



2021 Risk Transfer Program

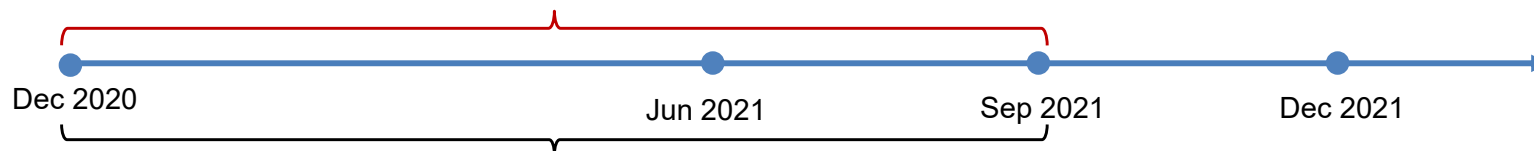
Updated Initial Conditions to September 30, 2021

December 14 & 15, 2021



Initial Conditions

- The layer charts presented in July were based on assumptions for pricing in the traditional reinsurance market projecting December 2020 data to September 2021:

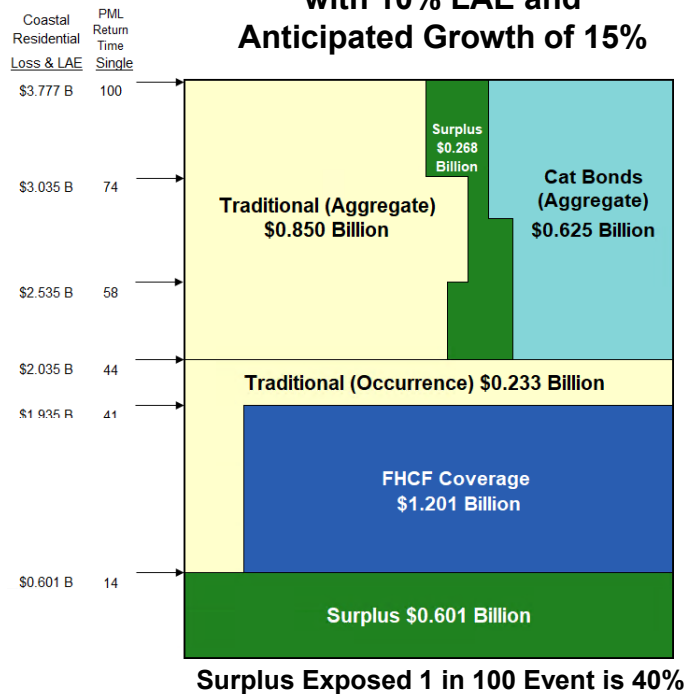


- Updated charts are based on actual September month end data
 - FHCF estimates for coverage and attachment are based on June 30th inforce policies
 - These updated charts show how the PML has grown and how reinsurance coverage has shifted down a bit exposing additional surplus at the top of the charts.
- Due to Citizens extensive growth, the PMLs are higher than expected for the program projected to 09/30/21.
- Additional growth is anticipated. As policy counts increase, PMLs will increase. This will shift the coverage layers to lower return times and expose more surplus at the top of the tower where the most severe storm scenarios exist.
- Coastal Account Surplus exposed grew from 40% to 45%; for PLA it shifted more dramatically from 65% to 80%.

