Citizens Property Insurance Corporation
Financial Overview

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CITIZENS
PROPERTY INSURANCE CORPORATION

Financial Overview

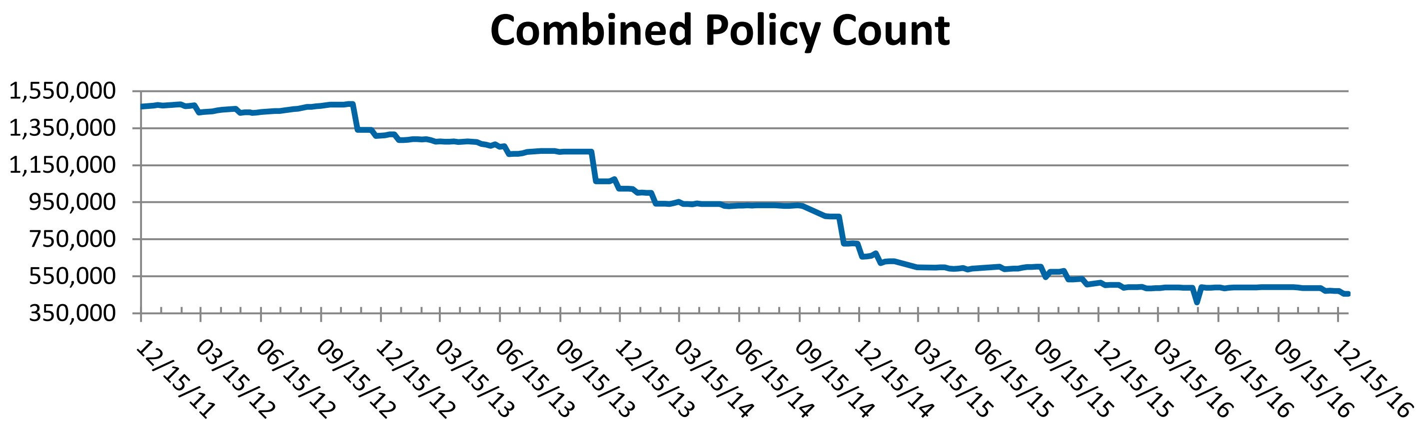
Financial Summary (in billions)	YTD Q3-2016	2015	2014	Accounts	Nov-16	Change Last Mth	Change Last Yr
Surplus[1]	$7.5	$7.4	$7.4	Total Premium Inforce	$922M	-4.9%	-13.6%
100-Yr PML[2]	$6.6	$7.8	$10.2	Average Premium - PLA	$1,508	-0.7%	-0.4%
Claims-Paying Capacity[3]	$15.8	$18.6	$18.8	Average Premium - Coastal	$2,577	-1.7%	-4.4%
Total Cash and Invested Assets	$12.3	$13.1	$13.7	Average Premium - CLA	$18,781	3.3%	4.2%

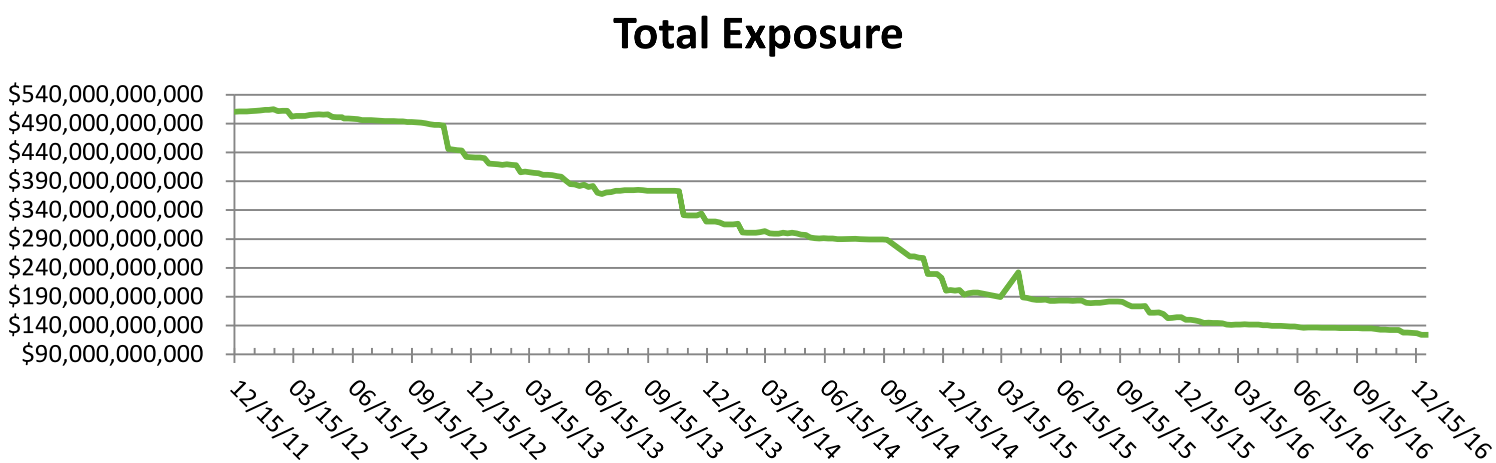
1 Accumulated Surplus is determined in accordance with Statutory Accounting Principles (SAP).

