

SUMMARY OF FINANCIAL POSITION AND OPERATIONS

(\$000s omitted)

| | CITIZENS | | | | |
|--|--------------|---------------|--------------|----------------|--------------|
| | June 2025 | June 2024 | Budget 2025 | YOY Var | Budget Var |
| <u>Operations:</u> | | | | | |
| Direct written premium | \$ 1,501,425 | \$ 2,592,507 | \$ 2,108,807 | \$ (1,091,082) | \$ (607,382) |
| Ceded written premium: | | | | | |
| Depopulation | (403,603) | (306,891) | (274,506) | (96,712) | (129,097) |
| FHCF | (257,005) | (510,743) | (326,023) | 253,738 | 69,017 |
| Private reinsurance | (534,576) | (469,768) | (650,000) | (64,809) | 115,424 |
| Net earned premium | 1,281,314 | 1,872,703 | 1,439,333 | (591,389) | (158,019) |
| Net losses incurred | 301,520 | 492,183 | 439,655 | (190,663) | (138,135) |
| Net LAE incurred | 145,777 | 262,550 | 131,734 | (116,773) | 14,043 |
| Underwriting expenses | 180,843 | 281,007 | 231,072 | (100,164) | (50,229) |
| Administrative expenses | 91,734 | 94,454 | 106,615 | (2,720) | (14,881) |
| Net investment income | 175,841 | 171,482 | 151,385 | 4,358 | 24,455 |
| Net income (loss) | \$ 740,108 | \$ 917,988 | \$ 684,269 | \$ (177,880) | \$ 55,839 |
| <u>Assets, Liabilities and Surplus:</u> | | | | | |
| Cash and invested assets | \$ 9,851,866 | \$ 10,042,880 | (1) | \$ (191,014) | |
| Net loss reserves | 2,237,001 | 2,722,285 | (1) | (485,284) | |
| Net LAE reserves | 1,077,199 | 1,220,672 | (1) | (143,473) | |
| Net unearned premium | 689,452 | 1,664,526 | (1) | (975,074) | |
| Bonds and interest payable | - | - | (1) | - | |
| Surplus | \$ 4,919,338 | \$ 4,183,357 | (1) | \$ 735,981 | |
| <u>Policy Metrics:</u> | | | | | |
| Policies inforce | 779,552 | 1,213,495 | 856,845 | (433,943) | (77,293) |
| Policies serviced | 1,103,046 | 1,498,159 | 1,135,841 | (395,113) | (32,795) |
| <u>Cash flows:</u> | | | | | |
| Cashflow from operations | \$ (260,038) | \$ 924,241 | | \$ (1,184,279) | |
| Cashflow from investing | 604,467 | (188,590) | | 793,057 | |
| Cashflow from financing | (2,467) | (5,598) | | 3,131 | |
| <u>Operating metrics:</u> | | | | | |
| Direct loss ratio | 21.3% | 24.4% | 23.3% | -3.1% | -2.0% |
| Direct LAE ratio | 10.3% | 12.5% | 11.7% | -2.2% | -1.4% |
| Underwriting expense ratio | 12.0% | 10.8% | 11.0% | 1.2% | 1.1% |
| Administrative expense ratio | 6.1% | 3.6% | 5.1% | 2.5% | 1.1% |
| Expense ratio | 18.2% | 14.5% | 16.0% | 3.7% | 2.1% |

(1) - Balance Sheet information is presented as of December 31, 2024

CITIZENS

Six months ended

STATEMENTS OF OPERATIONS

Revenue:

| | | |
|--|----------------------|----------------------|
| Direct premiums written | \$ 1,501,424,870 | \$ 2,592,506,597 |
| Change in direct unearned premium | 528,648,153 | (48,220,340) |
| Direct earned premium | 2,030,073,023 | 2,544,286,257 |
| Ceded premiums written - Depopulation | (403,603,167) | (306,890,934) |
| Ceded premiums written - FHCF | (257,005,115) | (510,742,618) |
| Ceded premiums written - Private reinsurance | (534,576,358) | (469,767,495) |
| Change in ceded unearned premium | 446,425,773 | 615,817,662 |
| Ceded earned premium | (748,758,867) | (671,583,386) |

Net earned premium

\$ 1,281,314,157 \$ 1,872,702,871

Losses and Loss Adjustment Expenses:

