

March 2016



---

**Financial Report  
and Summary of  
Financial Results**

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CITIZENS PROPERTY INSURANCE CORPORATION  
SUMMARY OF FINANCIAL RESULTS - COMBINED (UNAUDITED)  
March 31, 2016  
(000's omitted)

	COMBINED			VARIANCE	
	ACTUAL	BUDGET	PRIOR	BUDGET	ANNUAL
Direct written premiums	\$ 238,308	\$ 206,046	\$ 321,022	\$ 32,262	\$ (82,714)
Ceded written premiums to:					
Depopulation	(12,384)	(40,784)	(49,653)	28,400	37,269
FHCF	-	-	-	-	-
Private reinsurers	-	-	-	-	-
Net written premiums	225,924	165,262	271,369	60,662	(45,445)
Net earned premiums	253,420	246,040	344,746	7,380	(91,326)
Losses incurred	70,181	59,596	74,977	10,585	(4,796)
LAE incurred	28,671	21,451	32,373	7,220	(3,702)
Net underwriting income	87,704	96,377	162,142	(8,673)	(74,438)
Net income (loss)	99,128	94,455	169,193	4,673	(70,065)
Cash and invested assets	13,174,124		13,149,517		24,607
Loss and LAE reserves	663,877		732,612		(68,735)
Ending surplus	\$ 7,488,373		\$ 7,389,692		\$ 98,681
<b>Policy Data</b>					
Policies in-force	490,328	453,454	599,389	36,874	(109,061)
Policies serviced	589,109		870,996		(281,887)
<b>Financial Ratios</b>					
Net Loss Ratio	28%	24%	22%	4%	6%
Net LAE Ratio	11%	9%	9%	2%	2%
Expense Ratio (based on DWP)	28%	33%	23%	-5%	5%
Combined Ratio	67%	66%	54%	1%	13%
Direct Loss Ratio (PLA only)	43%		40%		3%
Direct Loss Ratio (sinkhole)	27%		150%		-123%
Direct Loss Ratio (ex-sinkhole)	43%		35%		8%

**CITIZENS PROPERTY INSURANCE CORPORATION**  
**SUMMARY OF FINANCIAL RESULTS - BY ACCOUNT (UNAUDITED)**  
 March 31, 2016  
 (000's omitted)

	PLA			CLA			COASTAL		
	ACTUAL	BUDGET	PRIOR	ACTUAL	BUDGET	PRIOR	ACTUAL	BUDGET	PRIOR
Direct written premiums	\$ 113,714	\$ 88,597	\$ 136,563	\$ 9,998	\$ 12,517	\$ 17,849	\$ 114,596	\$ 104,932	\$ 166,610
Ceded written premiums to:									
Depopulation	(3,739)	(22,051)	(30,932)	(365)	(1,902)	(4,827)	(8,280)	(16,831)	(13,894)
FHCF	-	-	-	-	-	-	-	-	-
Private reinsurers	-	-	-	-	-	-	-	-	-
Net written premiums	109,975	66,546	105,631	9,633	10,615	13,022	106,316	88,101	152,716
Net earned premiums	112,530	93,413	142,141	12,786	13,080	22,214	128,104	139,547	180,390
Losses incurred	48,298	47,314	56,835	541	1,389	2,814	21,342	10,893	15,328
LAE incurred	18,057	15,008	20,513	394	583	1,275	10,220	5,860	10,585
Net underwriting income	15,028	3,353	31,869	8,410	6,850	13,408	64,266	86,174	116,866
Net income (loss)	26,457	10,282	39,176	14,585	10,435	17,916	58,086	73,738	112,101
Cash and invested assets	4,085,808		4,095,360	1,939,419		1,932,664	7,148,897		7,121,494
Loss and LAE reserves	435,854		496,856	110,690		115,901	117,333		119,855
Ending surplus	\$ 2,496,408		\$ 2,472,909	\$ 1,655,957		\$ 1,641,382	\$ 3,336,008		\$ 3,275,401
<b>Policy Data</b>									
Policies in-force	296,572	260,296	331,252	2,800	3,137	4,290	190,956	190,021	263,847
Policies serviced	345,419		520,543	3,388		6,261	240,302		344,192
<b>Financial Ratios</b>									
Net Loss Ratio	43%	51%	40%	4%	11%	13%	17%	8%	8%
Net LAE Ratio	16%	16%	14%	3%	4%	6%	8%	4%	6%
Expense Ratio (based on DWP)	27%	31%	24%	34%	34%	26%	28%	35%	23%
Combined Ratio	86%	98%	78%	41%	49%	45%	53%	47%	37%