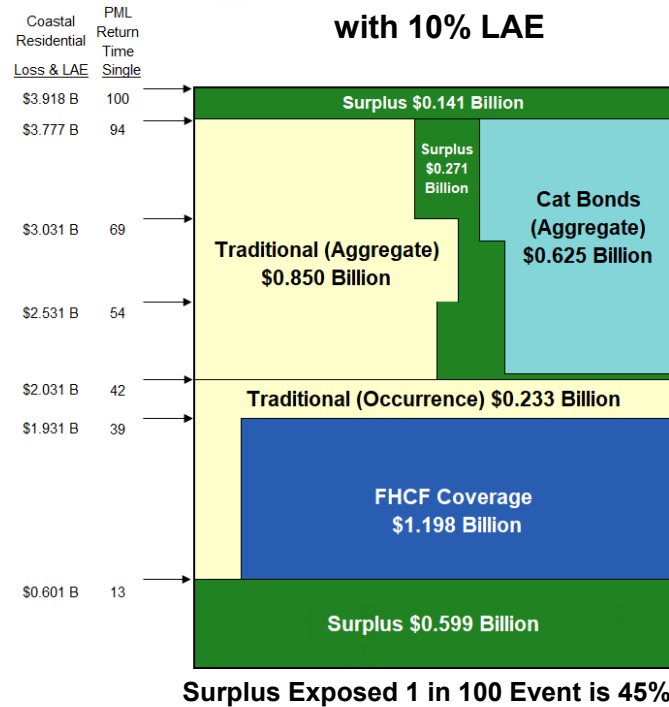
2021 Coastal Residential (Personal & Commercial)

| | 12/31/20 with Projected Growth to 09/30/21 | Actual 09/30/21 | Difference |
|--------------------------|--|-----------------|-------------|
| Policy Count | 156 K | 160 K | 3 K |
| Total Insured Value | \$51.4 B | \$55.3 B | \$3.9 B |
| 1 in 100 PML | \$3.777 B | \$3.918 B | \$0.104 B |
