall give Citizens not less than ten days' prior written notice of the time and place of any sale or other intended disposition of any of the Collateral, except any Collateral which is of a type customarily sold on a recognized market. The parties agree that such notice constitutes "reasonable notification" within the meaning of Section 9-504(3) of the UCC and under common law.

13.04 Direction of Required Secured Parties. (a) The Required Secured Parties shall have the right, by one or more instruments in writing executed and delivered to the Collateral Trustee, to direct the time, method and place of conducting any proceeding for any right or remedy available to the Collateral Trustee, or of exercising any trust or power conferred on the Collateral Trustee, or for the appointment of a receiver, or for the taking of any action authorized by this Section 13; provided that (i) such direction shall not conflict with the provisions of law or of this Agreement and (ii) the Collateral Trustee shall, if it so requests, be indemnified as provided in Section 15.06(d). Nothing in this Section shall impair the right of the Collateral Trustee in its discretion to take any action which it deems proper and which is not inconsistent with such direction by the Required Secured Parties. In the absence of such direction, the Collateral Trustee shall have no duty to take or refrain from taking any action unless explicitly required herein.

(b) If, within fifteen days after the Collateral Trustee receives a Notice of Default Distribution which has not been cancelled, the Collateral Trustee shall not have received written directions, or shall have received conflicting directions, from the Required Secured Parties pursuant to subsection 13.04 above for the exercise of rights or remedies by the Collateral Trustee, the Collateral Trustee shall, until it receives written directions from the Required Secured Parties, follow written directions from Secured Parties holding more than 50% of the Senior Secured Obligations then Outstanding under the Secured Instruments in respect of which Notices of Default Distribution have been given; provided that (i) such direction shall not conflict with the provisions of applicable law or of this Agreement, (ii) the Collateral Trustee shall, if it so requests, be indemnified as provided in Section 15.06(d), (iii) in the case of the Trust Indenture and the Outstanding Indenture Obligations, the Indenture Trustee shall be deemed to be the holder of all Secured Obligations Outstanding thereunder and (iv) in the case of any Credit Agreement and the Outstanding Notes thereunder, the Bank Agent and the Required Banks thereunder shall be deemed to be the holders of all Secured Obligations Outstanding thereunder.

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SECTION 14. Definitions.

14.01 Definitions. The following terms, as used herein, have the following meanings:

“Act” shall mean Section 627.351(6), of the Florida Statutes, as amended, and as the same may be further amended or modified.

“Additional Indenture Obligations” shall mean any notes, bonds and other instruments evidencing indebtedness of Citizens (other than the 1997 Notes) issued from time to time under the Trust Indenture.

“Additional Interest Reserve Amount” shall have the meaning provided in the Initial Credit Agreement; provided that, in the event the Initial Credit Agreement shall have been terminated, such term shall have the meaning provided in the Subsequent Credit Agreement then in effect, provided that, if no such definition is contained in such Subsequent Credit Agreement, the “Additional Interest Reserve Amount” shall mean, with respect to each issuance of Additional Indenture Obligations, the amount, if any, required to be deposited in the Reserve Account established under the Trust Indenture with respect to such Additional Indenture Obligations on the date of issuance thereof.

“Amortization Deficiency” shall mean, on each Monthly Distribution Date, an amount (if positive) equal to the Defeasance and Reserve Amount applicable to such Monthly Distribution Date less the amount distributed to the Indenture Trustee pursuant to Section 11.02(c) on such date.

“Assessable Insured” shall have the meaning provided in the Plan.

“Assessable Insurer” shall have the meaning provided in the Plan.

“Assessable Policies” shall have the meaning provided in the Initial Credit Agreement; provided that, in the event the Initial Credit Agreement shall have been terminated, such term shall have the meaning provided in the Subsequent Credit Agreement.

“Authorized Investments” shall mean and include (x) with respect to amounts on deposit in any Collateral Account, any of the investments described in clauses (i) through (iv) below, so long as at the time of the making of such investment, (a) with respect to the investment of moneys in each of the Collateral Accounts created hereunder (and any subaccounts therein) other than the Citizens Account, such obligations are rated in one of the two (2) highest rating categories (without regard to any gradations within such categories) of each of Moody’s and S&P and (b) with respect to the investment of moneys in the Citizens Account, such obligations are rated in one of the three (3) highest rating categories (without regard to any gradations within such categories) of each of Moody’s and S&P and (y) with respect only to amounts on deposit in the Premium and Surcharge Revenues Account, any of the investments described in clauses (i) through (x) below, so long as at the time of the making of such investment, such obligations are rated in one of the three (3) highest rating categories (without regard to gradations within such categories) of each of Moody’s and S&P; provided however, that in the case of obligations described in clauses (v), (vi) and (vii) below, if the obligation itself is not assigned a rating as

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described in (y) above, then the rating assigned by each of Moody's and S&P to the issuer, provider or transferor as the case may be, must satisfy the requirements set forth in clauses (v), (vi) or (vii) below:

(i) (A) any obligations which as to principal and interest constitute direct obligations of, or are guaranteed by, the United States of America, including obligations of any agency thereof or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America to the extent unconditionally guaranteed by the United States of America or (B) any other receipt, certificate or other evidence of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in subclause (A) of this clause (i) provided that such securities are stripped by the Federal Reserve Bank of New York;

(ii) (A) notes, bonds, debentures or similar obligations of the Federal National Mortgage Association issued under its Charter Act; (B) notes, bonds, debentures or similar obligations of the Federal Home Loan Mortgage Corporation issued under its Charter Act; (C) consolidated notes, bonds, debentures or similar obligations of the Farm Credit Banks and System-wide notes, bonds, debentures or similar obligations of the Farm Credit Banks, in either case issued under Sections 4.2(c) and 4.2(d) of the Farm Credit Act of 1971, as amended; (D) notes, bonds, debentures or similar obligations of the Farm Credit System Financial Assistance Corporation issued under the Farm Credit Act of 1971, as amended; (E) (x) bonds, notes, debentures or similar obligations of the Resolution Funding Corporation or of the Financing Corporation issued under Section 21 or 21B of the Federal Home Loan Bank Act, as amended or (y) any other receipt, certificate or other evidence of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in sub-subclause (x) of this sub-clause (E) provided that such securities are stripped by the Federal Reserve Bank of New York; and (F) consolidated bonds, debentures, notes or similar obligations of the Federal Home Loan Banks issued under authority of Section 11 of the Federal Home Loan Bank Act; but shall include any unit investment instrument or mutual fund only if made up solely of such obligations described in the foregoing clauses (A) through (F); provided that, with respect to all such obligations, (I) such obligations shall be maintained in the book-entry system operated by the Federal Reserve Banks, and (II) the Custodian, as the Securities Intermediary of the Collateral Trustee shall credit such securities to the Custodian Account. As used in the immediately preceding sentence for purposes of this subparagraph (ii), "Securities Intermediary", has the meaning assigned to such term in 24 C.F.R. § 81.2 (for investments of the types described in clauses (A) and (B)); 12 C.F.R. § 615.5450 (for investments of the types described in clauses (C) and (D)); 12 C.F.R. § 1511.1 (for investments of the types described in clause (E) relating to the Resolution Funding Corporation) and 12 C.F.R. § 987.1 (for investments of the type described in clause (E) relating to the Financing Corporation); and 12 C.F.R. § 987.1 (for investments of the types described in clause (F));

(iii) certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States or any national banking association (the

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long-term unsecured debt obligations of which bank, trust company or national banking association are rated by each of Moody's and S&P in one of their two (2) highest rating categories (without regard to gradations within such categories)), provided that such certificates of deposit must be purchased directly from such bank, trust company or national banking association and issued in the name of the Collateral Trustee, must at all times remain in the possession of the Collateral Trustee or such other bank acting as its agent, and must be continuously and fully insured by the Federal Deposit Insurance Corporation or collateralized (at 102%) by securities described in clause (i) above;

(iv) securities representing an interest or interests in money market funds registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, and having a rating by S&P of AAAm-G, AAAm or Aam and a rating by Moody's of Aa or better; provided that, concurrently with such investment, such securities shall be registered in the name of the Collateral Trustee on the books of the issuer;

(v) commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided by each of Moody's and S&P, which commercial paper is limited to issuers that are organized and operating within the United States of America and that have total assets in excess of five hundred million dollars (\$500,000,000) and that are rated by each of Moody's and S&P in one of their two (2) highest rating categories (without regard to any gradations within such categories) for the issuer's unsecured debentures, other than commercial paper (or, if an issuer does not have such a rating, such issuer's commercial paper is supported by a letter of credit or other obligation issued by a financial institution whose unsecured debt is rated by each of Moody's and S&P in one of their two (2) highest rating categories); provided that purchases of eligible commercial paper may not exceed two hundred seventy (270) days maturity nor represent more than ten percent (10%) of the outstanding commercial paper of an issuing authority;

