

Executive Summary

Finance and Investment Committee Meeting, March 4, 2026

Board of Governors Meeting, March 4, 2026

Everglades Re II Series 2024-1 Bond Redemption

History

In 2024, Citizens entered into a catastrophe bond reinsurance contract with Everglades Re II for coverage of \$1.1 billion. Coverage was provided by Everglades Re II through the issuance of Series 2024-1 bonds across three tranches, with a three-year maturity, at a weighted gross rate online of approximately 11.4%. The bonds were issued with an optional call feature that allows Citizens to call the bonds after the first two years, with a call premium determined with reference to the Total Insured Value as of February 28, 2026.

The Everglades Re II Series 2024-1 bonds are callable on May 13, 2026 subject to Citizens' total insured value as of February 28, 2026, at an optional call premium of 0.50%, if Citizens' total insured value is less than or equal to \$427.92 billion. As of February 27, 2026, Citizens' total insured value was \$104.61 billion, which permits Citizens to call the Everglades Re II Series 2024-1 bonds at par value and with an optional call premium of 0.50%. Citizens must notify investors if it intends to call the bonds at least 10 business days (April 29, 2026) and no more than 75 calendar days (February 27, 2026) prior to the optional redemption date of May 13, 2026.

Next Steps

Since 2024, Citizens' exposure has decreased by more than 75%. Additionally, the risk transfer pricing in Florida has decreased by approximately 25%. These improvements in the risk transfer market are primarily due to the strengthening of the Florida P&C marketplace related to the historic legislative reforms enacted in 2023, limited loss experience for the industry, and increases in capital dedicated to the risk transfer sector.

By calling the Everglades Re II Series 2024-1 bonds, Citizens will have flexibility to optimize the structure of its 2026 risk transfer program and will be able to take full advantage of current market conditions. Citizens has less demand for risk transfer for the 2026 hurricane season due to depopulation and its shrinking exposure. Based on these factors, we believe it is the most efficient option to call the \$1.1 billion of Everglades Re II Series 2024-1 bonds on the optional redemption date of May 13, 2026, and issue approximately \$600 million of 2026-1 bonds at a gross ROL that is approximately 30% lower than the 2024-1 bonds, which would save approximately \$67 million.