2 As of Q4-2014, Single-event occurrence Probable Maximum Loss ("PML“) includes demand surge, excludes storm surge, and does not include LAE.

3 Claims Paying Capacity consists of (1) projected year-end surplus; (2) risk transfer (including FHCF coverage); and (3) remaining principal repayments on pre-event bonds.

Policy Count and Exposure Trend





Financial Resources

Citizens has at its disposal both the traditional resources available to all property and casualty companies that conduct business in the state, as well as special assessment powers granted to Citizens by the state legislature.

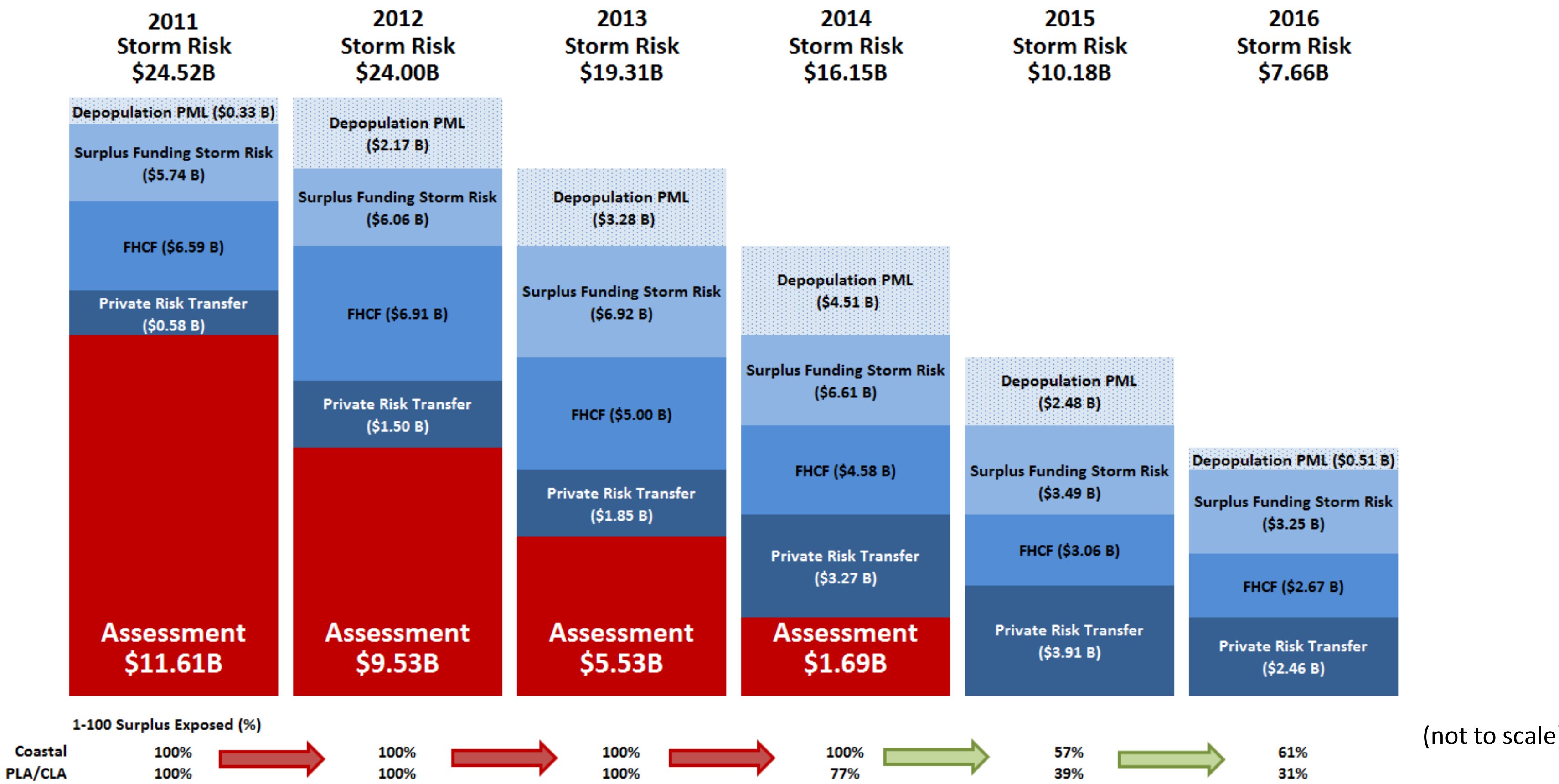
Traditional Financial Resources

- Insurance Premiums
- Investment Income
- Operating Surplus from Prior Years
- Florida Hurricane Catastrophe Fund Reimbursements
- Traditional Reinsurance and Capital Markets Risk Transfer

Unique Financial Resources

- Citizens' Policyholder Surcharges
- Regular Assessments (Coastal only)
- Emergency Assessments
- Pre-event liquidity resources (debt issuances and lines of credit which, if drawn upon, must be repaid)

Risk and Assessment Reductions



NOTES:

1. Storm Risk is as measured by 100-year probable maximum loss (PML) plus estimated loss adjustment expenses using the Florida Hurricane Catastrophe Fund (FHCF) account allocation where PLA and CLA are combined. PLA/CLA combined PMLs are added to the Coastal PMLs to be consistent for surplus distribution.