(vi) repurchase agreements collateralized by securities described in clauses (i) or (ii) above that satisfy the requirements of (b) above, with any registered broker/dealer or with any domestic commercial bank whose unsecured long-term debt obligations are rated by each of Moody's and S&P in one of their three (3) highest rating categories (without regard to any gradations within such categories), provided that (A) a specific written repurchase agreement governs the transaction, (B) the repurchase agreement has a term of thirty (30) days or less, or the Borrower will value the collateral securities no less frequently than monthly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within five (5) Business Days of such valuation, and (C) the fair market value of the collateral securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 102%;

(vii) guaranteed investment contracts or funding agreements with banks, securities dealers or insurance companies whose unsecured long-term debt obligations are rated by each of Moody's and S&P in one of their two (2) highest rating categories (without regard to gradations within such categories);

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- (viii) subject to the requirements of (y) above, corporate securities;
- (ix) subject to the requirements of (y) above, municipal obligations; and
- (x) forward delivery contracts in respect of obligations described in clauses (i), (ii) and (v) above with banks, securities dealers or insurance companies whose unsecured long-term debt obligations are rated by each of Moody's and S&P in one of their (3) highest rating categories (without regard to gradations within such categories).

"Bank Agent" shall mean (x) with respect to the Initial Credit Agreement, the Initial Bank Agent, and (y) with respect to any Subsequent Credit Agreement, the administrative agent for the lenders thereunder.

"Banks" shall mean (x) with respect to the Initial Credit Agreement, the Initial Banks and (y) with respect to any Subsequent Credit Agreement, the lenders from time to time party thereto.

"Book-entry Farm Credit Security" shall have the meaning given the term "Book-entry Security" in Section 615.5450 of the Farm Credit Bank Regulations.

"Book-entry Federal Home Loan Bank Security" shall have the meaning given such term in Section 912.1 of the Federal Home Loan Bank Regulations.

"Book-entry Funding Corporation Security" shall have the meaning given such term in Section 1511.1 of the Resolution Funding Corporation Regulations.

"Book entry GSE Security" shall have the meaning given such term in Section 81.2 of the Housing and Urban Development (HUD), Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac) Regulations.

"Book-Entry Treasury Security" shall have the meaning given the term "Book-entry Security" in Section 357.2 of the Treasury Regulations.

"Budgeted Operating Expenses" shall mean the projected operating expenses for the High-Risk Account for a Plan Year as reflected in a budget prepared and adopted by Citizens prior to the commencement of such Plan Year, a copy of which budget shall be provided to the Collateral Trustee and to each Credit Enhancement Facility Issuer that then has a Credit Enhancement Facility outstanding prior to the commencement of such Plan Year, or as soon as practicable after such budget has been prepared and adopted by Citizens, if after the commencement of such Plan Year. If the budget for a Plan Year has not been adopted prior to the commencement of such Plan Year, reference shall be made to the budget for the immediately preceding Plan Year until such time as the budget for the then current Plan Year is adopted. If an amendment is made to the operating expenses component of the budget for the High-Risk Account during the course of a Plan Year, a copy of such amendment shall be provided as soon as practicable to the Collateral Trustee and to each Credit Enhancement Facility Issuer that then has a Credit Enhancement Facility Outstanding.

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“Business Day” shall mean any day except a Saturday, Sunday or other day on which commercial banks in Jacksonville, Florida, and any other city in which the principal or designated offices of any Bank Agent, the Indenture Trustee or the Collateral Trustee are located, are authorized or required by law to close.

“Catch-up Amounts” shall have the meaning provided in Section 11.06(a).

“Citizens” shall have the meaning provided in the first paragraph of this Agreement.

“Citizens Account” shall mean the account established pursuant to Section 7 of this Agreement.

“Clearing Corporation” shall have the meaning given such term in Section 8-102(3) of the UCC or, if the Revised UCC is enacted in the State of Florida, Section 8-102(a)(4) of the Revised UCC.

“Clearing Corporation Security” shall mean Collateral consisting of a security registered in the name of a Clearing Corporation or its nominee.

“Collateral” has the meaning set forth in Section 1.01(a).

“Collateral Account” shall mean any of the accounts and subaccounts established with the Collateral Trustee hereunder (including any additional accounts established with the Collateral Trustee pursuant to Section 9).

“Collateral Trustee” shall have the meaning provided in the first paragraph of this Agreement.

“Commercial Lines Account” shall have the meaning provided in the Plan.

“Credit Agreement” shall mean (i) at any time from and after the date hereof until the termination of the “Commitments” under (and as defined in) the Initial Credit Agreement and the payment of all amounts payable by Citizens thereunder, the Initial Credit Agreement and (ii) at any time from and after the effectiveness of any Subsequent Credit Agreement until the termination of the Banks’ commitments thereunder to make loans or other extensions of credit and the payment of all amounts payable by Citizens thereunder, each such Subsequent Credit Agreement.

“Credit Documents” with respect to any Credit Agreement shall have the meaning provided in such Credit Agreement.

“Custodian Account” shall have the meaning provided in Section 21.01

“Default Distribution Date” shall have the meaning provided in Section 11.06(a)

“Defeasance and Reserve Amount” shall mean, for any Payment Quarter, the amount, as notified to the Collateral Trustee by the Indenture Trustee, representing the sum of

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(x) the amounts required to be transferred during such Payment Quarter to each Sinking Fund Subaccount pursuant to subclause (c) of clause FIRST in Section 6.03 of the Trust Indenture and
(y) the amounts required to be transferred during such Payment Quarter to each Defeasance Subaccount pursuant to subclause (d) of clause FIRST in Section 6.03 of the Trust Indenture.

“Deficiency” shall mean and include any Interest Deficiency, Principal Deficiency, Amortization Deficiency, Termination Payment Deficiency and Related Obligation Deficiency.

“Delinquency Proceeding” shall mean any rehabilitation, insolvency, liquidation, bankruptcy, receivership, conservatorship, reorganization or similar proceeding against Citizens or its property under any provision of Florida law (including, without limitation, Chapter 631, Florida Statutes or any successor statute) or federal law.

“Department of Insurance” shall mean the State of Florida Department of Insurance; provided, however, that effective January 7, 2003, such term shall mean the Department of Insurance and Financial Services or such other successor to the Department of Insurance as specified by law.

“Draw” has the meaning specified for such term in the Trust Indenture.

“Emergency Assessments” shall mean the assessments authorized to be levied by Citizens in respect of the High-Risk Account under paragraph (b)3.d. of the Act.

“Entitlement Holder” shall have the meaning given such term in Section 615.5450 of the Farm Credit Bank Regulations with respect to Book-entry Farm Credit Securities; Section 912.1 of the Federal Home Loan Bank Regulations with respect to Book-entry Federal Home Loan Bank Securities; Section 1511.1 of the Resolution Funding Corporation Regulations with respect to Book-entry Funding Corporation Securities; Section 81.2 of the Housing and Urban Development (HUD), Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac) Regulations with respect to Book entry GSE Securities; Section 357.2 of the Treasury Regulations with respect to Book-entry Treasury Securities; and, with respect to other securities, Section 8-102(a)(7) of the Revised UCC.

“Entitlement Order” shall have the meaning given such term in Section 8-102(a)(8) of the Revised UCC.

“Farm Credit Bank Regulations” shall mean 12 C.F.R. Part 615, Subpart O, as amended by regulations published at 61 F.R. 67192 (December 20, 1996).

“Federal Home Loan Bank Regulations” shall mean 12 C.F.R. Part 912, as amended by regulations published at 61 F.R. 64024 (December 3, 1996).

“FHCF” shall mean the Florida Hurricane Catastrophe Fund and any successor thereto.

“FHCF Reimbursements” shall mean reinsurance or reimbursement receivables in respect of the High-Risk Account to which Citizens is contractually entitled from the State Board

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of Administration of the State of Florida, which administers the FHCF, including the amount of any loan or advance made by FHCF to Citizens in respect thereof.

“Financial Asset” shall have the meaning given such term in Section 8-102(a)(9) of the Revised UCC.

“Financial Intermediary” shall have the meaning given such term in Section 8-313(4) of the UCC.

“FRB” shall mean a United States Federal Reserve Bank.

