

June 2016



**Financial Report
and Summary of
Financial Results**

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CITIZENS PROPERTY INSURANCE CORPORATION
SUMMARY OF FINANCIAL RESULTS - COMBINED (UNAUDITED)

June 30, 2016

(000's omitted)

	COMBINED			VARIANCE	
	ACTUAL	BUDGET	PRIOR	BUDGET	ANNUAL
Direct written premiums	\$ 529,276	\$ 492,556	\$ 689,307	\$ 36,720	\$ (160,031)
Ceded written premiums to:					
Depopulation	(20,723)	(42,243)	(49,671)	21,520	28,948
FHCF	(186,299)	(165,500)	(248,000)	(20,799)	61,701
Private reinsurers	(181,399)	(204,000)	(301,474)	22,601	120,075
Net written premiums	140,855	80,813	90,162	60,042	50,693
Net earned premiums	439,659	396,380	575,368	43,279	(135,709)
Losses incurred	136,155	112,804	160,671	23,351	(24,516)
LAE incurred	70,794	40,626	58,853	30,168	11,941
Net underwriting income	101,176	110,273	201,046	(9,097)	(99,870)
Net income (loss)	140,771	99,644	203,148	41,127	(62,377)
Cash and invested assets	12,323,060		13,149,517		(826,457)
Loss and LAE reserves	649,725		732,612		(82,887)
Ending surplus	\$ 7,568,542		\$ 7,389,692		\$ 178,850
Policy Data					
Policies in-force	489,138	468,263	598,646	20,875	(109,508)
Policies serviced	553,902		772,369		(218,467)
Financial Ratios					
Net Loss Ratio	31%	28%	28%	3%	3%
Net LAE Ratio	16%	10%	10%	6%	6%
Expense Ratio (based on DWP)	25%	27%	22%	-2%	3%
Combined Ratio	72%	65%	60%	7%	12%
Direct Loss Ratio (PLA only)	44%		44%		0%
Direct Loss Ratio (sinkhole)	17%		145%		-128%
Direct Loss Ratio (ex-sinkhole)	45%		39%		6%

CITIZENS PROPERTY INSURANCE CORPORATION
SUMMARY OF FINANCIAL RESULTS - BY ACCOUNT (UNAUDITED)
 June 30, 2016
 (000's omitted)

	PLA			CLA			COASTAL		
	ACTUAL	BUDGET	PRIOR	ACTUAL	BUDGET	PRIOR	ACTUAL	BUDGET	PRIOR
Direct written premiums	\$ 246,458	\$ 193,696	\$ 289,654	\$ 22,889	\$ 30,666	\$ 38,925	\$ 259,929	\$ 268,194	\$ 360,728
Ceded written premiums to:									
Depopulation	(4,396)	(23,448)	(35,034)	(133)	(1,741)	(4,087)	(16,194)	(17,054)	(10,550)
FHCF	(56,300)	(50,000)	(58,628)	(10,600)	(11,500)	(22,372)	(119,399)	(104,000)	(167,000)
Private reinsurers	-	-	-	-	-	-	(181,399)	(204,000)	(301,474)
Net written premiums	185,762	120,248	195,992	12,156	17,425	12,466	(57,063)	(56,860)	(118,296)
Net earned premiums	216,317	185,786	264,528	22,385	21,219	38,379	200,957	189,375	272,460
Losses incurred	100,044	89,380	120,500	1,220	2,744	5,509	34,891	20,680	34,662
LAE incurred	48,304	28,351	38,393	1,055	1,151	2,570	21,435	11,124	17,890
Net underwriting income	7,948	16,301	39,450	13,550	8,780	20,697	79,678	85,192	140,900
Net income (loss)	33,227	25,189	53,650	27,488	10,728	30,315	80,056	63,727	119,183
Cash and invested assets	4,001,086		4,095,360	1,928,015		1,932,664	6,393,959		7,121,494
Loss and LAE reserves	425,696		496,856	105,513		115,901	118,516		119,855
Ending surplus	\$ 2,505,745		\$ 2,472,909	\$ 1,668,854		\$ 1,641,382	\$ 3,393,943		\$ 3,275,401
Policy Data									
Policies in-force	303,962	269,687	334,836	2,597	3,084	4,081	182,579	195,492	259,729
Policies serviced	333,092		458,942	2,965		5,141	217,845		308,286
Financial Ratios									
Net Loss Ratio	46%	48%	46%	5%	13%	14%	17%	11%	13%
Net LAE Ratio	22%	15%	15%	5%	5%	7%	11%	6%	7%
Expense Ratio (based on DWP)	24%	27%	23%	29%	28%	25%	25%	27%	22%
Combined Ratio	92%	90%	84%	39%	46%	46%	53%	44%	42%

