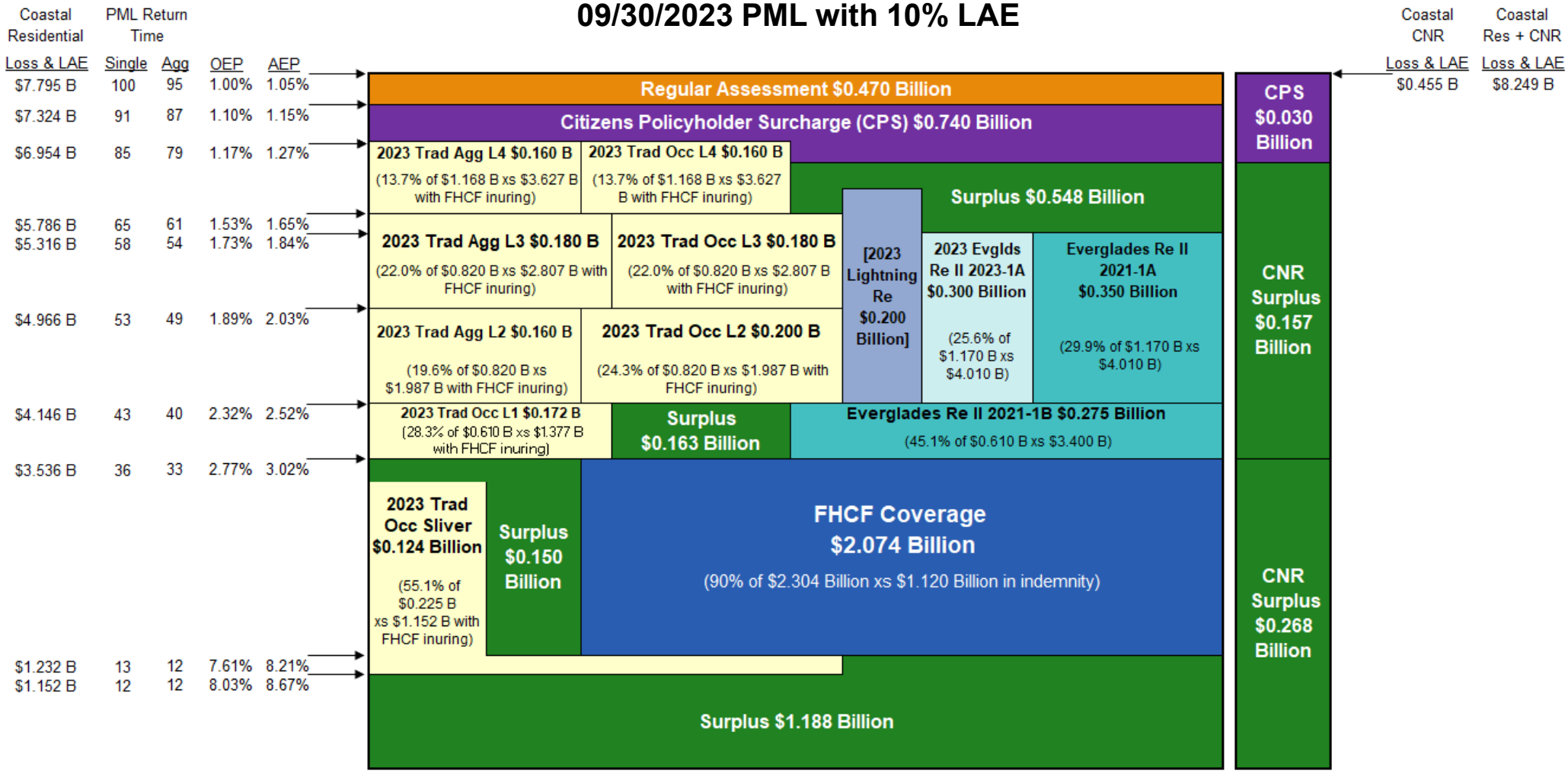
2023 and 2024 Budget/Projected Risk Transfer Programs

December 5 & 6, 2023

CITIZENS
PROPERTY INSURANCE CORPORATION

2023 Coastal Account Layer Chart

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



Approximately 100% of Coastal Account surplus is exposed in a 1-in-100 year event.