“FRB Account” shall mean the Participant’s Security Account maintained by the FRB in the name of the Custodian.

“Hedge Counterparty” shall mean any Person that is party to a Secured Interest Rate Agreement, other than Citizens or any other Person which has entered into a Secured Interest Rate Agreement on behalf of Citizens.

“High-Risk Account” shall have the meaning provided in the Plan.

“Housing and Urban Development (HUD), Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac) Regulations” shall mean 24 C.F.R. Part 81, as amended by regulations published at 62 F.R. 28977 (May 29, 1997).

“Indenture Obligations” shall mean and include (x) 1997 Notes and (y) any Additional Indenture Obligations.

“Indenture Trustee” shall have the meaning provided in the second WHEREAS clause hereof.

“Initial Bank Agent” shall have the meaning provided in the first WHEREAS clause of this Agreement.

“Initial Banks” shall have the meaning provided in the first WHEREAS clause of this Agreement.

“Initial Credit Agreement” shall have the meaning provided in the first WHEREAS clause of this Agreement.

“Interest Deficiency” shall have the meaning provided in Section 11.02(a).

“Interest Rate Agreement” shall mean any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement or other similar agreement or arrangement.

“Investment” shall mean any Authorized Investment and any other investment (whether or not authorized hereunder) in which funds held by the Collateral Trustee hereunder may at any time be invested.

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“Junior Secured Obligation” shall mean any obligation which Citizens designates as a Junior Secured Obligation pursuant to Section 10 after the date hereof.

“Lien” shall mean any mortgage, pledge, security interest, encumbrance, lien or change of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement or any lease in the nature thereof).

“Liquidity Loan”, with respect to any Credit Agreement, has the meaning specified for such term in such Credit Agreement.

“Liquidity Shared Revenues” shall mean:

- (i) all Regular Assessments;
- (ii) all FHCF Reimbursements;
- (iii) all Investments acquired with any of the items described in clause
- (iv) or (ii) above;
- (v) all earnings upon the items described in clauses (i) through (iii) above; and
- (vi) all Proceeds of all or any of the Liquidity Shared Revenues described in clauses (i) through (iv) above.

“Liquidity Shared Revenues Account” shall mean the account established pursuant to Section 3 of this Agreement.

“Loss Claims” shall have the meaning provided in the Initial Credit Agreement or, in the event such Initial Credit Agreement shall have been terminated, in any Subsequent Credit Agreement.

“Monthly Distribution Date” shall have the meaning provided in Section

“Moody’s” shall mean Moody’s Investors Service, Inc., or any successor corporation thereto.

“Net Premium and Surcharge Revenues” shall mean all Premium and Surcharge Revenue less the Budgeted Operating Expenses.

“1997 Notes” shall mean the \$300,000,000 6.50% Series 1997A Senior Secured Notes due 2002, \$150,000,000 6.70% Series 1997A Senior Secured Notes due 2004, and the \$300,000,000 6.85 % Series 1997A Senior Secured Notes due 2007 issued under the Trust Indenture concurrently with the effectiveness of the Initial Credit Agreement.

“1999A Notes” shall mean the \$1,000,000,000 7.125% Series 1999A Senior Secured Insured Notes due 2019 issued under the Trust Indenture.

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“Notice of Default Distribution” shall mean:

- (i) a written notice delivered to the Collateral Trustee
 - (x) by a Bank Agent with respect to the Credit Agreement to which it is a party, or
 - (y) by the Indenture Trustee with respect to the Outstanding Indenture Obligations and the Trust Indenture,in either case stating that (a) Citizens has failed to pay any principal or interest when due and any applicable grace period has expired in respect of any Senior Secured Obligation thereunder, or (b) an event or condition has occurred which has resulted in the acceleration of the Secured Obligations thereunder prior to the stated maturity of such Secured Obligations; or
- (ii) a written notice delivered to the Collateral Trustee by any Secured Party Representative pursuant to the second sentence of Section 13.01(b) during the effectiveness of another Notice of Default Distribution.

“Outstanding” (i) as used with respect to Indenture Obligations, has the meaning specified for such term in the Trust Indenture and (ii) as used with respect to any other Secured Obligations, shall mean such Secured Obligations which are outstanding or, in the case of the Secured Obligations under a Secured Interest Rate Agreement, which are then due and payable, in each case, by reference to the provisions of the related Secured Instrument; provided that, for purposes of Sections 13.04(b) and 20.04 and the definition of “Required Secured Parties”, unless a Notice of Default distribution is then effective, “Outstanding” shall mean, with respect to any Credit Agreement, the aggregate amount of “Commitments” under, and as defined in, such Credit Agreement.

“Participant” shall have the meaning given such term in Section 615.5450 of the Farm Credit Bank Regulations with respect to Book-entry Farm Credit Securities; Section 912.1 of the Federal Home Loan Bank Regulations with respect to Book-entry Federal Home Loan Bank Securities; Section 1511.1 of the Resolution Funding Corporation Regulations with respect to Book-entry Funding Corporation Securities; Section 81.2 of the Housing and Urban Development (HUD), Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac) Regulations with respect to Book-entry GSE Securities; and Section 357.2 of the Treasury Regulations with respect to Book-entry Treasury Securities.

“Participant’s Security Account” shall have the meaning given such term in Section 615.5450 of the Farm Credit Bank Regulations with respect to Book-entry Farm Credit Securities; Section 912.1 of the Federal Home Loan Bank Regulations with respect to Book-entry Federal Home Loan Bank Securities; Section 1511.1 of the Resolution Funding Corporation Regulations with respect to Book-entry Funding Corporation Securities; Section 81.2 of the Housing and Urban Development (HUD), Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac) Regulations with

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respect to Book-entry GSE Securities; and Section 357.2 of the Treasury Regulations with respect to Book-entry Treasury Securities.

“Payment Quarter” shall mean each of (w) the period from February 26 of any year through and including May 25 of such year, (x) the period from May 26 of any year through and including August 25 of such year, (y) the period from August 26 of any year through and including November 25 of such year and (z) the period from November 26 of any year through and including February 25 of the next succeeding year.

“Person” shall mean an individual,. a corporation, a limited liability company, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

“Personal Lines Account” shall have the meaning provided in the Plan.

“Plan” shall mean the Plan of Operation of Citizens as in effect on August 1, 2002, as subsequently amended from time to time in accordance with the terms hereof and thereof.

“Plan Year” shall have the meaning provided in the Plan.

“Plan Year Deficit” shall have the meaning provided in the Plan.

“Premium and Surcharge Revenues” shall mean:

- (i) all premiums, surcharges and recoupment amounts charged or levied by, or otherwise payable to, Citizens, in each case in respect of the High-Risk Account;
- (ii) all Investments acquired with the items described in clause (i) above;
- (iii) all earnings upon the items described in clauses (i) and (ii) above;
- (iv) all Proceeds of all or any of the Premium and Surcharge Revenues described in clauses (i) through (iii) above.

“Premium and Surcharge Revenues Account” shall mean the account established pursuant to Section 5 of this Agreement.

“Principal Deficiency” shall have the meaning provided in Section 11.02(b).

“Proceeds” shall mean all proceeds of, and all other profits, products, or receipts, in whatever form, whether cash or noncash, arising from, the Collateral or the collection, sale, lease, exchange, assignment, or other disposition of, or other realization upon, Collateral, including without limitation all claims of Citizens against other Persons for loss of, or proceeds payable under, any Collateral, in each case whether now existing or hereafter arising.

“Proceeds Account Deficiency Amount” shall mean, with respect to any Quarterly Distribution Date, an amount equal to (x) the aggregate initial principal amount of all

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Indenture Obligations theretofore issued minus (y) the amount then on deposit in the Proceeds Account, as certified to the Collateral Trustee by the Indenture Trustee.

“Qualifying Bank Facility” shall mean, at any time, any Credit Agreement in respect of which the sum of the aggregate unused commitments thereunder plus the aggregate outstanding principal amount of loans thereunder, in each case, at such time is at least equal to the lesser of (x) \$500,000,000 and (y) the aggregate outstanding principal amount of the Outstanding Indenture Obligations at such time.

“Quarterly Distribution Date” shall have the meaning provided in Section 11.03.

“Regular Assessments” shall mean the regular, interim and other assessments that may be levied by Citizens in respect of the High-Risk Account on Assessable Insurers and Assessable Insureds pursuant to Section 627.351(6)(b)(3)(a), (b)(3)(b) and (g)(1) of the Act and Section 16 of the Plan.

“Related Obligation Deficiency” shall have the meaning provided in Section 11.02(e).

