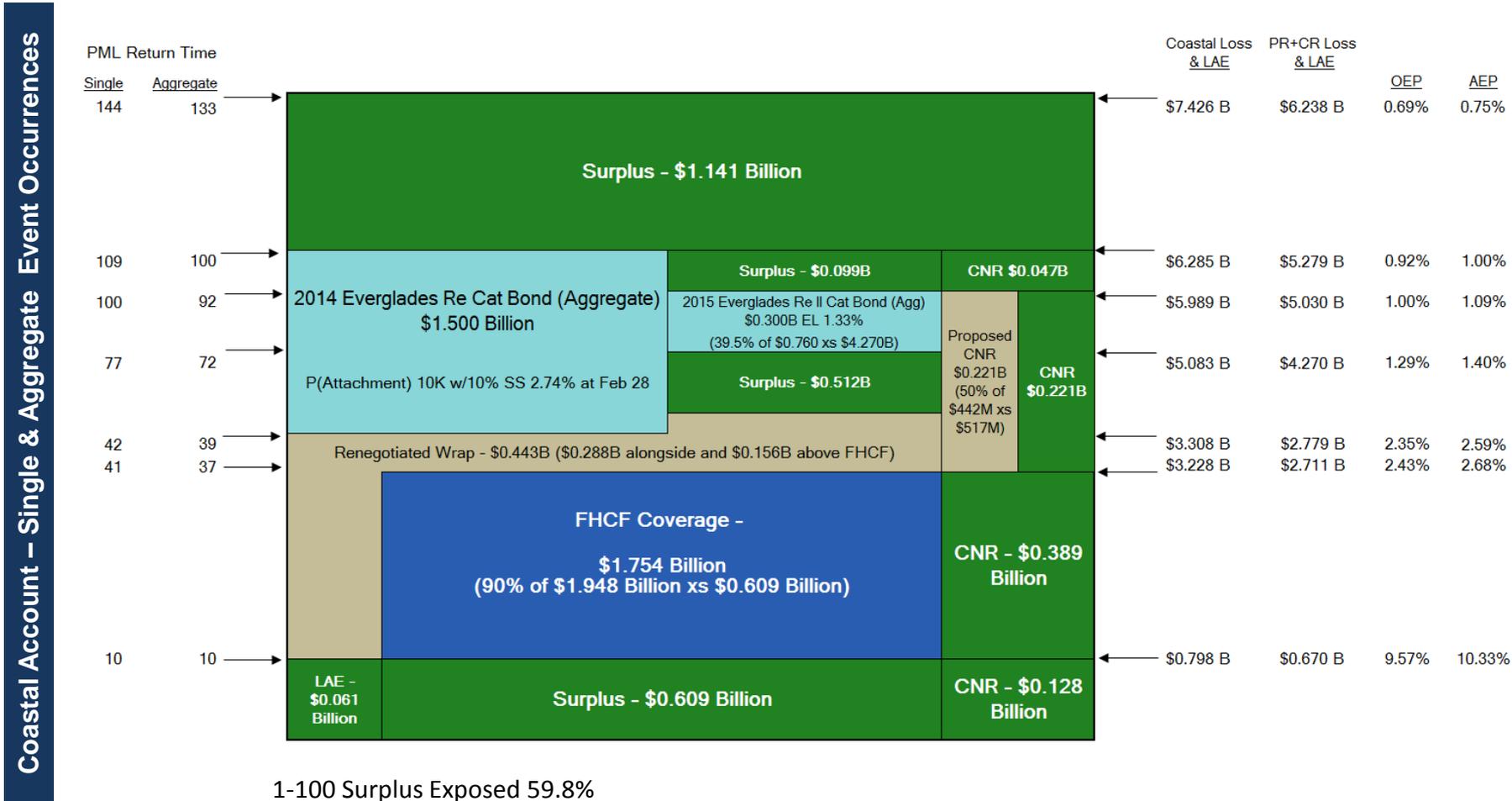


2016 Proposed Risk Transfer Program



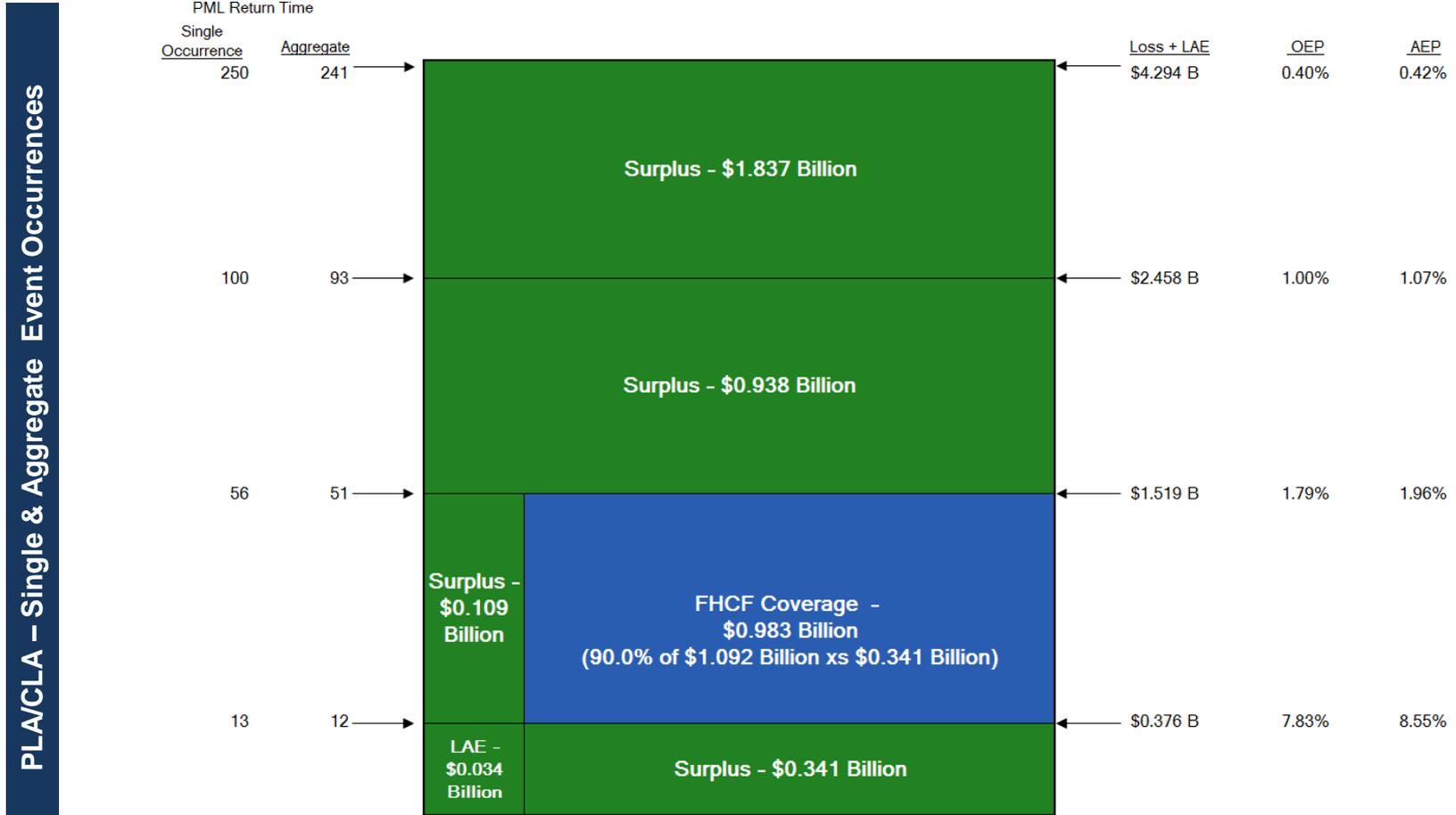
Proprietary & Confidential



See Notes and Assumptions on Page 3

(not drawn to scale)

2016 PLA/CLA Layer Chart



FHCf pays a loss adjustment expense (LAE) allowance of 5% of loss. Citizens will fund any excess LAEs above FHCf reimbursement from its surplus. Citizens has allocated \$52 million to fund any additional LAEs.

See Notes and Assumptions on Page 3

(not drawn to scale)

Notes and Assumptions

2016-2017 Storm Season

ASSUMPTIONS

- Citizens' 2016 Budgeted DWP \$909 Million (Coastal \$488 Million; PLA/CLA \$421 Million)
- Citizens' Policyholder Surcharge Maximum % Per Account 15%
- 2016 Regular Assessment Base (projected) \$40.6 Billion
- Regular Assessment Maximum % Per Account 2% for Coastal; 0% for PLA/CLA
- 2015 Emergency Assessment Base \$41.5 Billion
- Coastal PMLs are based on modeled losses as of December 31, 2015 per AIR Touchstone, Version 3.1.0; losses are reduced by 5% to reflect estimated decreases in exposure before the beginning of hurricane season. PMLs reflect the Standard Sea Surface Temperature (SSST) Event Catalog including Demand Surge, excluding Storm Surge, and include 10% of loss to account for loss adjustment expense (LAE). PLA/CLA PMLs are based on modeled losses as of December 31, 2015 with no projected loss reduction. Otherwise model settings are the same as for the Coastal Account PMLs.
- Interim Return Periods are derived by Linear Interpolation
- 2016 Projected Surplus = unaudited 2015 surplus + 2016 budgeted net income
- Citizens' 2016 FHCF coverage is based on preliminary retention estimates and payment multiples. Actual Citizens' FHCF attachment and limits of coverage could differ significantly from estimates.