CITIZENS PROPERTY INSURANCE CORPORATION  
 COMBINED STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND ACCUMULATED SURPLUS - STATUTORY BASIS (UNAUDITED)  
 As of March 31, 2016 and December 31, 2015  
 (000's omitted)

	March 31, 2016	December 31, 2015
<b>Admitted assets</b>		
Bonds	\$ 11,325,029	\$ 11,484,293
Cash, cash equivalents and short-term investments	1,849,095	1,665,224
Total cash and invested assets	<u>13,174,124</u>	<u>13,149,517</u>
Investment income due and accrued	72,262	74,733
Premiums receivable, net	81,988	89,889
Reinsurance recoverable on paid losses and LAE	1,105	2,607
Premiums due from assuming companies	32,629	32,436
Assessments receivable	2,794	3,330
Other admitted assets	42,773	10,486
Total admitted assets	<u><u>13,407,675</u></u>	<u><u>13,362,998</u></u>

CITIZENS PROPERTY INSURANCE CORPORATION  
 COMBINED STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND ACCUMULATED SURPLUS - STATUTORY BASIS (UNAUDITED)  
 As of March 31, 2016 and December 31, 2015  
 (000's omitted)

	March 31, 2016	December 31, 2015
<b>Liabilities and accumulated surplus</b>		
Liabilities:		
Net loss reserves	\$ 469,889	\$ 522,740
Net loss adjustment expense reserves	193,988	209,872
Retroactive reinsurance ceded	(1,434)	(1,434)
Reinsurance premiums payable	36,867	107,247
Net unearned premiums	485,840	513,336
Unearned assessment income	-	-
Taxes and fees payable	3,976	2
Commissions payable	5,050	5,942
Provision for reinsurance	11	11
Bonds payable	4,309,061	4,318,932
Interest payable	65,916	16,592
Advance premiums and suspended cash	39,084	32,248
Accounts payable and accrued expenses	34,164	29,498
Escheat liability	38,778	39,640
Other liabilities	238,112	178,680
Total liabilities	5,919,302	5,973,306
Accumulated surplus:		
Restricted	9,408	20,951
Unrestricted	7,478,965	7,368,741
Total accumulated surplus	7,488,373	7,389,692
Total liabilities and accumulated surplus	\$ 13,407,675	\$ 13,362,998

CITIZENS PROPERTY INSURANCE CORPORATION  
 STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND ACCUMULATED SURPLUS - STATUTORY BASIS (UNAUDITED)  
 As of March 31, 2016  
 (000's omitted)

Admitted assets	March 31, 2016		
	PLA	CLA	COASTAL
Bonds	\$ 3,675,663	\$ 1,762,129	\$ 5,887,237
Cash, cash equivalents and short-term investments	410,145	177,290	1,261,660
Total cash and invested assets	<u>4,085,808</u>	<u>1,939,419</u>	<u>7,148,897</u>
Investment income due and accrued	21,389	7,676	43,197
Premiums receivable, net	38,731	2,337	40,920
Reinsurance recoverable on paid losses and LAE	1,243	-	(138)
Premiums due from assuming companies	19,548	1,074	12,007
Assessments receivable	2,807	(30)	17
Other admitted assets	43,327	9,208	(9,762)
Total admitted assets	<u>\$ 4,212,853</u>	<u>\$ 1,959,684</u>	<u>\$ 7,235,138</u>