“Related Senior Secured Obligations” shall mean:

- (i) all sums payable by Citizens under each Credit Document (other than any such sums described in clause (i) of the definition of Senior Secured Obligations);
- (ii) all sums payable by Citizens under the Trust Indenture (other than any such sums described in clause (ii) of the definition of Senior Secured Obligations);
- (iii) all sums payable by Citizens hereunder (other than such sums described in clause (iii) of the definition of Senior Secured Obligations); and
- (iv) all sums payable by Citizens under each Secured Interest Rate Agreement, including any termination payment in respect thereof (other than such sums described in clause (iv) of the definition Senior Secured Obligations).

provided that the terms “sums” as used above shall include, without limitation, any interest which accrues on the relevant obligations after, or would so accrue but for, the commencement of any Delinquency Proceeding.

“Required Banks” shall mean (i) with respect to the Initial Credit Agreement, the “Required Banks” as defined in the Initial Credit Agreement, and (ii) with respect to any Subsequent Credit Agreement, the percentage of the commitments or of the aggregate unpaid principal amount of the loans, or the number of Banks, which is required for the Banks or any of them under such Subsequent ‘Credit Agreement to consent to or take the action proposed to be taken under this Agreement.

“Required Bond Prepayment Amount” shall mean, for each distribution from the Additional Bonds Revenue Account, (x) with respect to the Initial Credit Agreement, an amount equal to 50% of the aggregate Additional Bond Revenues (excluding the proceeds of the 1999A

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Notes) deposited in the Additional Bond Revenues Account immediately prior to such distribution, provided that, to the extent the aggregate amount of Additional Bond Revenues (excluding the proceeds of the 1999A Notes) theretofore deposited at any time in the Additional Bond Revenues Account shall equal or exceed \$750,000,000 (or such greater amount as may be consented to by the Required Banks under the Initial Credit Agreement (or to the extent required under the Initial Credit Agreement, all of the Banks)), the Required Bond Prepayment Amount with respect to the Initial Credit Agreement shall equal 100% of such excess and (y) with respect to each Subsequent Credit Agreement, the amount, if any, certified as the Required Bond Prepayment Amount to the Collateral Trustee by the Bank Agent with respect to such Subsequent Credit Agreement.

“Required Quarterly Prepayment Amount” shall mean (x) with respect to the Initial Credit Agreement, an amount equal to 50% of the aggregate amount (including the value of all Investments then held therein) on deposit in the Term Shared Revenues Account on the Quarterly Distribution Date immediately prior to any distribution pursuant to Section 11.03 and (y) with respect to each Subsequent Credit Agreement, the amount, if any, certified as the Required Quarterly Prepayment Amount to the Collateral Trustee by the Bank Agent with respect to such Subsequent Credit Agreement.

“Required Secured Parties” shall mean (i) for purposes of Section 13 (and Section 15 to the extent relating thereto), the Secured Parties Representatives representing the Outstanding Secured Obligations in respect of which Notices of Default Distribution have been given, (ii) for purposes of Section 17 (and Section 15 to the extent relating thereto), the Secured Parties holding or representing more than 50% of the Senior Secured Obligations then Outstanding and (iii) for all other purposes, the Bank Agent under each Qualifying Bank Facility (acting at the direction of or with the consent of the Required Banks or, to the extent required therein, all of the Banks thereunder) or, if there is no Qualifying Bank Facility, the Indenture Trustee or, if there are no Outstanding Indenture Obligations, the Hedge Counterparty under each Secured Interest Rate Agreement; provided that for purposes of clause (ii) above, (x) the Bank Agent and the Required Banks shall be deemed to be the holders of all Secured Obligations Outstanding under the related Credit Agreement and (y) the Indenture Trustee shall be deemed to be the holder of all Secured Obligations Outstanding under the Trust Indenture and the Outstanding Indenture Obligations and provided further that, with respect to any amendment or other waiver providing for any release of, or the granting of additional Liens on, all or a material portion of the Collateral, “Required Secured Parties” shall mean: (i) so long as any Bank has any commitment to make loans or other extensions of credit under a Credit Agreement or any principal, interest or fees are payable by Citizens under such Credit Agreement, the Bank Agent thereunder (acting at the direction or with the consent of the Required Banks or, to the extent required therein, all of the Banks thereunder); (ii) so long as any principal, interest, premium or fees are payable by Citizens under the Trust Indenture or any Outstanding Indenture Obligation, the Indenture Trustee; and (iii) so long as any payment is payable by the Citizens under any Secured Interest Rate Agreement, each Hedge Counterparty party thereto.

“Resolution Funding Corporation Regulations” shall mean 12 C.F.R. Part 1510, as amended by regulations published at 61 F.R. 66875 (December 19, 1996).

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“Revised UCC” shall mean the Revised Article 8 of the Uniform Commercial Code (with conforming and miscellaneous amendments to Articles 1, 3, 4, 5, 9 and 10), 1994 Official Text, as adopted by the American Law Institute and the National Conference of Commissioners on Uniform State Laws and approved by the American Bar Association on February 15, 1995, or once enacted in the State of Florida, as in effect from time to time in the State of Florida.

“S&P” shall mean Standard & Poor’s Ratings Group, a division of The McGraw-mill Companies, Inc., or any successor corporation thereto.

“Secured Instruments” shall mean, collectively, (i) each Credit Agreement and each Credit Document relating thereto, (ii) the Trust Indenture and the Outstanding Indenture Obligations thereunder, (iii) each Secured Interest Rate Agreement, (iv) this Agreement and (v) each agreement or instrument evidencing Junior Secured Obligations, in each case so long as any amount is payable thereunder (or, in the case of any Credit Agreement, so long as any Bank has any commitment to make loans or other extensions of credit thereunder).

“Secured Interest Rate Agreement” shall mean an Interest Rate Agreement entered into by Citizens (or any other Person on Citizens’ behalf) to hedge its interest rate risk under the Trust Indenture or any Credit Agreement, as the case may be, listed on Schedule I hereto (as such Schedule may be amended and supplemented from time to time pursuant to Section 10) and identified on such Schedule as either hedging interest rate risk with respect to Indenture Obligations or a specific Credit Agreement, as such Interest Rate Agreement may be amended and supplemented from time to time.

“Secured Obligations” shall mean, collectively, the Senior Secured Obligations and the Junior Secured Obligations.

“Secured Parties” shall mean:

(i) so long as any Bank has any commitment to make loans or other extensions of credit under a Credit Agreement or any amount is payable by Citizens under such Credit Agreement, the Banks and the Bank Agent under such Credit Agreement;

(ii) so long as any amount is payable by Citizens under the Trust Indenture or any Outstanding Indenture Obligation, the Indenture Trustee as trustee for the holders of the Indenture Obligations;

(iii) so long as any Secured Interest Rate Agreement is in effect, each Hedge Counterparty party thereto;

(iv) so long as any amount is payable by Citizens under this Agreement, the Collateral Trustee; and

(v) so long as any amount is payable by Citizens in respect of any Junior Secured Obligation, the holder or holders of such Junior Secured Obligation; provided that if a trustee or agent is appointed to act for the benefit or on behalf of the holders of

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such Junior Secured Obligation, the “Secured Party” in respect of such Junior Secured Obligation shall be such trustee or agent.

“Secured Party Representative” shall mean (i) with respect to the Banks and the Bank Agent under any Credit Agreement, such Bank Agent and (ii) with respect to each other Secured Party, such other Secured Party.

“Securities Account” shall have the meaning given such term in Section 8-501 (a) of the Revised UCC.

“Securities intermediary” shall have the meaning given to such term in Section 615.5450 of the Farm Credit Bank Regulations with respect to Book-entry Farm Credit Securities; Section 912.1 of the Federal Home Loan Bank Regulations with respect to Book-entry Federal Home Loan Bank Securities; Section 1511.1 of the Resolution Funding Corporation Regulations with respect to Book-entry Funding Corporation Securities; Section 81.2 of the Housing and Urban Development (HUD), Federal National Mortgage Association . (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac) Regulations with respect to Book-entry GSE Securities; Section 357.2 of the Treasury Regulations with respect to Book-entry Treasury Securities; and, with respect to other securities, Section 8-102(a)(14) of the Revised UCC.

“Security Entitlement” shall have the meaning given such term in Section 615.5450 of the Farm Credit Bank Regulations with respect to Book-entry Farm Credit Securities; Section 912.1 of the Federal Home Loan Bank Regulations with respect to Book-entry Federal Home Loan Bank Securities; Section 1511.1 of the Resolution Funding Corporation Regulations with respect to Book-entry Funding Corporation Securities; Section 81.2 of the Housing and Urban Development (HUD), Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac) Regulations with respect to Book-entry GSE Securities; Section 357.2 of the Treasury Regulations with respect to Book-entry Treasury Securities; and, with respect to other securities, Section 8-102(a)(17) of the Revised UCC.