See Notes and Assumptions (page 7)

(Not to scale)

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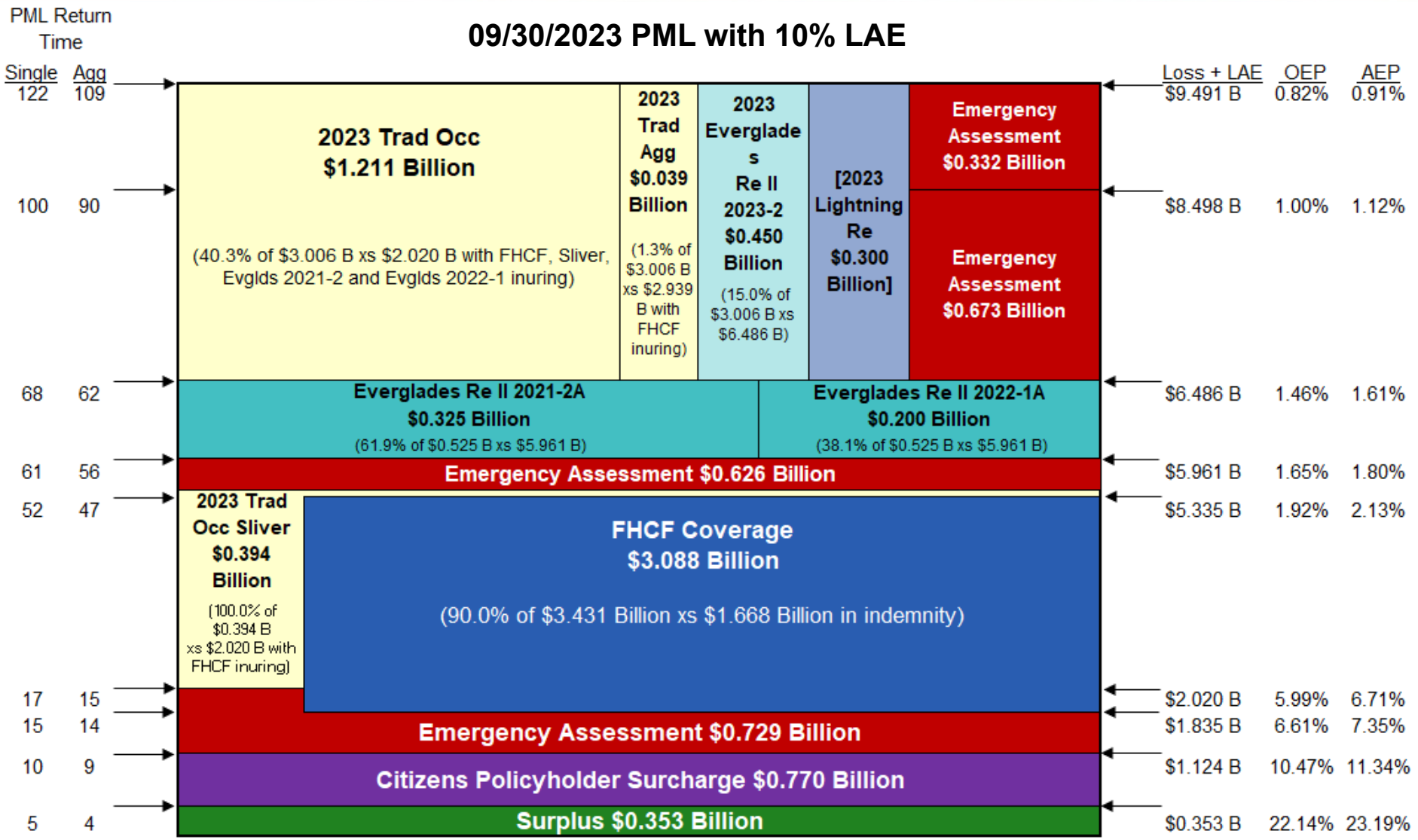
2023 PLA Layer Chart



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

See Notes and Assumptions (page 7)

(Not to scale)