CITIZENS PROPERTY INSURANCE CORPORATION  
 STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND ACCUMULATED SURPLUS - STATUTORY BASIS (UNAUDITED)  
 As of March 31, 2016  
 (000's omitted)

Liabilities and accumulated surplus	March 31, 2016		
	PLA	CLA	COASTAL
Liabilities:			
Net loss reserves	\$ 300,778	\$ 87,270	\$ 81,841
Net loss adjustment expense reserves	135,076	23,420	35,492
Retroactive reinsurance ceded	(1,316)	-	(118)
Reinsurance premiums payable	-	-	36,867
Net unearned premiums	226,904	21,109	237,827
Unearned assessment income	-	-	-
Taxes and fees payable	1,666	250	2,060
Commissions payable	2,332	496	2,222
Provision for reinsurance	-	-	11
Bonds payable	928,207	146,604	3,234,250
Interest payable	14,715	2,324	48,877
Advance premiums and suspended cash	17,445	1,412	20,227
Accounts payable and accrued expenses	31,630	485	2,049
Escheat liability	28,546	477	9,755
Other liabilities	30,462	19,880	187,770
<b>Total liabilities</b>	<b>1,716,445</b>	<b>303,727</b>	<b>3,899,130</b>
Accumulated surplus:			
Restricted	-	-	9,408
Unrestricted	2,496,408	1,655,957	3,326,600
<b>Total accumulated surplus</b>	<b>2,496,408</b>	<b>1,655,957</b>	<b>3,336,008</b>
<b>Total liabilities and accumulated surplus</b>	<b>\$ 4,212,853</b>	<b>\$ 1,959,684</b>	<b>\$ 7,235,138</b>



CITIZENS PROPERTY INSURANCE CORPORATION  
 COMBINED STATEMENTS OF INCOME - STATUTORY BASIS (UNAUDITED)  
 For the Quarter Ended March 31, 2016 and 2015  
 (000's omitted)

	3 Months Ended March 31,	
	2016	2015
Direct premiums earned	\$ 303,034	\$ 493,664
Ceded premiums earned	(49,614)	(148,918)
Net premiums earned	253,420	344,746
Net losses incurred	70,181	74,977
Net loss adjustment expenses incurred	28,671	32,373
Producer commissions	19,013	26,415
Taxes and assessments	4,633	6,007
Administrative expenses	43,218	42,832
Total underwriting expenses	165,716	182,604
Underwriting income (loss)	87,704	162,142
Net interest income	39,992	32,670
Net realized gain on sales	10,463	10,745
Interest expense	(40,133)	(40,506)
Net investment income (expense)	10,322	2,909
Line of credit fees and note issuance costs	-	-
Assessment income	-	19,326
Other income (expense)	1,102	(15,184)
Total other income (expense)	1,102	4,142
Net income (loss)	\$ 99,128	\$ 169,193

CITIZENS PROPERTY INSURANCE CORPORATION  
 STATEMENTS OF INCOME - STATUTORY BASIS (UNAUDITED)  
 For the Quarter Ended March 31, 2016  
 (000's omitted)

	3 Months Ended March 31, 2016		
	PLA	CLA	COASTAL
Direct premiums earned	\$ 133,874	\$ 14,528	\$ 154,632
Ceded premiums earned	(21,344)	(1,742)	(26,528)
Net premiums earned	112,530	12,786	128,104
Net losses incurred	48,298	541	21,342
Net loss adjustment expenses incurred	18,057	394	10,220
Producer commissions	8,120	1,073	9,820
Taxes and assessments	2,231	201	2,201
Administrative expenses	20,796	2,167	20,255
Total underwriting expenses	97,502	4,376	63,838
Underwriting income (loss)	15,028	8,410	64,266
Net interest income	13,569	6,601	19,822
Net realized gain on sales	4,652	670	5,141
Interest expense	(7,242)	(1,144)	(31,747)
Net investment income (expense)	10,979	6,127	(6,784)
Line of credit fees and note issuance costs	-	-	-
Assessment income	-	-	-
Other income (expense)	450	48	604
Total other income (expense)	450	48	604
Net income (loss)	\$ 26,457	\$ 14,585	\$ 58,086