“Security Interests” shall mean the pledge of and liens upon and security interests in the Collateral made hereby (or purported to be made hereby) and securing (or purported to secure) the Secured Obligations.

“Senior Secured Obligations” shall mean:

- (i) all principal of and interest on Outstanding Liquidity Loans and Outstanding Term Loans;
- (ii) all principal of and interest on Outstanding Indenture Obligations;
- (iii) all sums payable under this Agreement in connection with the enforcement and collection of the Collateral;
- (iv) all sums due and payable by Citizens in respect of any net payment (other than a termination payment) under any Secured Interest Rate Agreement; and

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(v) all sums representing Related Senior Secured Obligations;

provided that the terms “interest” and “sums” as used above shall each include, without limitation, any interest which accrues on the relevant Senior Secured Obligations after, or would so accrue but for, the commencement of any Delinquency Proceeding.

“Special Purpose Insurers” shall have the meaning provided in the Initial Credit Agreement or, in the event such Initial Credit Agreement shall have been terminated, in any Subsequent Credit Agreement.

“Subsequent Credit Agreement” shall mean any loan or credit agreement entered into by Citizens which becomes effective at any time, or from time to time, after (or simultaneously with) the termination of the “Commitments” under (and as defined in) the Initial Credit Agreement and the payment of all amounts payable under the Initial Credit Agreement, and listed on Schedule I hereto (as such Schedule may be amended and supplemented from time to time), as such loan or credit agreement may be amended from time to time.

“Suspense Account” shall mean the account established pursuant to Section 8 of this Agreement.

“Termination Payment Deficiency” shall have the meaning provided in Section 11.02(d).

“Term Loan”, with respect to any Credit Agreement, has the meaning specified for such term in such Credit Agreement.

“Term Shared Revenues” shall mean:

- (i) all Emergency Assessments;
- (ii) all Investments acquired with any Emergency Assessments;
- (iii) all earnings upon the items described in clauses (i) and (ii) above;
- (iv) all Proceeds of all or any of the Term Shared Revenues described in clauses (i) through (iii) above.

“Term Shared Revenues Account” shall mean the account established pursuant to Section 4 of this Agreement.

“Treasury Regulations” shall mean 31 C.F.R. Part 357, as amended by regulations published at 61 F.R. 43626 (August 23, 1996).

“Trust Estate” shall mean all right, title and interest of the Collateral Trustee in, to and under the Collateral.

“Trust Indenture” shall have the meaning provided in the second WHEREAS clause of this Agreement.

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“Type” shall mean any type of Liquidity Shared Revenues determined with respect to the source of such Liquidity Shared Revenues, Regular Assessments or FHCF Reimbursements.

“UCC” shall mean the Uniform Commercial Code as in effect from time to time in the State of Florida; provided that if by reason of mandatory provisions of law, the perfection or the effect of perfection or non-perfection of the Security Interests in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than Florida, “UCC” shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or non-perfection.

“U.S. Government Obligation” shall mean Collateral consisting of any Book-entry Farm Credit Security, Book-entry Federal Home Loan Bank Security, Book-entry Funding Corporation Security, Book-entry GSE Security or Book-entry Treasury Security, including the Security Entitlements therein.

14.02 Statutes. Unless otherwise specified herein; all references in this Agreement to the Act or any provision thereof or any other statute will be deemed to refer to any amendment thereof or any similar provision in any successor statute.

SECTION 15. Concerning the Collateral Trustee.

15.01 Acceptance of Trust. The Collateral Trustee, for itself and its successors, hereby accepts the trusts created by this Agreement upon the terms and conditions hereof.

15.02 Lack of Reliance on the Collateral Trustee. The Collateral Trustee shall not be responsible in any manner whatsoever for the correctness of any recitals, statements, representations or warranties herein. The Collateral Trustee makes no representations as to the value or condition of the Collateral or the Trust Estate or any part thereof, or as to the title of Citizens thereto or as to the security afforded by this Agreement, or as to the validity, execution (except its own execution), enforceability, legality or sufficiency of this Agreement or of the Secured Obligations, and the Collateral Trustee shall incur no liability or responsibility in respect of any such matters. The Collateral Trustee shall not be responsible for insuring the Collateral or for the payment of taxes, charges or assessments or discharging of liens upon the Collateral or otherwise as to the maintenance of the Collateral, except that if the Collateral Trustee takes possession of any Collateral, the Collateral Trustee shall preserve the Collateral in its possession it being understood and agreed that the Collateral Trustee is not responsible for losses incurred in connection with the purchase and sale of Authorized Investments hereunder.

15.03 Nature of Duties. The Collateral Trustee shall not be required to ascertain or inquire as to the performance by Citizens of any of the covenants or agreements contained herein, in the absence of willful misconduct on its part, or in any Secured Instrument. Whenever it is necessary for the Collateral Trustee to ascertain the amount of Secured Obligations then held or represented by a Secured Party Representative, the Collateral Trustee may rely on a certificate or notice of such Secured Party Representative as to such amount that has not been challenged by any other Secured Party Representative or Citizens, provided that Citizens may not challenge any

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amount if a Notice of Default Distribution is in effect. A copy of such certificate or notice shall be delivered promptly by the Collateral Trustee to Citizens and each other Secured Party Representative and, in any case, except as provided in Section 11.07 with respect to notices delivered thereunder which shall be delivered within the time periods provided therein, within five Business Days following delivery thereof to the Collateral Trustee. If any such Secured Party Representative shall not give such information to the Collateral Trustee, such Secured Party Representative shall not be entitled to receive distributions hereunder until it does so (or, in the case of any such information that is challenged by any other Secured Party Representative or, so long as no Notice of Default Distribution is then effective, Citizens, until all parties challenging such information agree on the amount of such Secured Obligation), in which case distributions shall be calculated by the Collateral Trustee based, with respect to such Secured Party Representative, on information then most recently delivered by Citizens pursuant to Section 12.08 and not challenged prior to the date of such proposed distribution by any other party, and the amount so calculated to be distributable to such Secured Party Representative shall be held in trust for such Secured Party Representative until such Secured Party Representative has given such information to the Collateral Trustee (and such information is not challenged by any other Secured Party Representative or, so long as no Notice of Default Distribution is then effective, by Citizens), whereupon the amount distributable to such Secured Party Representative shall be recalculated on the basis of such information and distributed to it, to the extent funds are then available therefor. Each Secured Party Representative agrees to. notify the Collateral Trustee, Citizens and each other Secured Party Representative promptly (and in any event within five Business Days following delivery thereof by the Collateral Trustee) if it disagrees with any such information provided by a Secured Party Representative.

15.04 Actions by Collateral Trustee. Notwithstanding any other provision of this Agreement, the Collateral Trustee shall not be liable for any action taken or omitted to be taken by it in accordance with this Agreement or otherwise except for its own gross negligence or willful misconduct. Other than as expressly set forth in this Agreement, nothing in this Agreement shall be construed to require the Collateral Trustee to take any action which would cause it to become liable to any Person.

15.05 The Collateral Trustee in its Individual Capacity. The Collateral Trustee may accept deposits from, lend money to, and generally engage in any kind of banking or trust business with, Citizens and its affiliates as if it were not the Collateral Trustee.

15.06 Reliance. (a) Whenever in the administration of this Agreement, the Collateral Trustee shall deem it necessary or desirable that a factual matter be proved or established in connection with the Collateral Trustee taking, suffering or omitting any action hereunder, the Collateral Trustee (unless other evidence in respect thereof is herein specifically prescribed) may conclusively rely upon a certificate of the Executive Director of Citizens delivered to the Collateral Trustee (a copy of which certificate shall be delivered promptly by Citizens to each other Secured Party Representative) and not challenged as provided below by any Secured Party Representative and such certificate shall be full warrant to the Collateral Trustee for any action taken, suffered or omitted in reliance thereon, subject, however, to the provisions of Sections 15.06(c), 15.06(f), 15.06(g) and 15.07. Each Secured Party Representative agrees to notify the Collateral Trustee, Citizens and each other Secured Party

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Representative promptly (and in any event within five Business Days following delivery thereof by Citizens) if it disagrees with any information contained in any such certificate of Citizens.

