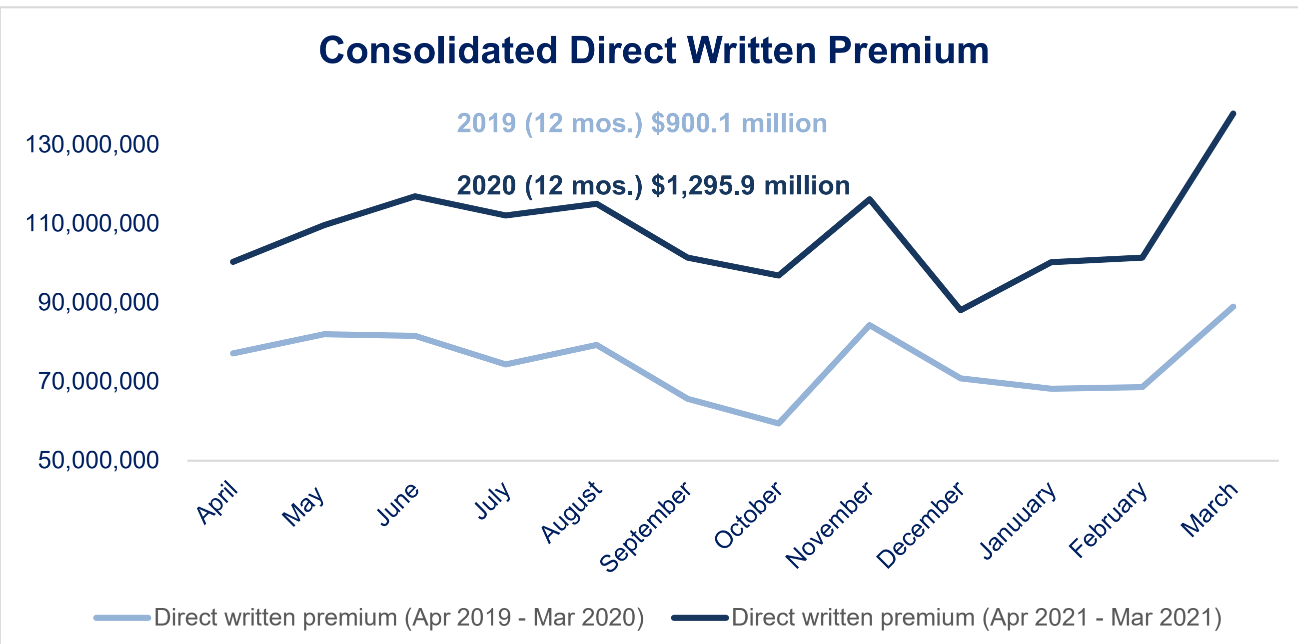
The following is an analysis of Citizens' financial and operating results for the first quarter of 2021.