CITIZENS PROPERTY INSURANCE CORPORATION  
 STATEMENTS OF CHANGES IN ACCUMULATED SURPLUS - STATUTORY BASIS (UNAUDITED)  
 (000's omitted)

	COMBINED	PLA	CLA	COASTAL
Balance at January 1, 2015	7,384,028	2,487,566	1,559,433	3,337,029
Net income (loss)	5,702	(21,491)	81,630	(54,437)
Change in nonadmitted assets	(554)	6,312	319	(7,185)
Change in provision for reinsurance	544	537	-	7
Change in unrealized gains/losses on securities	(5)	(15)	-	10
Change in overfunded plan asset	(23)	-	-	(23)
Change in accumulated surplus	<u>5,664</u>	<u>(14,657)</u>	<u>81,949</u>	<u>(61,628)</u>
Balance at December 31, 2015	7,389,692	2,472,909	1,641,382	3,275,401
Net income (loss)	99,128	26,457	14,585	58,086
Change in nonadmitted assets	(414)	(2,948)	(10)	2,544
Change in provision for reinsurance	-	-	-	-
Change in unrealized gains/losses on securities	(33)	(10)	-	(23)
Change in overfunded plan asset	-	-	-	-
Change in accumulated surplus	<u>98,681</u>	<u>23,499</u>	<u>14,575</u>	<u>60,607</u>
Balance at March 31, 2016	7,488,373	2,496,408	1,655,957	3,336,008

CITIZENS PROPERTY INSURANCE CORPORATION  
 COMBINED ADMINISTRATIVE EXPENSE DETAIL (UNAUDITED)  
 For the Quarter Ended March 31, 2016 and 2015  
 (000's omitted)

	3 Months Ended March 31,	
	2016	2015
Salaries	\$ 30,494	\$ 29,121
Employee benefits	5,377	4,970
Payroll taxes	1,774	1,845
Contingent staffing	4,793	1,732
Other underwriting fees	1,240	1,575
Other processing fees	123	138
Training	107	94
Recruiting	109	468
Printing	484	791
Operating supplies	195	103
Subscriptions and dues	306	297
Postage	902	1,064
Telecommunications	1,118	1,005
Legal	498	406
Insurance	217	175
Travel and meals	266	383
Servicing carrier fees	481	772
Professional services	2,387	1,835
Miscellaneous	2	2
Rent - facilities	2,655	1,850
Rent - office equipment and furniture	204	179
Depreciation	1,079	1,577
Producer expense collections	(186)	(197)
Maintenance and repairs	278	366
Bank charges	63	69
Software maintenance and licensing	3,325	3,300
Computer hardware and maintenance	509	455
FMAP expense allocation	(40)	(27)
ULAE expense allocation	(15,542)	(11,516)
Total administrative expenses	\$ 43,218	\$ 42,832

CITIZENS PROPERTY INSURANCE CORPORATION  
ADMINISTRATIVE EXPENSE DETAIL (UNAUDITED)  
For the Quarter Ended March 31, 2016  
(000's omitted)