CITIZENS PROPERTY INSURANCE CORPORATION
 COMBINED STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND ACCUMULATED SURPLUS - STATUTORY BASIS (UNAUDITED)
 As of June 30, 2016 and December 31, 2015
 (000's omitted)

	June 30, 2016	December 31, 2015
Admitted assets		
Bonds	\$ 11,216,111	\$ 11,484,293
Cash, cash equivalents and short-term investments	1,106,949	1,665,224
Total cash and invested assets	<u>12,323,060</u>	<u>13,149,517</u>
Investment income due and accrued	76,338	74,733
Premiums receivable, net	89,516	89,889
Reinsurance recoverable on paid losses and LAE	1,216	2,607
Premiums due from assuming companies	3,420	32,436
Assessments receivable	2,059	3,330
Other admitted assets	42,407	10,486
Total admitted assets	<u>12,538,016</u>	<u>13,362,998</u>

CITIZENS PROPERTY INSURANCE CORPORATION
 COMBINED STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND ACCUMULATED SURPLUS - STATUTORY BASIS (UNAUDITED)
 As of June 30, 2016 and December 31, 2015
 (000's omitted)

	June 30, 2016	December 31, 2015
Liabilities and accumulated surplus		
Liabilities:		
Net loss reserves	\$ 447,599	\$ 522,740
Net loss adjustment expense reserves	202,126	209,872
Retroactive reinsurance ceded	(1,434)	(1,434)
Reinsurance premiums payable	335,938	107,247
Net unearned premiums	214,533	513,336
Unearned assessment income	-	-
Taxes and fees payable	(51)	2
Commissions payable	6,149	5,942
Provision for reinsurance	11	11
Bonds payable	3,376,768	4,318,932
Interest payable	12,634	16,592
Advance premiums and suspended cash	37,839	32,248
Accounts payable and accrued expenses	31,952	29,498
Escheat liability	34,307	39,640
Other liabilities	271,103	178,680
Total liabilities	<u>4,969,474</u>	<u>5,973,306</u>
Accumulated surplus:		
Restricted	9,479	20,951
Unrestricted	7,559,063	7,368,741
Total accumulated surplus	<u>7,568,542</u>	<u>7,389,692</u>
Total liabilities and accumulated surplus	<u>\$ 12,538,016</u>	<u>\$ 13,362,998</u>

CITIZENS PROPERTY INSURANCE CORPORATION
 STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND ACCUMULATED SURPLUS - STATUTORY BASIS (UNAUDITED)
 As of June 30, 2016
 (000's omitted)

Admitted assets	June 30, 2016		
	PLA	CLA	COASTAL
Bonds	\$ 3,681,671	\$ 1,834,558	\$ 5,699,882
Cash, cash equivalents and short-term investments	319,415	93,457	694,077
Total cash and invested assets	4,001,086	1,928,015	6,393,959
Investment income due and accrued	22,699	9,263	44,376
Premiums receivable, net	40,830	2,299	46,387
Reinsurance recoverable on paid losses and LAE	1,206	-	10
Premiums due from assuming companies	2,158	177	1,085
Assessments receivable	2,409	(43)	(307)
Other admitted assets	35,924	15,487	(9,004)
Total admitted assets	\$ 4,106,312	\$ 1,955,198	\$ 6,476,506

CITIZENS PROPERTY INSURANCE CORPORATION
 STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND ACCUMULATED SURPLUS - STATUTORY BASIS (UNAUDITED)
 As of June 30, 2016
 (000's omitted)

Liabilities and accumulated surplus	June 30, 2016		
	PLA	CLA	COASTAL
Liabilities:			
Net loss reserves	\$ 285,542	\$ 82,457	\$ 79,600
Net loss adjustment expense reserves	140,154	23,056	38,916
Retroactive reinsurance ceded	(1,316)	-	(118)
Reinsurance premiums payable	56,300	10,600	269,038
Net unearned premiums	198,904	14,032	1,597
Unearned assessment income	-	-	-
Taxes and fees payable	(231)	93	87
Commissions payable	2,374	505	3,270
Provision for reinsurance	-	-	11
Bonds payable	816,694	128,992	2,431,082
Interest payable	3,233	511	8,890
Advance premiums and suspended cash	16,458	1,470	19,911
Accounts payable and accrued expenses	28,790	1,510	1,652
Escheat liability	25,454	222	8,631
Other liabilities	28,211	22,896	219,996
Total liabilities	1,600,567	286,344	3,082,563
Accumulated surplus:			
Restricted	-	-	9,479
Unrestricted	2,505,745	1,668,854	3,384,464
Total accumulated surplus	2,505,745	1,668,854	3,393,943
Total liabilities and accumulated surplus	\$ 4,106,312	\$ 1,955,198	\$ 6,476,506