| FHCF Attachment | \$0.601 B | \$0.599 B | (\$0.001 B) |
| FHCF Coverage | \$1.201 B | \$1.198 B | (\$0.002 B) |
| 1 in 100 Surplus Exposed | \$0.868 B | \$1.011 B | \$0.143 B |

12/31/20 PMLs with 10% LAE and Anticipated Growth of 15%



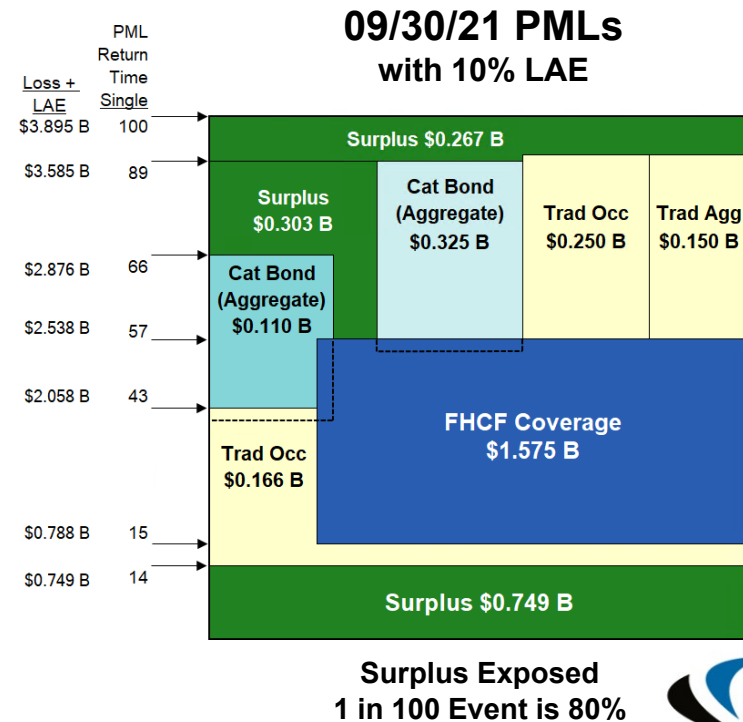
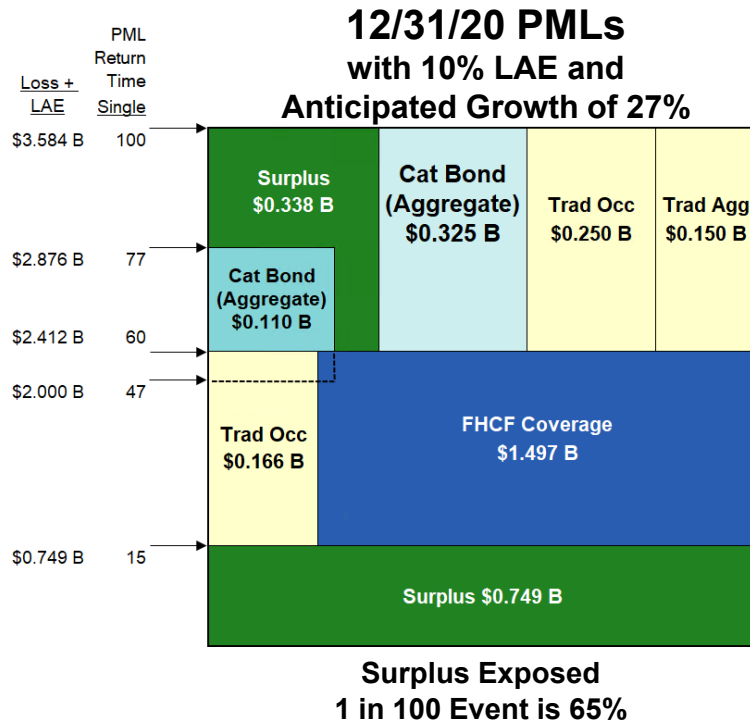
09/30/21 PMLs with 10% LAE