	3 Months Ended March 31, 2016		
	PLA	CLA	COASTAL
Salaries	\$ 14,536	\$ 1,311	\$ 14,647
Employee benefits	2,547	228	2,602
Payroll taxes	848	73	853
Contingent staffing	3,446	204	1,143
Other underwriting fees	639	48	553
Other processing fees	-	107	16
Training	52	4	51
Recruiting	53	4	52
Printing	381	1	102
Operating supplies	96	7	92
Subscriptions and dues	150	11	145
Postage	677	5	220
Telecommunications	545	39	534
Legal	252	18	228
Insurance	106	8	103
Travel and meals	125	12	129
Servicing carrier fees	303	-	178
Professional services	967	322	1,098
Miscellaneous	1	-	1
Rent - facilities	1,196	101	1,358
Rent - office equipment and furniture	204	-	-
Depreciation	529	39	511
Producer expense collections	(87)	(4)	(95)
Maintenance and repairs	138	11	129
Bank charges	40	5	18
Software maintenance and licensing	1,461	139	1,725
Computer hardware and maintenance	250	19	240
FMAP expense allocation	(25)	(1)	(14)
ULAE expense allocation	(8,634)	(544)	(6,364)
Total administrative expenses	<u>\$ 20,796</u>	<u>\$ 2,167</u>	<u>\$ 20,255</u>

CITIZENS PROPERTY INSURANCE CORPORATION  
RECONCILIATION OF NET POSITION AND NET INCOME - STAT to GAAP (UNAUDITED)  
As of March 31, 2016  
(000's omitted)

	COMBINED	PLA	CLA	COASTAL
Net income (loss) - STAT basis	\$ 99,128	\$ 26,457	\$ 14,585	\$ 58,086
Adjustments:				
Change in allowance for premiums receivable	(320)	(13)	(9)	(298)
Change in 2012 FIGA assessment receivable	536	297	10	229
Change in unrealized gain (loss) on investments	94,492	36,484	20,748	37,260
Net income (loss) - GAAP basis	\$ 193,836	\$ 63,225	\$ 35,334	\$ 95,277
Accumulated surplus - STAT basis	7,488,373	2,496,408	1,655,957	3,336,008
Adjustments:				
2012 FIGA assessment income change	(2,794)	(2,807)	30	(17)
Unrealized gain (loss) on investments	122,135	38,178	16,299	67,658
Non-admitted asset balances	53,105	17,346	45	35,714
Provision for reinsurance	11	-	-	11
Net position - GAAP basis	\$ 7,660,830	\$ 2,549,125	\$ 1,672,331	\$ 3,439,374

CITIZENS PROPERTY INSURANCE CORPORATION  
 ADJUSTED NET POSITION PER 16(K) OF THE PLAN OF OPERATION (UNAUDITED)  
 As of March 31, 2016  
 (000's omitted)

	COMBINED	PLA	CLA	COASTAL
Net position - GAAP basis	\$ 7,660,830	\$ 2,549,125	\$ 1,672,331	\$ 3,439,374
Net assets related to pre-event notes	(258,455)	(25,664)	(4,053)	(228,738)
Restricted cash - FLSO	(9,408)	-	-	(9,408)
Adjusted surplus per 16(K) of the Plan of Operation	<u>\$ 7,392,967</u>	<u>\$ 2,523,461</u>	<u>\$ 1,668,278</u>	<u>\$ 3,201,228</u>

CITIZENS PROPERTY INSURANCE CORPORATION  
 COMBINED STATEMENTS OF INCOME - BUDGET to ACTUAL (UNAUDITED)  
 For the Quarter Ended March 31, 2016  
 (000's omitted)

	3 Months Ended March 31, 2016		
	Actual	Budget	Variance
Direct premiums earned	\$ 303,034	\$ 309,296	\$ (6,262)
Ceded premiums earned	(49,614)	(63,256)	13,642
Net premiums earned	<u>253,420</u>	<u>246,040</u>	<u>7,380</u>
Net losses incurred	70,181	59,596	10,585
Net loss adjustment expenses incurred	28,671	21,451	7,220
Producer commissions	19,013	16,818	2,195
Taxes and assessments	4,633	3,055	1,578
Administrative expenses	43,218	48,743	(5,525)
Total underwriting expenses	<u>165,716</u>	<u>149,663</u>	<u>16,053</u>
Underwriting income (loss)	87,704	96,377	(8,673)
Net investment income	50,455	37,555	12,900
Interest expense	(40,133)	(40,170)	37
Net investment income (expense)	<u>10,322</u>	<u>(2,615)</u>	<u>12,937</u>
Line of credit fees and note issuance costs	-	-	-
Assessment income	-	-	-
Other income (expense)	1,102	693	409
Total other income (expense)	<u>1,102</u>	<u>693</u>	<u>409</u>
Net income (loss)	<u>\$ 99,128</u>	<u>\$ 94,455</u>	<u>\$ 4,673</u>