2. Surplus, Florida Hurricane Catastrophe Fund (FHCF), and Assessments are as projected at beginning of storm season. Not all PLA/CLA surplus is needed to fund storm risk in 2014. In 2015 and 2016, not all surplus in PLA/CLA and the Coastal Account is needed to fund a 1-100 year event and is available to fund a second event.
3. Not all Private Risk Transfer is needed to fund a 1-100 year event in 2015 and 2016 and is available to fund a second event.
4. Depopulation PMLs are not included in storm risk totals. 2016 Depopulation PML includes January – September depopulation.
5. PMLs from 2011-2014 use a weighted average of 1/3rd Standard Sea Surface Temperature (SSST) and 2/3rd Warm Sea Surface Temperature (WSST). 2015 and 2016 PMLs reflect only SSST event catalog.

Overview of Accounts

When Citizens was created, each of the predecessor organizations had slightly different coverage offerings and outstanding indebtedness, requiring the premium associated with each to remain aligned.

Each of the following three accounts are separate statutory accounts and have separate calculations of surplus, plan-year deficit and assessment bases. Assets in one account may not be commingled or used to fund losses in another account. The three accounts are listed below with the types of policies written in each.

Personal Lines Account (PLA)

- Personal Residential Multiperil policies, including homeowners, dwelling fire, mobile home, tenants and condominium unit owners. These policies tend to be located further inland or in non-coastal areas of the state.