Not drawn to scale; values may not add due to rounding

2021 PLA

| | 12/31/20 with Projected Growth to 09/30/21 | Actual 09/30/21 | Difference |
|--------------------------|--|-----------------|------------|
| Policy Count | 514 K | 546 K | 32 K |
| Total Insured Value | \$127.1 B | \$150.6 B | \$23.5 B |
| 1 in 100 PML | \$3.584 B | \$3.895 B | \$0.311 B |
| FHCF Attachment | \$0.749 B | \$0.788 B | \$0.039 B |
| FHCF Coverage | \$1.497 B | \$1.575 B | \$0.079 B |
| 1 in 100 Surplus Exposed | \$1.086 B | \$1.319 B | \$0.232 B |



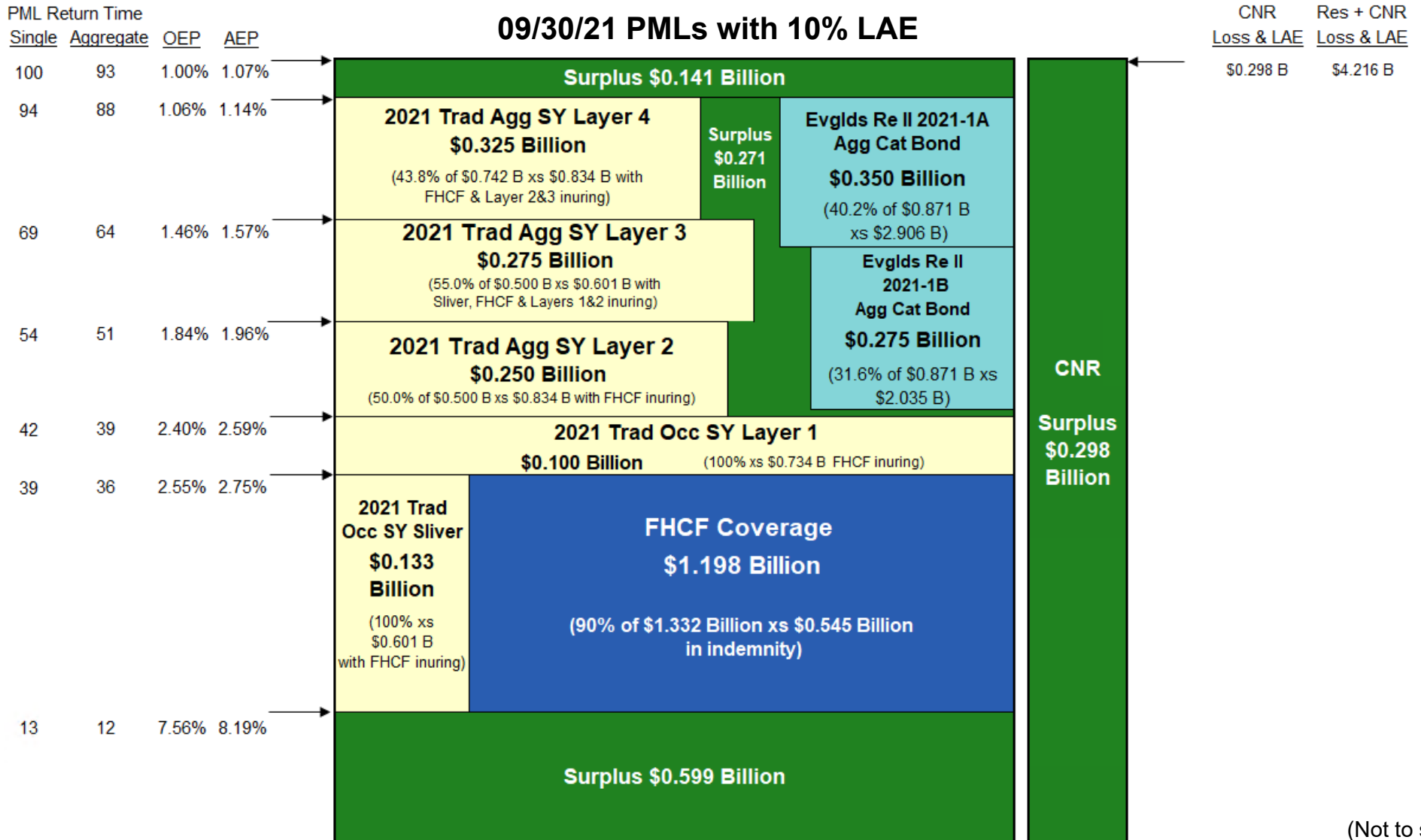
Not drawn to scale; values may not add due to rounding