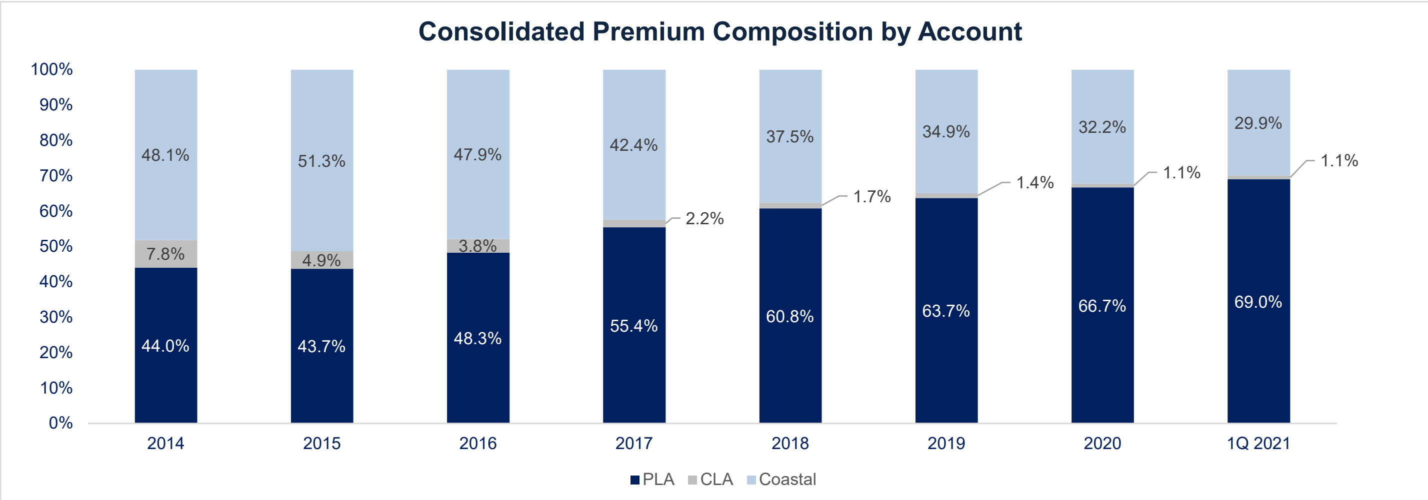
- PREMIUMS -

Consolidated direct written premium for the first quarter of 2021 was $339.5 million or $113.8 (50%) greater than consolidated direct written premium for the same period in 2020. The increase in written premium is the result of increases in new policies written mostly in Dade, Broward and Palm Beach counties, along with period-over-period increases in renewal rates. Premiums removed through depopulation of $1.9 million during the first quarter of 2021 were $0.5 million (36%) more than during the same period in 2020.

	3-months ended	
	Mar 2021	Mar 2020
New Business	62,869	23,472
Untagged Takeouts	3	6
Reinstatements	1,579	2,500
Cancellations	(30,294)	(10,810)
Non-Renewals	(5,959)	(10,063)
New Tags for Takeout	(1,069)	(981)
Net change	27,129	4,124
Ending PIF	569,868	446,327

Consolidated direct earned premium increased $81.2 million (37%) during the first quarter of 2021 commensurate with the months during which premium increased.





Through the first quarters of 2021 and 2020, no premiums ceded for private reinsurance were recognized by Citizens – premiums ceded for private reinsurance are recognized at the inception of the Atlantic Hurricane Season, or June 1st.

- LOSSES -

Non-CAT Only	Consolidated			Personal Lines Account			Commercial Lines Account			Coastal Account		
	Q1 2021	CY 2020	Q1 2020	Q1 2021	CY 2020	Q1 2020	Q1 2021	CY 2020	Q1 2020	Q1 2021	CY 2020	Q1 2020
Direct loss ratio	34.2%	30.3%	32.0%	41.7%	39.8%	42.4%	6.6%	9.1%	10.2%	19.3%	12.4%	13.7%
Direct loss ratio (underlying)	34.3%	27.8%	31.2%	42.5%	36.3%	41.9%	4.3%	2.1%	14.4%	17.7%	12.4%	12.3%
Direct LAE ratio	20.9%	17.6%	20.6%	24.2%	20.9%	25.3%	-1.0%	8.6%	14.9%	14.7%	11.6%	12.1%
Direct LAE ratio (underlying)	16.5%	18.4%	17.8%	19.8%	22.2%	23.0%	2.2%	4.1%	6.6%	10.0%	11.6%	8.5%

CAT and Non-CAT	Consolidated			Personal Lines Account			Commercial Lines Account			Coastal Account		
	Q1 2021	CY 2020	Q1 2020	Q1 2021	CY 2020	Q1 2020	Q1 2021	CY 2020	Q1 2020	Q1 2021	CY 2020	Q1 2020
Direct loss ratio	51.5%	42.0%	32.0%	60.4%	48.8%	42.4%	9.6%	23.8%	10.2%	34.0%	29.4%	13.7%
Direct loss ratio (underlying)	34.3%	35.0%	31.2%	42.5%	41.6%	41.9%	4.3%	10.0%	14.4%	17.7%	23.0%	12.3%
Direct LAE ratio	22.8%	26.0%	20.6%	26.6%	30.6%	25.4%	1.3%	7.8%	14.9%	15.3%	17.8%	12.1%
Direct LAE ratio (underlying)	16.5%	20.4%	17.8%	19.8%	24.2%	23.0%	2.2%	4.6%	6.6%	10.0%	13.7%	8.5%

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

As of March 31, 2021, consolidated ultimate direct losses and LAE related to Hurricanes Irma and Michael were $2.270 billion and $150.0 million, respectively, reflecting no change from December 31, 2020. Of the $2.270 billion in ultimate loss and LAE across all accounts related to Hurricane Irma, $935.8 million is recoverable under Citizens' reinsurance contracts with both the FHCF ($546.1 million in the PLA and $263.6 million in the Coastal Account) and private reinsurers ($126.1 million in the Coastal Account only). No reinsurance recoverables associated with Hurricane Michael were recorded due to the losses and LAE not meeting the attachment levels of reinsurance arrangements.