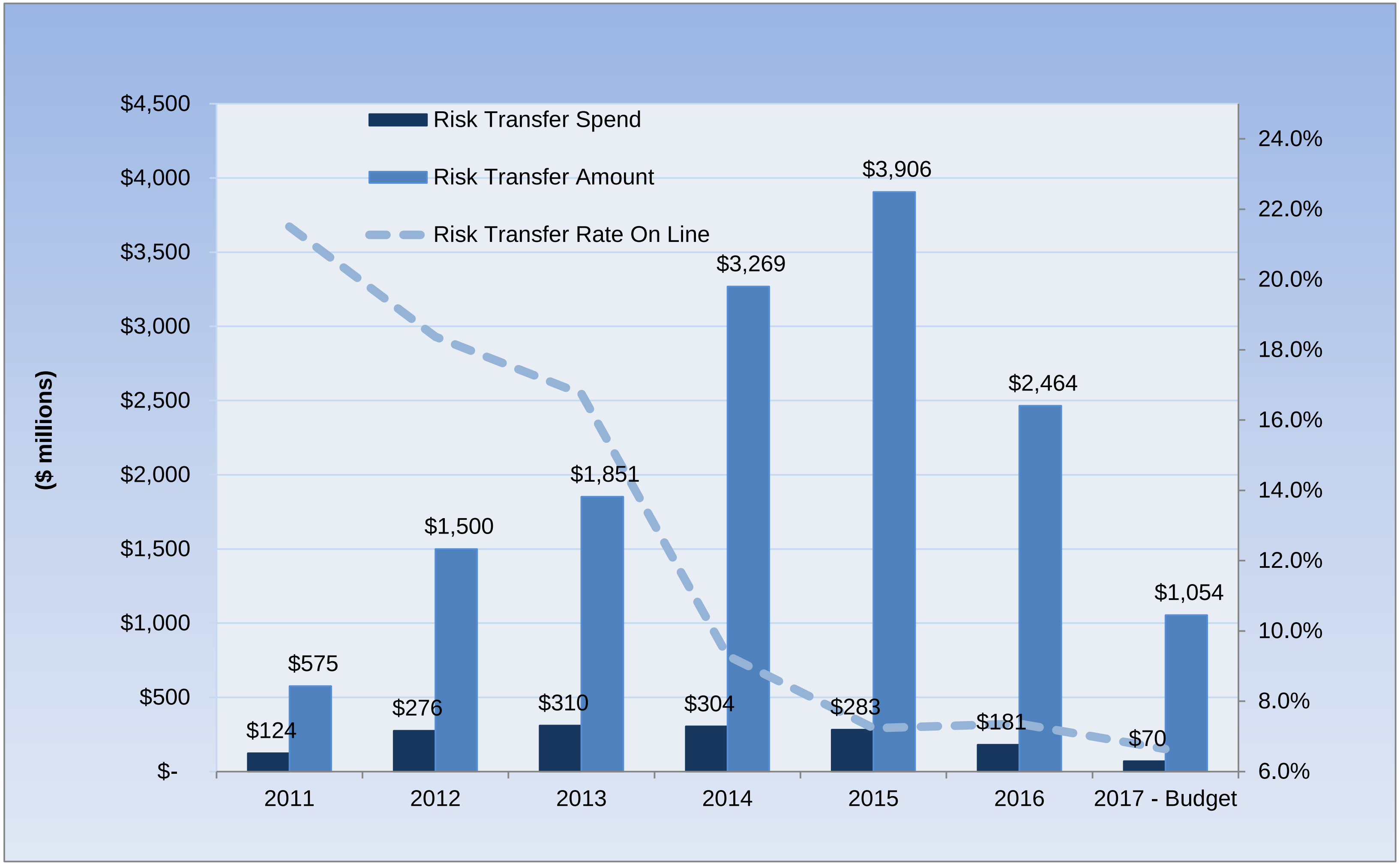
Coastal Account (Formerly High-Risk Account)

- Wind-only and multiperil policies for personal residential, commercial residential and commercial nonresidential risks located in eligible coastal high risk areas.

Commercial Lines Account (CLA)