(b) The Collateral Trustee may consult with counsel (who may be counsel for Citizens) approved by the Collateral Trustee in good faith, and any opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in accordance therewith. The Collateral Trustee shall have the right at any time to seek instructions concerning the administration of this Agreement from any court of competent jurisdiction.

(c) In the absence of willful misconduct on its part, the Collateral Trustee may conclusively rely, and shall be fully protected in acting, upon any resolution, statement, certificate, instrument, opinion, report, notice, request, consent, order, bond or other paper or document which it has no reason to believe to be other than genuine and which it believes to have been signed or presented by the proper party or parties or, in the case of telex or facsimile transmissions, to have been sent by the proper party or parties. Without limiting the generality of the immediately preceding sentence, in the absence of willful misconduct on its part, the Collateral Trustee may conclusively rely, and shall be fully protected in acting, upon the information most recently delivered to the Collateral Trustee by Citizens in accordance with Section 12.08 and not challenged by any Secured Party Representative. In the absence of willful misconduct on its part, the Collateral Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Collateral Trustee and conforming to the requirements of this Agreement; but in the case of any such certificates or opinions which by any provision hereof are required specifically to be furnished to the Collateral Trustee, the Collateral Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Agreement. In the absence of willful misconduct on its part, the Collateral Trustee may conclusively rely on any statement of a Bank Agent as to whether such Bank Agent is acting upon the direction or with the consent of the Required Banks.

(d) The Collateral Trustee shall not be under any obligation to exercise any of the rights or powers vested in the Collateral Trustee by this Agreement at the request or direction of the Required Secured Parties pursuant to this Agreement unless the Collateral Trustee shall have been provided adequate security and indemnity against the costs, expenses and liabilities (including reasonable attorneys' fees, legal expenses and court costs) which may be incurred by it in compliance with such request or direction, including such reasonable advances as may be requested by the Collateral Trustee, such security and indemnity to be in form and substance satisfactory to the Collateral Trustee.

(e) Upon any application or demand by Citizens to the Collateral Trustee to take or permit any action under any of the provisions of this Agreement, Citizens shall furnish to the Collateral Trustee a certificate of the Executive Director or Treasurer of Citizens (a copy of which certificate shall be delivered promptly by Citizens to each Secured Party Representative) stating that all conditions precedent, if any, provided for in this Agreement relating to the proposed action have been complied with, and in the case of any such application or demand as to which the furnishing of any document is specifically required by any provision of this Agreement relating to such particular application or demand, such additional document shall also

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be furnished. Each Secured Party Representative agrees to notify the Collateral Trustee, Citizens and each other Secured Party Representative promptly (and in any event within five Business Days after delivery thereof by Citizens) if it disagrees with any information contained in any such certificate (or additional document) furnished by Citizens.

(f) Unless a Notice of Default Distribution is in effect, the Collateral Trustee shall be obligated to perform such duties and only such duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Collateral Trustee. If and so long as a Notice of Default Distribution is in effect, the Collateral Trustee shall exercise the rights and powers vested in it by this Agreement upon receipt of satisfactory indemnity as provided in Section 15.06(d), and shall not be liable with respect to any action taken by it, or omitted to be taken by it, in good faith in accordance with the direction of the Required Secured Parties or directions given to the Collateral Trustee pursuant to Section 13.04(b).

(g) Except as herein otherwise expressly provided, the Collateral Trustee shall not be under any obligation to take any action which is discretionary with the Collateral Trustee under the provisions hereof except upon the written request of the Required Secured Parties and then only upon receipt of satisfactory indemnity as provided in Section 15.06(d). The Collateral Trustee shall make available during normal business hours for inspection and copying by each Secured Party Representative each certificate or other paper furnished to the Collateral Trustee by Citizens or any other Person under or in respect of this Agreement or any of the Collateral.

15.07 Standard of Care. Subject to Sections 15.03, 15.06(a), 15.06(b) and 15.06(c) hereof and other provisions of this Agreement expressly providing a different standard of action, the Collateral Trustee and the Custodian shall use the same degree of care and skill, as a similarly situated corporate trustee would use under the circumstances of a similar collateral trust arrangement, as to any Collateral in its possession or control or in the possession or control of any agent or bailee or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto. The Collateral Trustee shall be deemed to have exercised such degree of care and skill in the custody of the Collateral in its possession if such items are accorded treatment substantially equal to that which it accords its own property, and shall not be liable or responsible for any loss or damage thereto, or for any diminution in the value thereof, by reason of the act or omission of any warehouseman, carrier, forwarding agency, consignee or other agent or bailee selected by the Collateral Trustee or Custodian in good faith. Neither the Collateral Trustee and the Custodian nor the Custodian shall have any liability with respect to the investment results of any amounts invested in Authorized Investments.

15.08 Deposits. All moneys received by the Collateral Trustee under or pursuant to any provision of this Agreement (except moneys received for the payment or reimbursement of fees and expenses of the Collateral Trustee) shall be held in trust for the purses for which they were paid or are held.

15.09 Indemnity. (a) Citizens shall save, indemnify and hold harmless each of the Collateral Trustee and the Custodian, its affiliates and their respective directors, officers, agents, attorneys and employees against any cost, expense (including reasonable counsel fees and disbursements), claim, demand, action, loss or liability (except such as result from such

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indemnitees' negligence or willful misconduct) that such indemnitees may suffer or incur in connection with this Agreement or any other Secured Instrument or any action taken or omitted by such indemnitees hereunder or thereunder. The provisions of this Section 15.09 shall survive termination of this Agreement and the removal or resignation of the Collateral Trustee.

(b) In any suit, proceeding or action brought by the Collateral Trustee under or with respect to the Collateral for any sum owing hereunder or to enforce any provision hereof, Citizens will save, indemnify and hold harmless each of the Collateral Trustee and the Custodian, its affiliates and their respective directors, officers, agents, attorneys, employees and the holders of Secured Obligations, their respective affiliates and their respective directors, officers, agents, attorneys and employees from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction of liability whatsoever of the obligor thereunder, arising out of a breach by Citizens of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such obligor or its successors from Citizens, and all such obligations of Citizens shall be and remain enforceable against and only against Citizens and shall not be enforceable against the Collateral Trustee, any other Secured Party, their respective affiliates and their respective directors, officers, agents, attorneys and employees.

15.10 Reports by the Collateral Trustee. The Collateral Trustee will deliver to Citizens and each Secured Party Representative, as soon as available but in no event later than the fifteenth Business Day of each month, a written statement setting forth in reasonable detail the deposits to and disbursements from, and the resulting balance of, each Collateral Account during the immediately preceding calendar month.

15.11 Other Secured Parties. The provisions of this Section 15 shall inure to the benefit of any Secured Party taking any action to effect compliance on behalf of Citizens with the provisions of this Agreement or of any other Secured Instrument as contemplated in Section 18.

15.12 Disputes. In the event that a dispute arises between, or conflicting directions are given to the Collateral Trustee by, any parties seeding payment or distribution from funds held by the Collateral Trustee hereunder as to the amount of any such payment or distribution, including, without limitation, a dispute as to a distribution or payment under Section 11, and such dispute or conflicting directions shall not be resolved by such parties. within a reasonable period of time, the Collateral Trustee may interplead and deposit such disputed funds into the registry of a court of competent jurisdiction (in a manner reasonably calculated to maintain the perfection of the Security interests) for a determination by such court as to the appropriate distribution thereof, and the Collateral Trustee shall, upon such deposit, be fully discharged and released from its duties hereunder with respect to such funds.

SECTION 16. Appointment of Co-Collateral Trustees and Additional Custodian.

(a) At any time or times, in order to comply with any legal requirement in any jurisdiction, or if the Collateral Trustee shall be advised by counsel, satisfactory to it, that it is necessary or prudent in the interest of the Secured Parties, or if any Bank Agent or the Indenture Trustee shall in writing so request, or if the Collateral Trustee shall deem it desirable for its own protection in the performance of its duties hereunder, the Collateral Trustee may appoint another bank or trust

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company or one or more other Persons, to act as co-collateral trustee or co-collateral trustees jointly with the Collateral Trustee, or to act as separate collateral trustee or trustees on behalf of the Secured Parties, or one or more additional Custodians, with such power and authority as may be necessary for the effectual operation of the provisions hereof and may be specified in the instrument of appointment (which shall include provisions for the protection of such co-collateral trustee or separate collateral trustee or additional Custodian similar to the provisions of Section 15, subject to the provisions of subsection (b) below).