NOTES

These charts are imperfect! They attempt to show projected claims-paying resources, but they are approximations only. Four significant complicating factors are described below:

- 1) Coastal PML vs. PLA/CLA PML: An actual 100-year PML event in Coastal Account may not be a 100-year PML event for PLA/CLA. The relative magnitude of actual losses for Coastal and PLA/CLA will depend on the storm size and path
- 2) Combining PLA and CLA: The PLA and CLA are separate accounts for deficit calculation and assessment purposes, but are combined for FHCF and credit purposes. It is impossible to accurately show the PML resources situation of these accounts on either separate or combined charts since simplifications must be made in either case that could prove materially inaccurate. Although we show the combined accounts, there is no guarantee that they will have deficits at the same time or of similar magnitude
- 3) Non-residential exposure: Commercial non-residential (CNR) exposures in the CLA and Coastal Account are not reinsured by FHCF. Actual deficits and assessments may be significantly different than an aggregated PML would otherwise indicate. The charts include a provisional estimate for CNR losses of 16% in the Coastal Account for all return times. CNR is a negligible portion of the PLA/CLA Accounts and so is not considered in that chart
- 4) Liquidity: These charts do not show the liquidity needs of the accounts. An account with ample PML resources may still require liquidity as many of the PML resources are not available immediately following a major hurricane. The timing and magnitude of receivables such as FHCF recoveries and assessments are unknown.