Losses

| | | |
|-------------------------------------|----------------------|----------------------|
| Direct losses paid | \$ (812,795,647) | \$ (611,845,958) |
| Change in direct case loss reserves | 31,079,590 | 65,319,245 |
| Change in direct IBNR loss reserves | 479,990,383 | 52,525,579 |
| Ceded losses incurred | 205,908 | 1,818,430 |
| Losses incurred | (301,519,767) | (492,182,705) |

Loss adjustment expenses

| | | |
|------------------------------------|----------------------|----------------------|
| Direct D&CC paid | (137,400,430) | (99,073,371) |
| Direct A&O paid | (154,525,840) | (149,578,192) |
| Change in direct case LAE reserves | 50,340,626 | 3,970,714 |
| Change in direct IBNR LAE reserves | 95,785,711 | (8,635,540) |
| Ceded LAE incurred | 22,996 | (9,233,561) |
| LAE incurred | (145,776,937) | (262,549,950) |

Net losses and LAE incurred

\$ (447,296,704) \$ (754,732,655)

Underwriting and Administrative Expenses:

| | | |
|---|----------------------|----------------------|
| Producer commissions | (118,080,438) | (213,652,637) |
| Insurance premium deduction - legislative | (25,278,942) | - |
| Taxes and fees | (18,301,976) | (39,680,082) |
| Other underwriting expenses | (19,181,413) | (27,674,351) |
| All other administrative expenses | (91,733,983) | (94,453,733) |
| Underwriting and administrative expenses | (272,576,751) | (375,460,804) |

Underwriting gain

\$ 561,440,701 \$ 742,509,412

Net Investment Income:

Net interest income

| | | |
|------------------------------|--------------------|--------------------|
| Investment income earned | 177,747,293 | 172,869,716 |
| Interest expense | - | (1,222,222) |
| Net investment income | 177,747,293 | 171,647,493 |

Realized capital gains (losses) (1,906,788) (165,014)

Net investment income

\$ 175,840,504 \$ 171,482,480

Other income

2,826,780 3,996,591

Net income

\$ 740,107,986 \$ 917,988,483

ADMINISTRATIVE EXPENSES

Six months ended

| | June 30, 2025 | June 30, 2024 | 2025 Budget |
|-------------------------------------|----------------------|----------------------|-----------------------|
| Salaries | \$ 68,847,174 | \$ 69,577,813 | \$ 71,100,052 |
| Employee Benefits | 30,387,520 | 28,767,061 | 34,403,789 |
| Payroll Taxes | 5,369,031 | 5,287,248 | 6,345,160 |
| Contingent Staffing | 43,935,564 | 57,924,210 | 51,200,619 |
| Subscriptions and Dues | 1,272,275 | 1,040,455 | 1,578,756 |
| Bank Charges | 227,098 | 123,281 | 300,000 |
| FMAP Funding | (92,362) | (108,636) | (124,129) |
| Insurance | 471,228 | 573,375 | 461,281 |
| Legal | 854,765 | 390,395 | 623,500 |
| Operations and Maintenance | 1,005,075 | 916,415 | 1,768,506 |
| Operating Supplies | 63,351 | 52,998 | 134,401 |
| Computer Hardware | 470,816 | 676,665 | 2,655,689 |
| Postage | 380,639 | 286,167 | 311,403 |
| Printing | 40,485 | 31,611 | 73,720 |
| Producer Fees Collected | (447,213) | (412,436) | (445,573) |
| Professional Services | 6,107,126 | 6,159,082 | 11,331,783 |
| Recruiting | 61,941 | 118,368 | 246,195 |
| Rent | 2,948,688 | 2,956,900 | 3,639,927 |
| Software Maintenance and Licensing | 15,413,502 | 13,855,019 | 14,211,653 |
| Telecommunications | 1,732,573 | 2,089,138 | 1,399,870 |
| Training | 281,301 | 316,636 | 610,269 |
| Travel | 606,249 | 778,868 | 970,621 |
| Depreciation | 233,034 | 148,404 | 150,483 |
| ULAE Expense | (88,425,514) | (97,095,294) | (96,332,590) |
| Total Administrative Expense | \$ 91,744,346 | \$ 94,453,743 | \$ 106,615,385 |