(b) Every separate collateral trustee and every co-collateral trustee, other than any successor Collateral Trustee appointed pursuant to Section 17, shall, to the extent permitted by law, be appointed and act and be such, subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Collateral Trustee hereunder shall be conferred or imposed and exercised or performed by the Collateral Trustee and such separate collateral trustee or trustees or co-collateral trustee or co-collateral trustees, jointly, as shall be provided in the instrument appointing such separate collateral trustee or trustees or co-collateral trustee or co-collateral trustees, except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Collateral Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations shall be exercised and performed by such separate collateral trustee or trustees or co-collateral trustee or co-collateral trustees;

(ii) no power given hereby to, or which it is provided herein may be exercised by, any such co-collateral trustee or co-collateral trustees or separate collateral trustee or trustees, shall be exercised hereunder by such co-collateral trustee or co-collateral trustees or separate collateral trustee or trustees except jointly with, or with the consent in writing of, the Collateral Trustee, anything contained herein to the contrary notwithstanding; and

(iii) no collateral trustee hereunder shall be personally liable by reason of any act or omission of any other collateral trustee hereunder.

(c) Each such separate collateral trustee and co-collateral trustee shall be entitled to receive such fees in connection with its performance hereunder as shall be agreed by such Person and Citizens, but shall not be entitled to receive any portion of the fees payable to the Collateral Trustee hereunder pursuant to Section 12.07.

SECTION 17. Successor Collateral Trustee or Custodian. (a) The Collateral Trustee and/or Custodian may resign at any time by giving notice thereof to each Secured Party Representative and Citizens which resignation shall not become effective until a successor Collateral Trustee and/or Custodian, as the case may be, shall have been appointed pursuant to this Section and such successor Collateral Trustee and/or Custodian, as the case may be, shall have accepted such appointment in writing. Upon any such notice of resignation, Citizens shall have the right to appoint a successor Collateral Trustee and/or Custodian, as the case may be, with the consent of the Required Secured Parties; provided that during the effectiveness of a

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Notice of Default Distribution, the Required Secured Parties shall have the sole right to appoint a successor Collateral Trustee and/or Custodian. If no successor Collateral Trustee and/or Custodian shall have been so appointed by Citizens or the Required Secured Parties, as the case may be, and shall have accepted such appointment, within 30 days after the retiring Collateral Trustee and/or Custodian gives notice of resignation, then the retiring Collateral Trustee and/or Custodian may, on behalf of the Secured Parties, appoint a successor Collateral Trustee and/or Custodian, as the case may be, which shall be a trust company or commercial bank organized or licensed under the laws of the United States of America or of any State thereof with trust powers and, in either case, having a combined capital and surplus of at least \$100,000,000, or apply to any court of competent jurisdiction to appoint a successor Collateral Trustee and/or Custodian, as the case may be, to act until such time, if any, as a successor Collateral Trustee and/or Custodian shall have been appointed pursuant to the immediately preceding sentence. Any successor Collateral Trustee so appointed by such court shall immediately and without further act be superseded by any successor Collateral Trustee and/or Custodian appointed by Citizens or the Required Secured Parties, as the case may be, as provided above. Upon the acceptance of its appointment as Collateral Trustee and/or Custodian hereunder by a successor Collateral Trustee and/or Custodian, as the case may be, such successor Collateral Trustee and/or Custodian, as the case may be, shall thereupon succeed to and become vested with all the rights and duties of the retiring Collateral Trustee, and the retiring Collateral Trustee and/or Custodian, as the case may be, shall be discharged from its duties and obligations hereunder. After any retiring Collateral Trustee's and/or Custodian's resignation hereunder as Collateral Trustee and/or Custodian, the provisions of Section 15 (and, with respect to a retiring Collateral Trustee to the extent such fees have not been fully paid at the time of such resignation, Section 12.07) shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Collateral Trustee and/or Custodian.

(b) Any corporation into which the Collateral Trustee and/or Custodian may be merged, or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Collateral Trustee and/or Custodian shall be a party, or any corporation to which the corporate trust business of the Collateral Trustee and/or Custodian has been sold or transferred, shall be Collateral Trustee and/or Custodian, as the case may be, under this Agreement without the execution or filing of any paper or any further act on the part of the parties hereto.

SECTION 18. Expenses. If Citizens fails to comply with the provisions of this Agreement or any of the other Secured Instruments such that the value of any Collateral or the validity, perfection, rank or value of any Security Interest is thereby diminished or potentially diminished or put at risk, the Collateral Trustee (if requested by any Bank Agent or the Indenture Trustee) or any other Secured Party (if the Collateral Trustee fails or refuses to effect such requested compliance) may; but shall not be required to, effect such compliance on behalf of Citizens, and Citizens shall reimburse the Collateral Trustee or such other Secured Party for the costs thereof on demand. All reasonable expenses of protecting and maintaining the Collateral, any and all excise, property, sales, and use taxes imposed by any state, federal, or local authority on any of the Collateral, or in respect of periodic appraisals and inspections of the Collateral to the extent the same may be requested by any Bank Agent or the Indenture Trustee from time to time, or in respect of the sale or other disposition thereof shall be borne and paid by Citizens; and if Citizens fails to promptly pay any portion thereof when due, or fails to pay any other amount

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Citizens has agreed to pay under this Agreement, the Collateral Trustee or any other Secured Party may, at its option, but shall not be required to, pay the same and the Collateral Trustee may charge Citizens' account therefor, and Citizens agrees to reimburse the Collateral Trustee or such other Secured Party therefor on demand. All sums so paid or incurred by the Collateral Trustee or any other Secured Party for any of the foregoing and any and all other sums for which Citizens may become liable under this Agreement and all reasonable costs and expenses (including reasonable attorneys' fees, legal expenses and court costs) reasonably incurred by the Collateral Trustee or any other Secured Party in enforcing or protecting the Security Interests or any of the rights or remedies of the Collateral Trustee or the Secured Parties under this Agreement, shall, together with interest thereon until paid at the rate equal to the lesser of (i) the highest rate permitted by law, and (ii) the highest default rate of interest applicable to the Senior Secured Obligations, be Senior Secured Obligations.

SECTION 19. Termination of Security Interests Release of Collateral. Upon the repayment in full of all Secured Obligations and the termination of all Secured Instruments, in each case as notified to the Collateral Trustee by the relevant Secured Party Representative, the Security Interests shall terminate and all rights to the Collateral shall revert to Citizens. At any time and from time to time prior to such termination of the Security Interests, the Collateral Trustee may release any of the Collateral with the prior written consent of the Required Secured Parties. Upon any such termination of the Security Interests or release of Collateral, the Collateral Trustee will, at the expense of Citizens, execute and deliver to Citizens such documents as Citizens shall reasonably request to evidence the termination of the Security Interests or the release of such Collateral, as the case may be. Notwithstanding the foregoing, the agreements contained in Sections 15.09 and 18 shall survive any termination of the Security Interests.

SECTION 20. Miscellaneous.

20.01 Notices. Unless otherwise specified in this Agreement, all notices, requests, demands, consents or other communications given to Citizens, the Collateral Trustee or any Secured Party Representative shall be given in writing or by telex or facsimile transmission and shall be deemed to have been duly given when personally delivered or when duly deposited in the mails, registered or certified mail postage prepaid, return receipt requested, or when transmitted by telex or facsimile transmission and confirmation of receipt is received, addressed (i) if to Citizens or the Collateral Trustee, to such party at its address, telex or telecopy number specified on the signature pages hereof or any other address, telex or telecopy number which such party shall have specified for the purpose of communications hereunder, by notice in writing to the party sending such communication or (ii) if to any Secured Party Representative, to it at its address, telex or telecopy number specified from time to time by it or in the list most recently provided by Citizens to the Collateral Trustee pursuant to Section 12.08; provided that any notice, request or demand to or upon the Collateral Trustee shall not be effective or deemed given until received; and provided further, that any notice, request, demand, consent or other communication as to which prompt delivery or a prompt response is required or contemplated hereunder shall, to the extent practicable, be given by facsimile transmission.

20.02 Waivers, Non-Exclusive Remedies. No failure on the part of the Collateral Trustee, any co-collateral trustee, any separate collateral trustee or any Secured Party

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to exercise, and no delay in exercising, and no course of dealing with respect to, any right under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise by the Collateral Trustee, any co-collateral trustee, any separate collateral trustee or any Secured Party of any right under this Agreement preclude any other or further exercise thereof or the exercise of any other right. The rights in this Agreement are cumulative and are not exclusive of any other remedies provided by law.