Appendix:

2021 Layer Charts using 09/30/21 PMLs

2021 Coastal Account Layer Chart

Residential (Personal & Commercial) and Commercial Non-Residential (CNR)

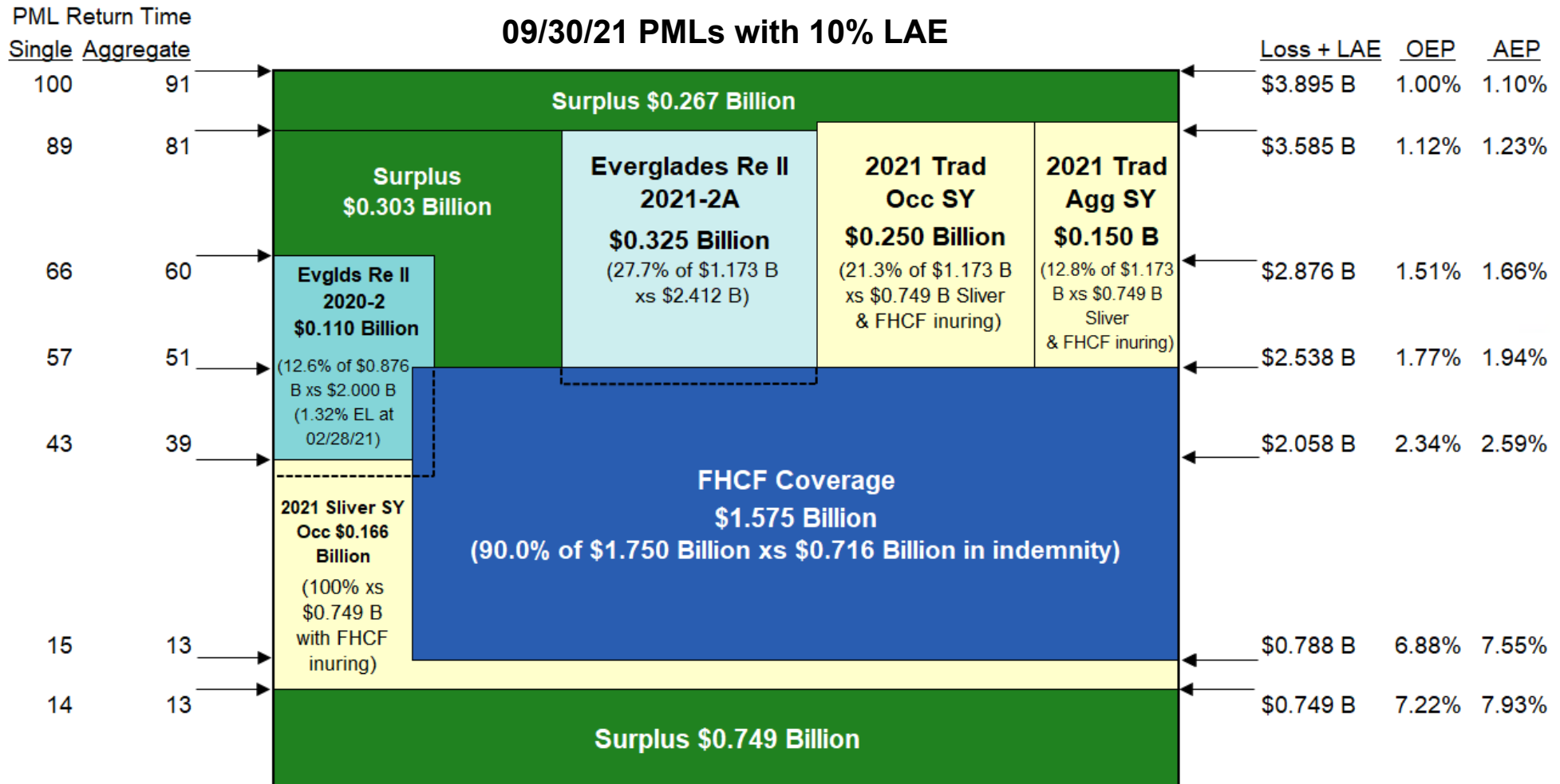


(Not to scale)

Approximately 45% of Coastal Account surplus is exposed in a 1-in-100 year event. Surplus remaining after a 1-in-100 year storm is projected to fund a 1-in-29 year event, additional LAEs, or multiple smaller storms in this or subsequent years.