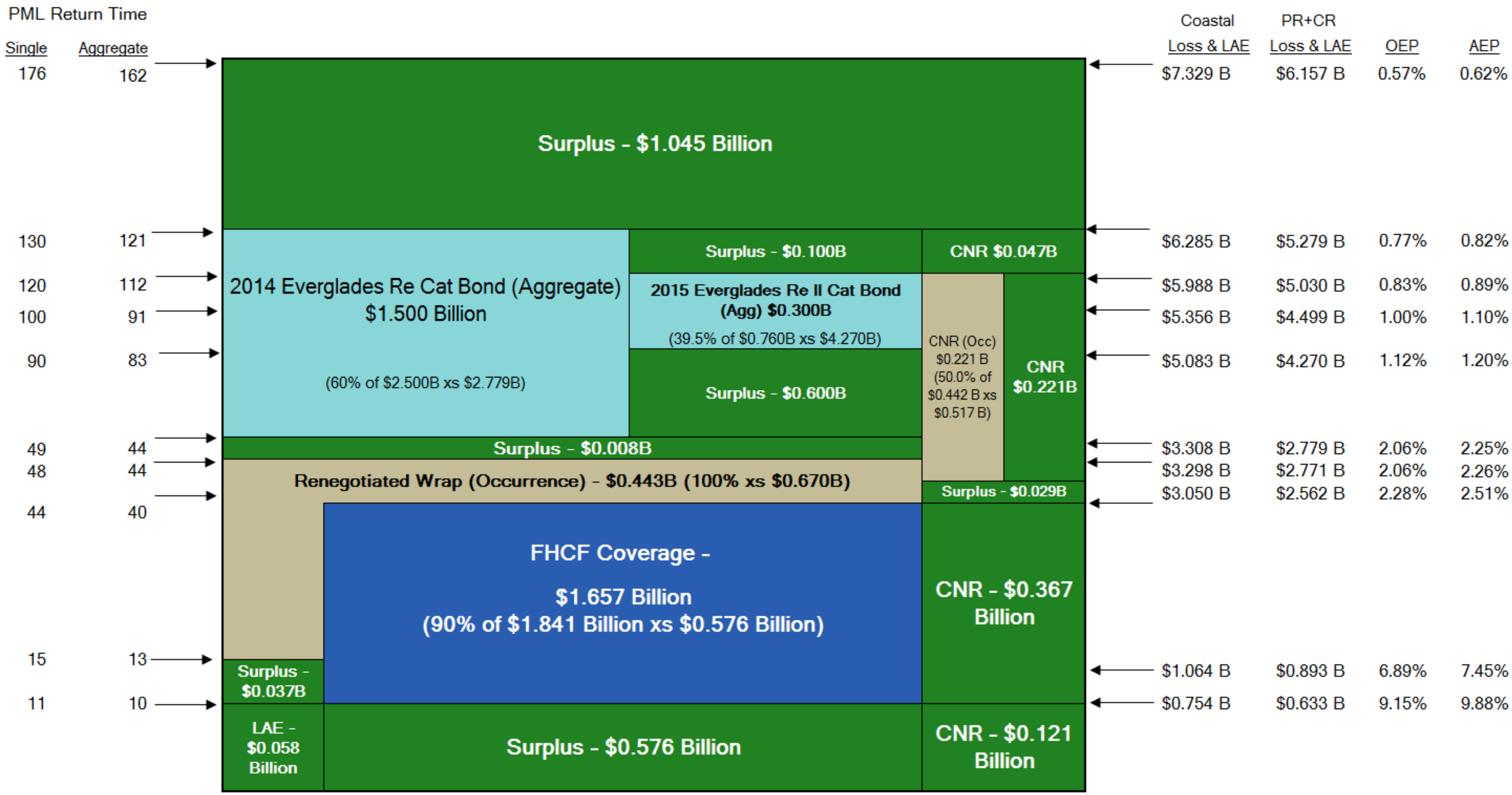
- Commercial Residential Multiperil policies, including condominium associations, apartment buildings and homeowners association policies.
- Commercial Nonresidential Multiperil (required to include wind coverage) policies (e.g., office buildings, retail, etc.) located outside of the coastal (HRA) eligible areas.

Private Risk Transfer
(2011-2017)