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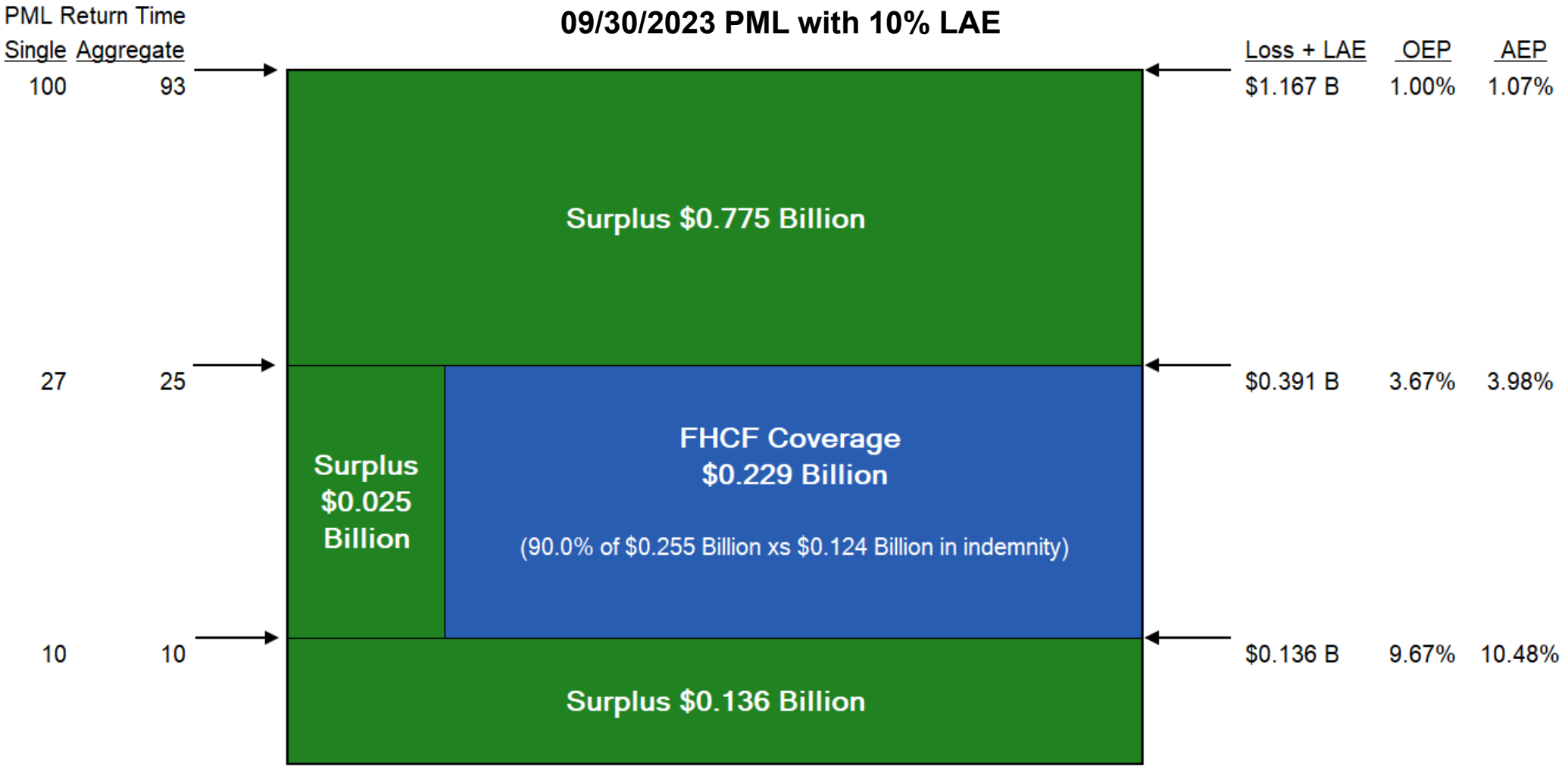
2023 CLA Layer Chart



Approximately 46% of CLA surplus is exposed in a 1-in-100 year event.

See Notes and Assumptions (page 7)

(Not to scale)