20.03 Successors and Assigns. This Agreement is for the benefit of the Collateral Trustee, the Custodian, each of the Secured Parties and their respective successors and assigns, and in the event of an assignment of all or any of the Secured Obligations, the rights and obligations hereunder, to the extent applicable to the indebtedness or obligation so assigned, shall be transferred with such indebtedness or obligation. This Agreement shall be binding on Citizens and its permitted successors and assigns except that Citizens may not assign or otherwise transfer any of its rights under this Agreement without the prior written consent of the Secured Parties.

20.04 Changes in Writing. Neither this Agreement nor any provision hereof may be amended, modified, waived, discharged or terminated orally, but only in writing signed by Citizens, the Collateral Trustee and the Custodian with the consent of the Required Secured Parties; provided that no such writing shall (i) amend, modify or waive any provision of this Section 20.04 without the consent of each Secured Party, (ii) change the definition of “Required Secured Parties” or the definition of “Required Banks” incorporated by reference therein, without the consent of each Secured Party adversely affected thereby, or (iii) amend, modify or waive any provision of Section 1 or 11 or the definition of “Collateral” or the definition of “Secured Obligations” (or, in each case, the definition of any defined term incorporated by reference therein) without the consent of each Secured Party whose rights would be adversely affected thereby. Upon its receipt thereof, the Collateral Trustee will promptly deliver a copy of each proposed amendment, modification or waiver of this Agreement to Citizens and each Secured Party Representative. Any amendment, modification or waiver effected in accordance with this Section 20.04 shall be binding upon Citizens, the Secured Parties, the holders of Secured Obligations, the Collateral Trustee, the Custodian and their respective successors.

20.05 Facsimiles as Originals. Any document, notice or agreement contemplated or required hereby, may be transmitted via facsimile transmission, and such facsimile copy shall be deemed an original executed copy of such document, notice or agreement; provided that the sender thereof shall have confirmed by telephone that the recipient received it.

20.06 Florida Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Florida, except as otherwise required by mandatory provisions of law and except to the extent that remedies provided by the laws of any jurisdiction other than Florida and applicable hereto -are governed by the laws of such jurisdiction.

20.07 WAIVER OF JURY TRIAL. EACH OF CITIZENS AND THE COLLATERAL TRUSTEE HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

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SECTION 21. The Custodian.

21.01 Custodian Account. All Collateral consisting of U.S. Government Obligations or Clearing Corporation Securities, and such other securities and/or cash as the Collateral Trustee may determine in its discretion, shall be credited to one or more Securities Accounts maintained by the Custodian in the name of the Collateral Trustee (each, the “Custodian Account”).

21.02 Instructions and Entitlement Orders. (a) For so long as the Custodian shall not have received notice from the Collateral Trustee that all of the Secured Obligations have been discharged, the Custodian agrees that it shall at all times comply strictly with any and all instructions and Entitlement Orders relating to any and all of the Collateral credited to the Custodian Account originated by the Collateral Trustee without the further consent by Citizens or any other Person, and Citizens hereby irrevocably authorizes the Collateral Trustee to originate such instructions and Entitlement Orders in accordance with the terms hereof.

(b) It is understood and agreed that the Custodian’s duty to comply with instructions and Entitlement Orders relating to any and all of the Collateral credited to the Custodian Account originated by the Collateral Trustee is absolute, and the Custodian shall be under no duty or obligation nor shall the Custodian have the authority to inquire or determine whether or not such instructions or Entitlement Orders shall be made in accordance with this Agreement, nor seek confirmation thereof from Citizens or any other Person.

(c) The Custodian shall not accept or comply with any instructions or Entitlement Orders relating to any of the Collateral credited to the Custodian Account originated by any Person other than the Collateral Trustee (or its successor or assignee) or any court of competent jurisdiction.

(d) The Custodian shall be entitled to each of -the protections and indemnities set forth herein for the benefit of the Collateral Trustee.

21.03 Representations; Warranties and Additional Covenants of the Custodian. The Custodian shall be deemed to represent, warrant and covenant each time any Financial Asset (including, without limitation, any U.S. Government Obligation or Clearing Corporation Security) is credited to the Custodian Account that:

- (i) the Custodian is a Financial Intermediary and is acting in that capacity;
- (ii) the Custodian is not a Clearing Corporation;
- (iii) the Custodian shall execute and deliver to the Collateral Trustee a confirmation (in writing or otherwise) of the purchase by the Collateral Trustee of each U.S. Government Obligation, Clearing Corporation Security, and other Collateral credited to the Custodian Account upon the crediting to the Custodian Account of each such U.S. Government Obligation, Clearing Corporation Security and other Collateral credited to the Custodian Account, and each such confirmation shall supersede any other confirmation sent or delivered by the Custodian to the Collateral Trustee with respect to the same Collateral;

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(iv) the Custodian by book entry shall identify each U.S. Government Obligation, Clearing Corporation Security and other Collateral credited to the Custodian Account as belonging to the Collateral Trustee;

(v) the Custodian is a Participant of the FRB and, in connection with any U.S. Government Obligation credited to the Custodian Account, is acting in that capacity;

(vi) the FRB Account is a Participant's Security Account;

(vii) the FRB Account will be maintained by the FRB in the name of the Custodian during the term of this Agreement;

(viii) the Custodian has received a confirmation (in writing or otherwise) from the FRB that the FRB has credited to the FRB Account each U.S. Government Obligation credited to the Custodian Account;

(ix) the Custodian is a Securities Intermediary and is acting in that capacity with respect to the Collateral Trustee;

(x) the Custodian shall treat the Collateral Trustee as the Custodian's Entitlement Holder with respect to the Collateral (including, without limitation, the U.S. Government Obligations) credited to the Custodian Account;

(xi) the Custodian shall treat the Custodian Account as a Securities Account;

(xii) the Custodian will treat each item of property (including, without limitation, the U.S. Government Obligations, the Clearing Corporation Securities and any cash and cash equivalents) credited to the Custodian Account as a Financial Asset;

(xiii) the Custodian is a participant in the Clearing Corporation, or a customer of a participant in the Clearing Corporation, in whose name (or the name of the nominee of such Clearing Corporation) Clearing Corporation Securities credited to the Custodian Account are registered;

(xiv) the Custodian has received a confirmation (in writing or otherwise) from the Clearing Corporation or a participant in the Clearing Corporation that the Clearing Corporation or such participant has credited to the account of the Custodian the Clearing Corporation Securities credited to the Custodian Account;

(xv) the Custodian has not and will not identify any of the Collateral credited to the Custodian Account (including, without limitation, the U.S. Government Obligations and Clearing Corporation Securities credited to the Custodian Account) as belonging to any Person other than the Collateral Trustee, for the benefit of the holders of the Secured Obligations;

(xvi) the Custodian has not confirmed and will not confirm the purchase of any Collateral credited to the Custodian Account (including, without limitation, the U.S. Government Obligations and Clearing Corporation Securities credited to the Custodian

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Account) by any Person other than the Collateral Trustee, for the benefit of the holders of the Secured Obligations; and

(xvii) the Custodian has not entered into any agreement (other than this Agreement) with any Person under which the Custodian would be obligated to comply with any Entitlement Orders with respect to the Custodian Account and/or Collateral (including, without limitation, any and all U.S. Government Obligations) credited thereto and/or which purports to limit or condition the obligation of the Custodian to comply with the instructions and Entitlement Orders originated by the Collateral Trustee as set forth in this Agreement, and agrees not to enter into any such agreements without the prior written consent of the Collateral Trustee.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

CITIZENS PROPERTY INSURANCE CORPORATION

By: _____
Name:
Title: Chairman

WELLS FARGO BANK, N.A., as Successor
Collateral Trustee

By: _____
Name:
Title:

WELLS FARGO BANK, N.A., as Custodian

By: _____
Name:
Title:

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AGREED AND ACKNOWLEDGED:
WACHOVIA BANK, NATIONAL ASSOCIATION,
as Indenture Trustee

By: _____
Name:
Title:

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SCHEDULE I
TO
SECURITY AGREEMENT

SECURED INSTRUMENTS

1. Pledge, Security and Trust Agreement, dated as of August 6, 1997, among Florida Windstorm Underwriting Association, SunTrust Bank, Central Florida, National Association, as Collateral Trustee, and SunTrust Bank, Central Florida, National Association, as Custodian (the “Agreement”).
2. Initial Credit Agreement (as defined in the Agreement) and the Term Notes and Liquidity Notes issued thereunder as defined therein.
3. Trust Indenture (as defined in the Agreement)
4. 1997 Notes (as defined in the Agreement)
5. Bank Collateral Agreement, dated as of August 6, 1997, between Florida Windstorm Underwriting Association and The Chase Manhattan Bank, as Collateral Agent.