CITIZENS PROPERTY INSURANCE CORPORATION
 COMBINED STATEMENTS OF INCOME - STATUTORY BASIS (UNAUDITED)
 For the Quarter Ended June 30, 2016 and 2015
 (000's omitted)

	6 Months Ended June 30,	
	2016	2015
Direct premiums earned	\$ 585,996	\$ 933,848
Ceded premiums earned	(146,337)	(358,481)
Net premiums earned	439,659	575,367
Net losses incurred	136,155	160,673
Net loss adjustment expenses incurred	70,794	58,852
Producer commissions	42,401	56,629
Taxes and assessments	10,091	12,915
Administrative expenses	79,042	85,250
Total underwriting expenses	338,483	374,319
Underwriting income (loss)	101,176	201,048
Net interest income	83,275	65,142
Net realized gain on sales	32,116	20,389
Interest expense	(77,119)	(80,044)
Net investment income (expense)	38,272	5,487
Line of credit fees and note issuance costs	-	(5,292)
Assessment income	-	19,326
Other income (expense)	1,323	(17,421)
Total other income (expense)	1,323	(3,387)
Net income (loss)	\$ 140,771	\$ 203,148

CITIZENS PROPERTY INSURANCE CORPORATION
 STATEMENTS OF INCOME - STATUTORY BASIS (UNAUDITED)
 For the Quarter Ended June 30, 2016
 (000's omitted)

	6 Months Ended June 30, 2016		
	PLA	CLA	COASTAL
Direct premiums earned	\$ 261,910	\$ 27,072	\$ 297,014
Ceded premiums earned	(45,593)	(4,687)	(96,057)
Net premiums earned	216,317	22,385	200,957
Net losses incurred	100,044	1,220	34,891
Net loss adjustment expenses incurred	48,304	1,055	21,435
Producer commissions	17,551	2,449	22,401
Taxes and assessments	4,829	459	4,803
Administrative expenses	37,641	3,652	37,749
Total underwriting expenses	208,369	8,835	121,279
Underwriting income (loss)	7,948	13,550	79,678
Net interest income	28,352	13,646	41,277
Net realized gain on sales	10,345	2,386	19,385
Interest expense	(14,269)	(2,254)	(60,596)
Net investment income (expense)	24,428	13,778	66
Line of credit fees and note issuance costs	-	-	-
Assessment income	-	-	-
Other income (expense)	851	160	312
Total other income (expense)	851	160	312
Net income (loss)	\$ 33,227	\$ 27,488	\$ 80,056

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)	140,771	33,227	27,488	80,056
Change in nonadmitted assets	37,859	(548)	(16)	38,423
Change in provision for reinsurance	-	-	-	-
Change in unrealized gains/losses on securities	220	157	-	63
Change in overfunded plan asset	-	-	-	-
Change in accumulated surplus	<u>178,850</u>	<u>32,836</u>	<u>27,472</u>	<u>118,542</u>
Balance at June 30, 2016	7,568,542	2,505,745	1,668,854	3,393,943

CITIZENS PROPERTY INSURANCE CORPORATION
 COMBINED ADMINISTRATIVE EXPENSE DETAIL (UNAUDITED)
 For the Quarter Ended June 30, 2016 and 2015
 (000's omitted)

	6 Months Ended June 30,	
	2016	2015
Salaries	\$ 51,208	\$ 51,784
Employee benefits	10,745	10,282
Payroll taxes	3,445	3,714
Contingent staffing	9,951	4,022
Other underwriting fees	2,597	3,168
Other processing fees	241	265
Training	260	222
Recruiting	272	1,656
Printing	1,042	1,432
Operating supplies	268	204
Subscriptions and dues	623	609
Postage	1,587	2,106
Telecommunications	2,298	1,735
Legal	783	1,019
Insurance	432	396
Travel and meals	593	789
Servicing carrier fees	945	1,468
Professional services	4,704	4,817
Miscellaneous	55	4
Rent - facilities	4,661	3,930
Rent - office equipment and furniture	381	385
Depreciation	2,160	2,943
Producer expense collections	(259)	(308)
Maintenance and repairs	582	886
Bank charges	117	131
Software maintenance and licensing	6,860	6,721
Computer hardware and maintenance	789	1,256
FMAP expense allocation	43	(57)
ULAE expense allocation	(28,340)	(20,327)
Total administrative expenses	\$ 79,043	\$ 85,252