In the 3rd and 4th quarters of 2020 there were a series of smaller storms that impacted Florida, with Tropical Storm Eta occurring in mid-November.

Consolidated ultimate direct loss and LAE of these storms as of March 31, 2021 were $148.2 million, reflecting an increase of $57.0 million from December 31, 2020. Of this increase, $47.7 million is attributable to Tropical Storm Eta and was driven by a significant increase in the number of late-reported claims. No ceded recoverables were recorded due to the losses and LAE not meeting the attachment levels of reinsurance arrangements.

Current accident year losses and LAE unrelated to sinkholes and hurricanes did not experience meaningful variances from the prior quarter as development of prior accident year losses and LAE was as expected.

Although litigated non-weather water claims continue to be a dominant driver of loss and LAE activity within the PLA, the litigation rate trend for accident years 2018, 2019 and 2020 continue to show improvement in comparison to accident years 2014 to 2017 with 2021 experiencing the lowest percentage of litigated claims in recent years.

Within the CLA, losses and LAE related to sinkhole claims were relatively unchanged, however, volatility in these outstanding sinkhole claims have the potential to contribute to material quarterly variances in the reported loss and LAE ratios in future periods. While loss and LAE development within the CLA are less significant to the accident years to which they relate, the diminishing size of the overall commercial lines book of business leaves it more susceptible to material swings in the loss and LAE ratio as a result of development in prior accident years when the commercial lines book of business was considerably larger.

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

- ADMINISTRATIVE EXPENSES -

Administrative expenses incurred during the first quarter of 2021 of $36.1 million were $0.7 million (2%) more than administrative expenses incurred during the same period in 2020 and $4.8 million (12%) less than budget.

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

- Employee expenses (*Salaries, Employee Benefits and Payroll Taxes*) were $2.6 million (6%) below budget as a result of reductions and/or delays in filling vacant positions, and $1.5 million (4%) more than during the first quarter of 2020 as a result of year-over-year increases in the number of FTEs and increases in employee costs.

- *Contingent staffing* expenses were $6.9 million (45%) below budget and $3.3 million less than during the first quarter of 2020 largely due to a reduction in the need for independent adjusters within the Litigated and Disputed Claims unit.

- *Insurance* expenses were $0.1 million (45%) more than budget and $0.1 million (73%) more than during the first quarter of 2020 primarily due to timing differences of the corresponding payments.

- *Operations and Maintenance* expenses were $0.3 million (40%) below budget due to reductions in service needs resulting from lower office space occupancy.

- *Computer Hardware* expenses were $0.4 million (53%) below budget due to several project delays and favorable budget-to-actual cost variances.

- *Professional Services* expenses were $1.1 million (42%) below budget largely due to the delays in several initiatives as well as favorable budget-to-actual cost variances.

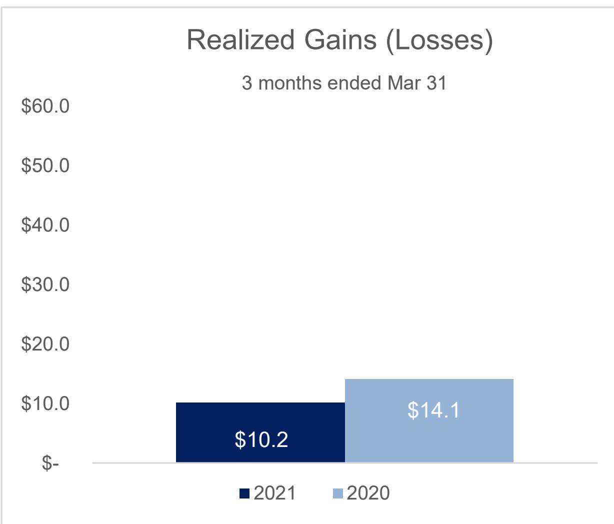
- *Software Maintenance and Licensing* expenses were $0.5 million (12%) below budget largely due to delayed projects.