CITIZENS PROPERTY INSURANCE CORPORATION  
 STATEMENTS OF INCOME - BUDGET to ACTUAL (UNAUDITED)  
 For the Quarter Ended March 31, 2016  
 (000's omitted)

	3 Months Ended March 31, 2016					
	PLA		CLA		COASTAL	
	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET
Direct premiums earned	\$ 133,874	\$ 135,932	\$ 14,528	\$ 15,295	\$ 154,632	\$ 158,069
Ceded premiums earned	(21,344)	(42,519)	(1,742)	(2,215)	(26,528)	(18,522)
Net premiums earned	112,530	93,413	12,786	13,080	128,104	139,547
Net losses incurred	48,298	47,314	541	1,389	21,342	10,893
Net loss adjustment expenses incurred	18,057	15,008	394	583	10,220	5,860
Producer commissions	8,120	6,310	1,073	1,358	9,820	9,150
Taxes and assessments	2,231	1,379	201	204	2,201	1,472
Administrative expenses	20,796	20,049	2,167	2,696	20,255	25,998
Total underwriting expenses	97,502	90,060	4,376	6,230	63,838	53,373
Underwriting income (loss)	15,028	3,353	8,410	6,850	64,266	86,174
Net investment income	18,221	13,751	7,271	4,808	24,963	18,996
Interest expense	(7,242)	(7,120)	(1,144)	(1,265)	(31,747)	(31,785)
Net investment income (expense)	10,979	6,631	6,127	3,543	(6,784)	(12,789)
Line of credit fees and note issuance costs	-	-	-	-	-	-
Assessment income	-	-	-	-	-	-
Other income (expense)	450	298	48	42	604	353
Total other income (expense)	450	298	48	42	604	353
Net income (loss)	\$ 26,457	\$ 10,282	\$ 14,585	\$ 10,435	\$ 58,086	\$ 73,738

CITIZENS PROPERTY INSURANCE CORPORATION  
 COMBINED ADMINISTRATIVE EXPENSE DETAIL (UNAUDITED)  
 For the Quarter Ended March 31, 2016  
 (000's omitted)

	3 Months Ended March 31, 2016		
	ACTUAL	BUDGET	VARIANCE
Salaries	\$ 30,494	\$ 32,526	\$ (2,032)
Employee benefits	5,377	5,122	255
Payroll taxes	1,774	2,207	(433)
Contingent staffing	4,793	6,462	(1,669)
Other underwriting fees	1,240	1,704	(464)
Other processing fees	123	125	(2)
Training	107	205	(98)
Recruiting	109	209	(100)
Printing	484	611	(127)
Operating supplies	195	133	62
Subscriptions and dues	306	509	(203)
Postage	902	978	(76)
Telecommunications	1,118	1,071	47
Legal	498	567	(69)
Insurance	217	187	30
Travel and meals	266	488	(222)
Servicing carrier fees	481	705	(224)
Professional services	2,387	3,245	(858)
Miscellaneous	2	10	(8)
Rent - facilities	2,655	1,864	791
Rent - office equipment and furniture	204	177	27
Depreciation	1,079	926	153
Producer expense collections	(186)	(213)	27
Maintenance and repairs	278	471	(193)
Bank charges	63	63	-
Software maintenance and licensing	3,325	4,122	(797)
Computer hardware and maintenance	509	838	(329)
FMAP expense allocation	(40)	(31)	(9)
ULAE expense allocation	(15,542)	(16,538)	996
Total administrative expenses	\$ 43,218	\$ 48,743	\$ (5,525)