CITIZENS PROPERTY INSURANCE CORPORATION
ADMINISTRATIVE EXPENSE DETAIL (UNAUDITED)
For the Quarter Ended June 30, 2016
(000's omitted)

	6 Months Ended June 30, 2016		
	PLA	CLA	COASTAL
Salaries	\$ 24,538	\$ 2,089	\$ 24,581
Employee benefits	5,127	435	5,183
Payroll taxes	1,654	137	1,654
Contingent staffing	7,204	395	2,352
Other underwriting fees	1,363	99	1,135
Other processing fees	-	210	31
Training	129	9	122
Recruiting	135	9	128
Printing	824	2	216
Operating supplies	132	9	127
Subscriptions and dues	308	21	294
Postage	1,225	6	356
Telecommunications	1,134	76	1,088
Legal	396	27	360
Insurance	213	15	204
Travel and meals	284	24	285
Servicing carrier fees	596	-	349
Professional services	2,060	507	2,137
Miscellaneous	29	2	24
Rent - facilities	2,108	170	2,383
Rent - office equipment and furniture	381	-	-
Depreciation	1,067	73	1,020
Producer expense collections	(122)	(6)	(131)
Maintenance and repairs	286	21	275
Bank charges	71	11	35
Software maintenance and licensing	3,087	260	3,513
Computer hardware and maintenance	389	28	372
FMAP expense allocation	(7)	3	47
ULAE expense allocation	(16,971)	(979)	(10,390)
Total administrative expenses	<u>\$ 37,640</u>	<u>\$ 3,653</u>	<u>\$ 37,750</u>

CITIZENS PROPERTY INSURANCE CORPORATION
RECONCILIATION OF NET POSITION AND NET INCOME - STAT to GAAP (UNAUDITED)
As of June 30, 2016
(000's omitted)

	COMBINED	PLA	CLA	COASTAL
Net income (loss) - STAT basis	\$ 140,771	\$ 33,227	\$ 27,488	\$ 80,056
Adjustments:				
Change in allowance for premiums receivable	176	21	(15)	170
Change in 2012 FIGA assessment receivable	1,271	695	23	553
Change in unrealized gain (loss) on investments	144,517	60,319	33,383	50,815
Net income (loss) - GAAP basis	<u>\$ 286,735</u>	<u>\$ 94,262</u>	<u>\$ 60,879</u>	<u>\$ 131,594</u>
Accumulated surplus - STAT basis	7,568,542	2,505,745	1,668,854	3,393,943
Adjustments:				
2012 FIGA assessment income change	(2,059)	(2,409)	43	307
Unrealized gain (loss) on investments	171,940	61,856	28,935	81,149
Non-admitted asset balances	15,329	14,980	46	303
Provision for reinsurance	11	-	-	11
Net position - GAAP basis	<u>\$ 7,753,763</u>	<u>\$ 2,580,172</u>	<u>\$ 1,697,878</u>	<u>\$ 3,475,713</u>

CITIZENS PROPERTY INSURANCE CORPORATION
 ADJUSTED NET POSITION PER 16(K) OF THE PLAN OF OPERATION (UNAUDITED)
 As of June 30, 2016
 (000's omitted)

	COMBINED	PLA	CLA	COASTAL
Net position - GAAP basis	\$ 7,753,763	\$ 2,580,172	\$ 1,697,878	\$ 3,475,713
Net assets related to pre-event notes	(250,027)	(23,575)	(3,724)	(222,728)
Restricted cash - FLSO	(9,479)	-	-	(9,479)
Adjusted surplus per 16(K) of the Plan of Operation	<u>\$ 7,494,257</u>	<u>\$ 2,556,597</u>	<u>\$ 1,694,154</u>	<u>\$ 3,243,506</u>

CITIZENS PROPERTY INSURANCE CORPORATION
 COMBINED STATEMENTS OF INCOME - BUDGET to ACTUAL (UNAUDITED)
 For the Quarter Ended June 30, 2016
 (000's omitted)