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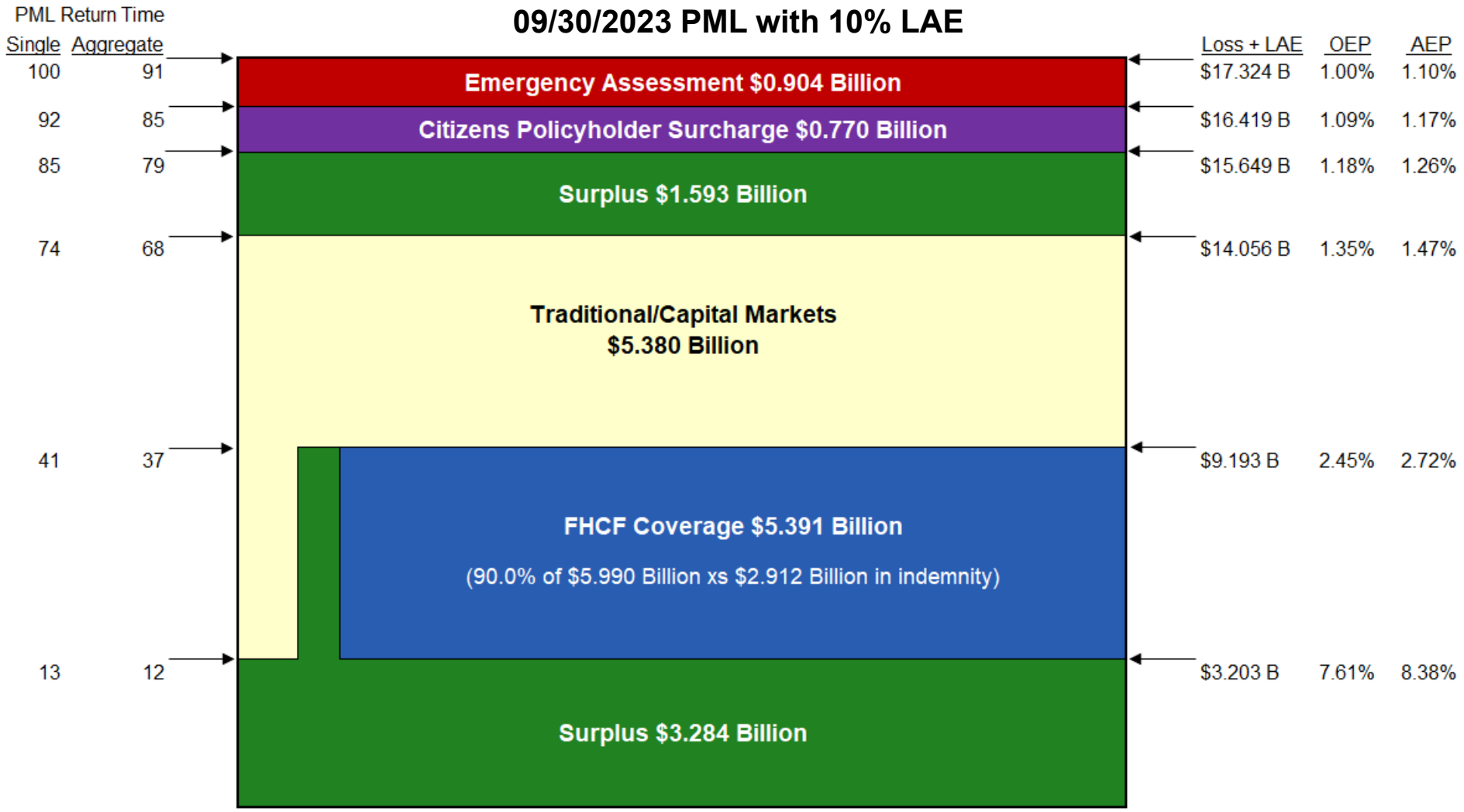
2023 Hypothetical Combined Layer Chart



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

See Notes and Assumptions (page 7)

(Not to scale)