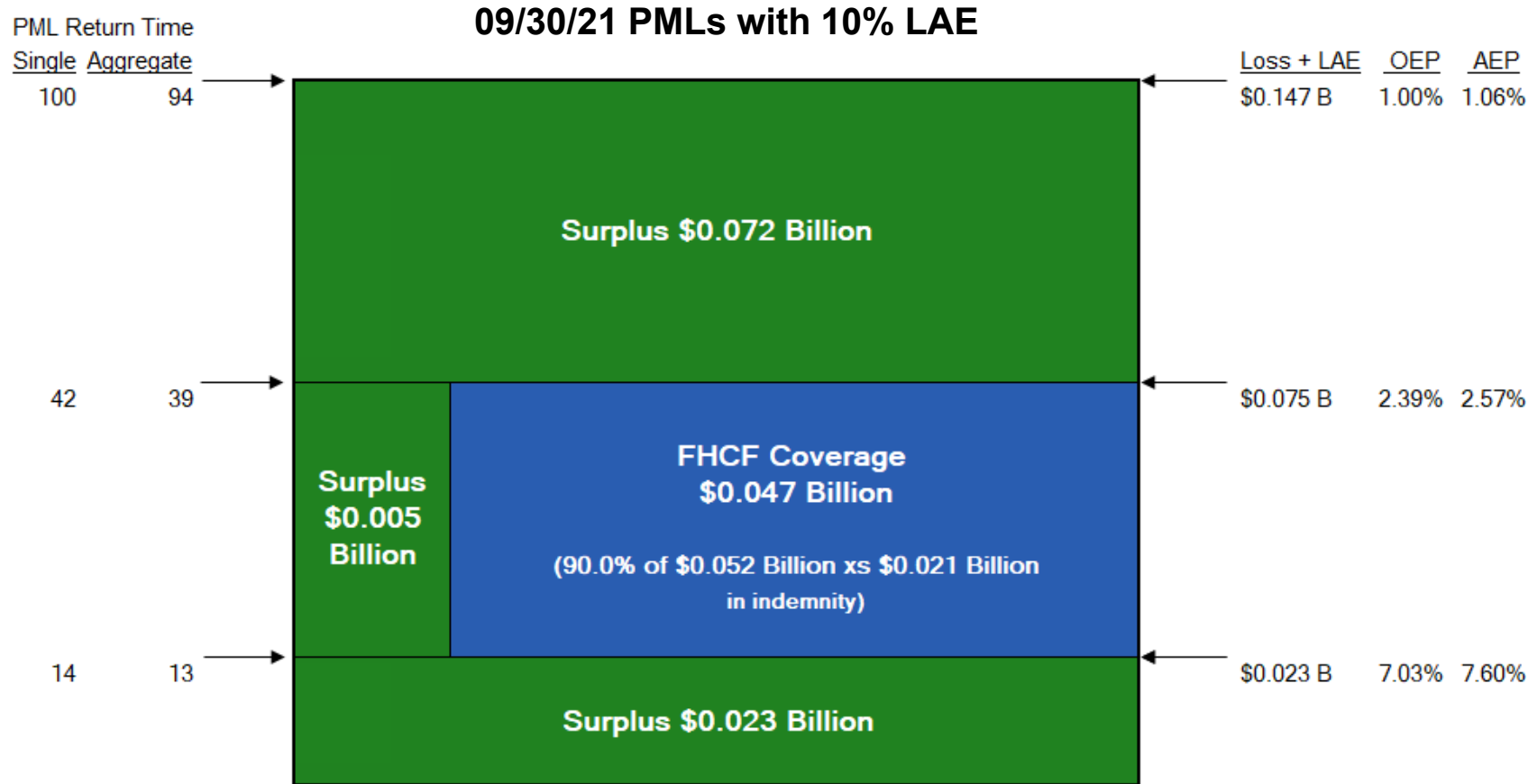


2021 PLA Layer Chart



Approximately 80% of PLA surplus is exposed in a 1-in-100 year event. Surplus remaining after a 1-in-100 year storm is projected to fund a 1-in-9 year event, additional LAEs, or multiple smaller storms in this or subsequent years.

2021 CLA Layer Chart



Approximately 5% of CLA surplus is exposed in a 1-in-100 year event.

(Not to scale)



Notes and Assumptions

2021-2022 Storm Season

ASSUMPTIONS

- Citizens' 2021 Budgeted DWP \$1,379 Million
- Citizens' Policyholder Surcharge Maximum % Per Account 15%
- 2020 Regular Assessment Base \$54.8 Billion
- Regular Assessment Maximum % Per Account 2% for Coastal; 0% for PLA/CLA
- 2020 Emergency Assessment Base \$56.0 Billion
- PMLs are based on modeled losses as of September 30, 2021, per AIR Hurricane Model for the United States Version 17.0.1 as implemented in Touchstone Version 7.3.0. All 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).
- Interim Return Periods are derived by linear interpolation between 5-year intervals
- 2021 Projected Surplus = unaudited 2020 surplus + 2021 budgeted net income + adjustment for reinsurance cost
- FHCF pays 10% of reimbursed loss for loss adjustment expense
- Citizens' 2021 FHCF coverage is based on preliminary retention and coverage estimates. 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 the Residential portion of the Coastal Account may not be a 100-year PML event for PLA/CLA nor for the Non-Residential portion of the Coastal Account. 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
- 3) Non-residential exposure: Commercial non-residential (CNR) exposures in the CLA and Coastal Account are not reinsured by FHCF. Coastal CNR losses are shown in a stand-alone chart and correspond to the actual CNR's PML and return periods. CNR is a small portion of the CLA Account 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.