- *Telecommunication* expenses were $0.3 million (37%) below budget largely due to timing differences of the corresponding payments.

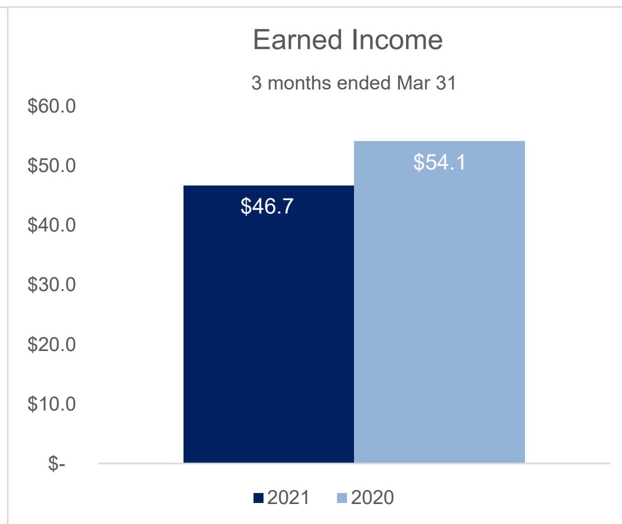
- Training and Travel expenses were $0.3 million (56%) below budget due to cancelled or delayed events as a result of Covid-19.

For the quarter ended March 31, 2021, Citizens' expense ratio was 19.5%, reflecting a 4.4% decrease from the same period in 2020 and a 6.1% decrease compared to budget.

- INVESTMENT INCOME -



($ in millions)



($ in millions)

Total investment income (measured as investment income excluding investment expenses) during the first quarter of 2021 was $56.9 million, or $11.3 million (11%) less than during the same period in 2020 despite an increase in average invested assets of $130.9 million (1%).

The decrease in earned income of $7.4 million (14%) was principally driven by significant reductions in interest rates during 2020 as well as reductions in tax-exempt holdings resulting from the scheduled maturities of certain outstanding bond obligations. The decrease in realized gains of $3.9 million (28%) was largely due to the relative decrease in the value of invested assets at the time these assets were sold.

	3-months ended ($ millions)			
	Mar 2021		**Mar 2020**	
Earned income	$	46.70	$	54.10
Net realized gains (losses)		10.20		14.10
Total income	**$**	**56.90**	**$**	**68.20**
Average invested assets	**$**	**8,924.55**	**$**	**8,793.62**

	Externally-Managed Portfolios (December 2021)			
	Taxable Liquidity	Taxable Claims	Tax-Exempt Claims	Taxable LD Claims
Total market value ($ in billions)	$1.074	$1.609	$0.623	$5.288
Duration	1.1	3.8	2.4	6.0
Avg. credit rating (S&P /Moody's /Fitch)	A+ / Aa3 / AA-	A- / A1 / A+	AA / Aa2 / AA	A+ / A1 / A+

- CASH FLOWS -

Consolidated cash flows provided by operations were $232.5 million through the first quarter of 2021 compared to $104.9 million during the same period a year ago. Net premiums collected during the first quarter of 2021 were $351.8 million or $137.7 million (64%) more than during the same period in 2020, consistent with overall increases in written premium and declines in reinsurance premiums paid. Decreases in net investment income collected of $6.9 million (11%) were generally driven by decreases in earned investment income and net realized gains, partially offset by decreases in debt obligations outstanding. Decreases in benefits and loss related payments were largely the result of reductions in reserves and increases in reinsurance recoveries on loss and LAE payments associated with Hurricane Irma. Increases in underwriting expenses paid of $10.4 million (22%) were consistent with increases in premiums written.

	Consolidated - 3 months ended	
	Mar 2021	**Mar 2020**
Premiums collected, net	$ 351,843,181	$ 214,107,200
Net investment income	57,468,596	64,404,085
Miscellaneous income collected	738,317	757,106
Benefits and loss related payments	(65,324,123)	(68,642,686)
Loss adjustment expense payments	(53,727,538)	(57,468,053)
Underwriting expenses paid	(58,553,168)	(48,221,969)
Net cash flows provided by (used in) operations	**$ 232,445,265**	**$ 104,935,683**