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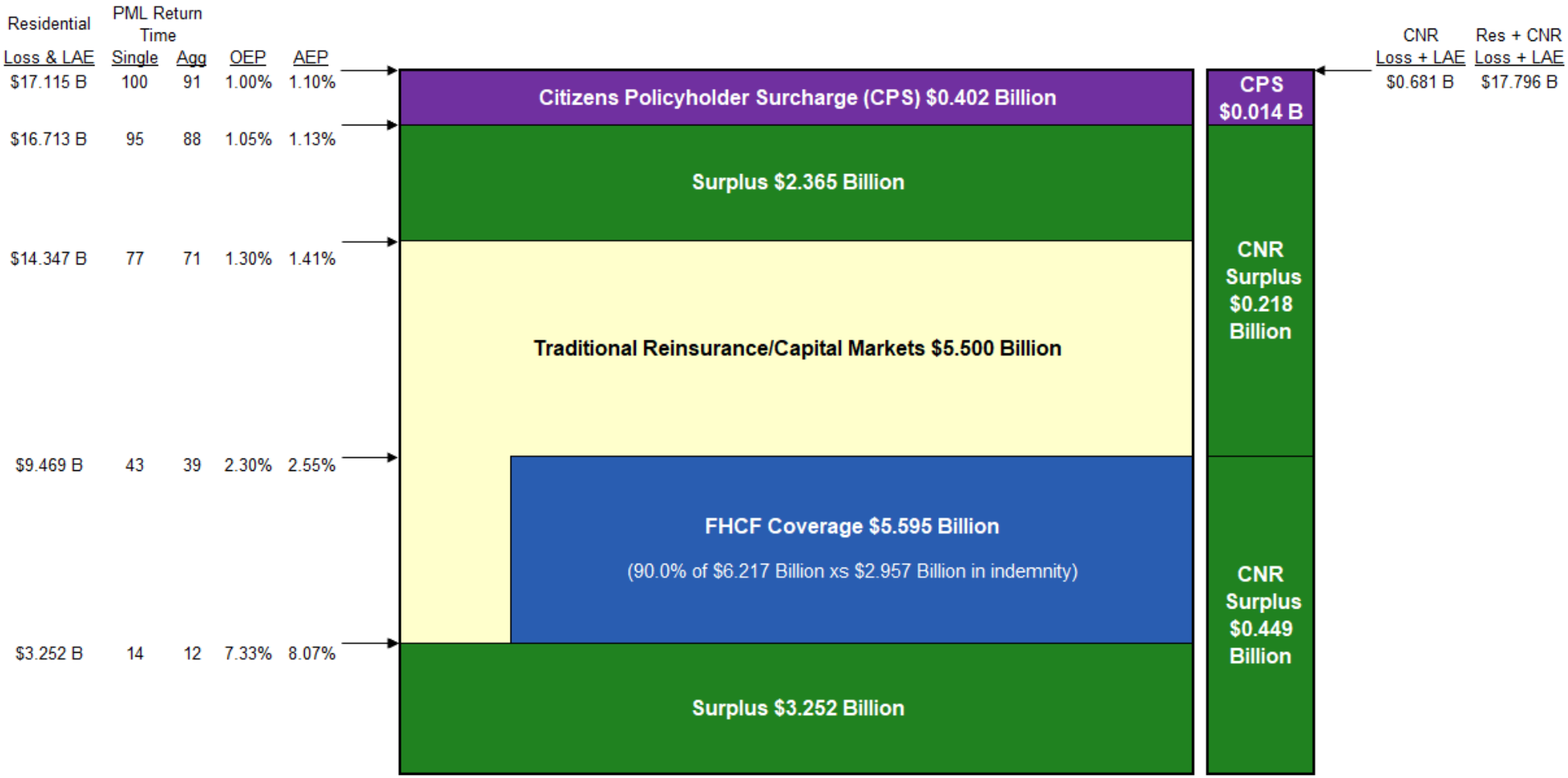
2024 Budget Projected Combined Layer Chart

09/30/2023 PML with 10% LAE and 1.6% PR/CR, 35.8% CNR Growth Adjustment



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

See Notes and Assumptions (page 7)

(Not to scale)

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Notes and Assumptions
2023-2024 Storm Season

ASSUMPTIONS

- Citizens' 2023 Budgeted DWP $5.1 Billion
- Citizens' Policyholder Surcharge Maximum % Per Account 15%
- 2022 Regular Assessment Base (based on 2021 DWP) $61.5 Billion
- Regular Assessment Maximum % Per Account 2% for Coastal; 0% for PLA/CLA
- 2022 Emergency Assessment Base (based on 2021 DWP) $63.3 Billion
- PMLs are based on modeled losses as of September 30, 2023, AIR Hurricane Model for the United States Version 1.0.0 as implemented in Touchstone (version 10.0.0). All PMLs reflect the 50K US Hurricane - Florida Regulatory Event Set 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. 2024 Budget chart uses growth adjustments of 1.6% for PR/CR and 35.8% for CNR.
- 2023 Projected Surplus = projected year end 2022 surplus + 2023 budgeted net income +/- adjustment for reinsurance cost and differences between budget and updated forecast FHCF premium
- 2024 Projected Surplus = projected year end 2023 surplus + 2024 budgeted net income
- FHCF pays 10% of reimbursed loss for loss adjustment expense
- Citizens' 2023 and projected 2024 FHCF coverage is based on preliminary retention and coverage estimates. Actual Citizens' FHCF attachment and limits of coverage could differ significantly from estimates.
- Lighting Re is an industry loss index trigger catastrophe bond based on PCS published insured residential losses in the State of Florida for Florida named storms. The fully collateralized Notes provide multi-year excess of loss protection on an annual aggregate basis across all three accounts. Estimated placement of this coverage on the layer charts is based on internal analysis. Actual attachment and exhaustion points 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.

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