2016 Coastal Account Layer Chart

Single & Aggregate Event Occurrences



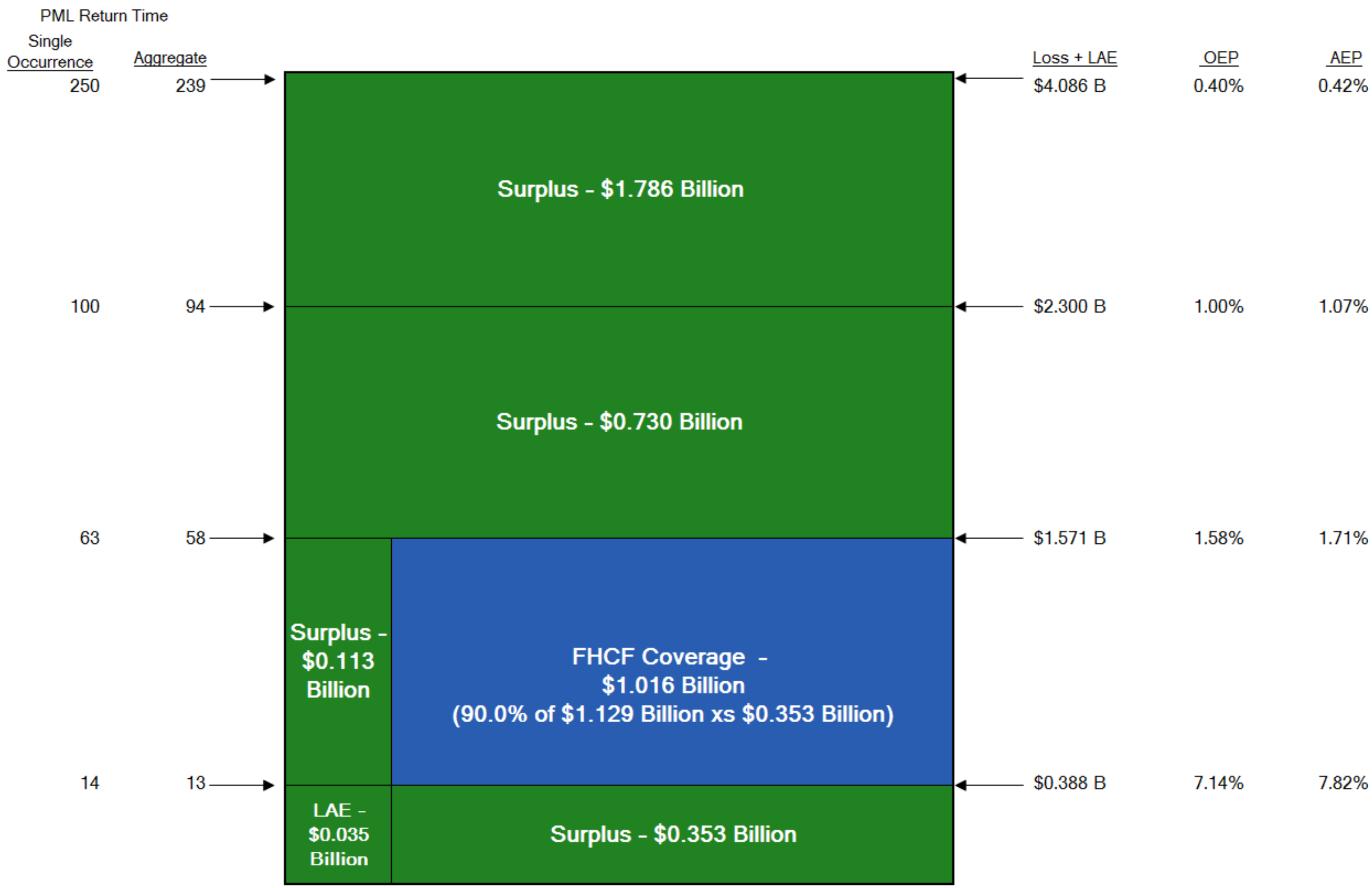
Not drawn to scale

1-100 Surplus Exposed 61%

See Notes and Assumptions

2016 PLA/CLA Layer Chart

Single & Aggregate Event Occurrences



FHCF pays a loss adjustment expense (LAE) allowance of 5% of loss. Citizens will fund any excess LAEs above FHCF reimbursement from its surplus. Citizens has allocated $54 million to fund any additional LAEs.

Not drawn to scale

See Notes and Assumptions

Notes and Assumptions
2016-2017 Storm Season

CITIZENS PROPERTY INSURANCE CORPORATION

<u>ASSUMPTIONS</u>

Citizens' 2016 Budgeted DWP	$909 Million (Coastal $488 Million; PLA/CLA $421 Million)
Citizens' Policyholder Surcharge Maximum % Per Account	15%
2016 Regular Assessment Base (projected)	$40.6 Billion
Regular Assessment Maximum % Per Account	2% for Coastal; 0% for PLA/CLA
2015 Emergency Assessment Base	$41.5 Billion

- PMLs are based on modeled losses as of June 30, 2016 per AIR Touchstone, Version 3.1.0. 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 increments.
- 2016 Projected Surplus = unaudited 2015 surplus + 2016 budgeted net income
- Citizens' 2016 FHCF coverage is based on preliminary retention estimates and payment multiples. Actual Citizens' FHCF attachment and limits of coverage could differ significantly from estimates.

<u>NOTES</u>

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) <u>Coastal PML vs. PLA/CLA PML</u>: An actual 100-year PML event in Coastal Account may not be a 100-year PML event for PLA/CLA. The relative magnitude of actual losses for Coastal and PLA/CLA will depend on the storm size and path

2) <u>Combining PLA and CLA</u>: 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. Although we show the combined accounts, there is no guarantee that they will have deficits at the same time or of similar magnitude

3) <u>Non-residential exposure</u>: Commercial non-residential (CNR) exposures in the CLA and Coastal Account are not reinsured by FHCF. Actual deficits and assessments may be significantly different than an aggregated PML would otherwise indicate. The charts include a provisional estimate for CNR losses of 16% in the Coastal Account for all return times. CNR is a negligible portion of the PLA/CLA Accounts and so is not considered in that chart

4) <u>Liquidity</u>: 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.