	6 Months Ended June 30, 2016		
	Actual	Budget	Variance
Direct premiums earned	\$ 585,996	\$ 592,230	\$ (6,234)
Ceded premiums earned	(146,337)	(195,850)	49,513
Net premiums earned	<u>439,659</u>	<u>396,380</u>	<u>43,279</u>
Net losses incurred	136,155	112,804	23,351
Net loss adjustment expenses incurred	70,794	40,626	30,168
Producer commissions	42,401	40,510	1,891
Taxes and assessments	10,091	7,278	2,813
Administrative expenses	79,042	84,889	(5,847)
Total underwriting expenses	<u>338,483</u>	<u>286,107</u>	<u>52,376</u>
Underwriting income (loss)	101,176	110,273	(9,097)
Net investment income	115,391	75,226	40,165
Interest expense	(77,119)	(76,929)	(190)
Net investment income (expense)	<u>38,272</u>	<u>(1,703)</u>	<u>39,975</u>
Line of credit fees and note issuance costs	-	(10,584)	10,584
Assessment income	-	-	-
Other income (expense)	1,323	1,658	(335)
Total other income (expense)	<u>1,323</u>	<u>(8,926)</u>	<u>10,249</u>
Net income (loss)	<u>\$ 140,771</u>	<u>\$ 99,644</u>	<u>\$ 41,127</u>

CITIZENS PROPERTY INSURANCE CORPORATION
 STATEMENTS OF INCOME - BUDGET to ACTUAL (UNAUDITED)
 For the Quarter Ended June 30, 2016
 (000's omitted)

	6 Months Ended June 30, 2016					
	PLA		CLA		COASTAL	
	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET
Direct premiums earned	\$ 261,910	\$ 259,161	\$ 27,072	\$ 30,294	\$ 297,014	\$ 302,775
Ceded premiums earned	(45,593)	(73,375)	(4,687)	(9,075)	(96,057)	(113,400)
Net premiums earned	216,317	185,786	22,385	21,219	200,957	189,375
Net losses incurred	100,044	89,380	1,220	2,744	34,891	20,680
Net loss adjustment expenses incurred	48,304	28,351	1,055	1,151	21,435	11,124
Producer commissions	17,551	13,796	2,449	3,328	22,401	23,386
Taxes and assessments	4,829	3,015	459	501	4,803	3,762
Administrative expenses	37,641	34,943	3,652	4,715	37,749	45,231
Total underwriting expenses	208,369	169,485	8,835	12,439	121,279	104,183
Underwriting income (loss)	7,948	16,301	13,550	8,780	79,678	85,192
Net investment income	38,697	27,557	16,032	9,630	60,662	38,039
Interest expense	(14,269)	(14,029)	(2,254)	(2,493)	(60,596)	(60,407)
Net investment income (expense)	24,428	13,528	13,778	7,137	66	(22,368)
Line of credit fees and note issuance costs	-	(5,292)	-	(5,292)	-	-
Assessment income	-	-	-	-	-	-
Other income (expense)	851	652	160	103	312	903
Total other income (expense)	851	(4,640)	160	(5,189)	312	903
Net income (loss)	\$ 33,227	\$ 25,189	\$ 27,488	\$ 10,728	\$ 80,056	\$ 63,727

CITIZENS PROPERTY INSURANCE CORPORATION
 COMBINED ADMINISTRATIVE EXPENSE DETAIL (UNAUDITED)
 For the Quarter Ended June 30, 2016
 (000's omitted)

	6 Months Ended June 30, 2016		
	ACTUAL	BUDGET	VARIANCE
Salaries	\$ 51,208	\$ 54,207	\$ (2,999)
Employee benefits	10,745	10,249	496
Payroll taxes	3,445	4,001	(556)
Contingent staffing	9,951	12,753	(2,802)
Other underwriting fees	2,597	3,253	(656)
Other processing fees	241	251	(10)
Training	260	448	(188)
Recruiting	272	419	(147)
Printing	1,042	1,220	(178)
Operating supplies	268	269	(1)
Subscriptions and dues	623	822	(199)
Postage	1,587	1,955	(368)
Telecommunications	2,298	2,139	159
Legal	783	1,134	(351)
Insurance	432	385	47
Travel and meals	593	987	(394)
Servicing carrier fees	945	1,409	(464)
Professional services	4,704	6,516	(1,812)
Miscellaneous	55	21	34
Rent - facilities	4,661	3,366	1,295
Rent - office equipment and furniture	381	346	35
Depreciation	2,160	1,891	269
Producer expense collections	(259)	(425)	166
Maintenance and repairs	582	811	(229)
Bank charges	117	125	(8)
Software maintenance and licensing	6,860	7,864	(1,004)
Computer hardware and maintenance	789	1,613	(824)
FMAP expense allocation	43	(61)	104
ULAE expense allocation	(28,340)	(33,078)	4,738
Total administrative expenses	\$ 79,043	\$ 84,890	\$ (5,847)