2012 RECAP AND 2013 QUARTERLY REVIEW

May 2013

2012 YEAR IN REVIEW

- Citizens started 2013 in its strongest financial position, with year-end surplus of $6.3 billion and total claims-paying capacity from internal sources and reinsurance / catastrophe bonds of $14.04 billion.
- 2012 marked a very successful year
    - Surplus build-up increased by $707 million
    - Claims-paying capacity from surplus and risk transfer sources increased by over $2.0 billion with 2012 surplus build-up and $1.5 billion in risk transfer through a combination of $750 million in traditional reinsurance and $750 million of catastrophe bonds
    - The 2012 $1.5 billion pre-event financing was completed at Citizens lowest ever cost with a true interest cost of 3.075% and over $3.7 billion in total investor orders (2.5x over-subscribed)
    - During 2012 Citizens had strong investment performance relative to the market in both tax-exempt and taxable managed portfolios. This performance coincided with investment policy changes implemented in 2011 and modified in early 2012 – resulting in a total investment return of approximately $182 million, excluding $49 million of net unrealized gains
        - **Taxable Liquidity Fund** – total 12-month return of 0.99% and total earnings of over $24.7 million – the total return was 20 basis points above the average 5-year U.S. Treasury
        - **Taxable Claims-Paying Fund** – total 12-month return of 2.34% and total earnings of over $89.7 million – the total return was 1.56% above the average 5-year U.S. Treasury
        - **Tax-Exempt Claims-Paying Fund** – total 12-month return of 1.56% and total earnings of $67.6 million – the total return was 14 basis points above average 5-year "A" Municipal

2012 INVESTMENT SUMMARY

- In February 2012 after a thorough review, Citizens slightly modified its investment policies, which further increased investment return from 2011. These changes increased return, but more importantly, diversified risk while maintaining the high credit quality and liquidity in the portfolios:
    - Changed Non-Financial Sector minimum long term ratings from A2/A/A to A3/A-/A- (Moody's / S & P / Fitch)
    - Allowed Agency Mortgage Backed Securities (MBS) and Notes issued by GNMA, FNMA, and Freddie Mac in its taxable portfolios
- As of December 2012, Citizens' total portfolio market value was $15.2 billion with an average duration of 2.0 years and average credit ratings of "Aa3/AA-/AA-"
    - The 1-year gross total return for the externally managed portfolios is 1.82% and the 1-year gross income return is 0.97%
    - The total earnings for 2012 were over $182 million, excluding unrealized gains of $49 million
    - The total positive mark-to-market value was over $115 million, an increase of $49 million from 2011
    - 90% of the portfolio, or $13.7 billion managed by 12 external investment managers
- In addition, Citizens invested approximately $160 million in excess Emergency Assessments to defease a portion of its Series 2007A Bonds' 2016 and 2017 maturities
    - This allows Citizens to generate additional yield of approximately 0.70% on those monies for an annual benefit of approximately of $1.1 million, or approximately $5.6 million over the life of the portfolio
    - This also allows Citizens to reduce its Emergency Assessments in future years or to end earlier, prior to final maturity of the Series 2007A Bonds

2013 Q1 INVESTMENT SUMMARY

- As of March 2013, Citizens' total portfolio market value was $15.3 billion with an average duration of 2.0 years and average credit ratings of "Aa3/AA-/AA-"
    - The actual first quarter gross total return for combined externally managed funds is 0.38%. Annualized, the first quarter gross returns is 1.53% compared to 0.84% yield for 5-year U.S. Treasury
    - The total first quarter positive mark-to-market value is $125 million, an increase of $10 million from December 31st 2012
    - 91% of the portfolio, or $13.8 billion, managed by 12 external investment managers
    - The total first quarter income return earnings for 2013 are over $36 million, excluding positive mark-to-market unrealized gains

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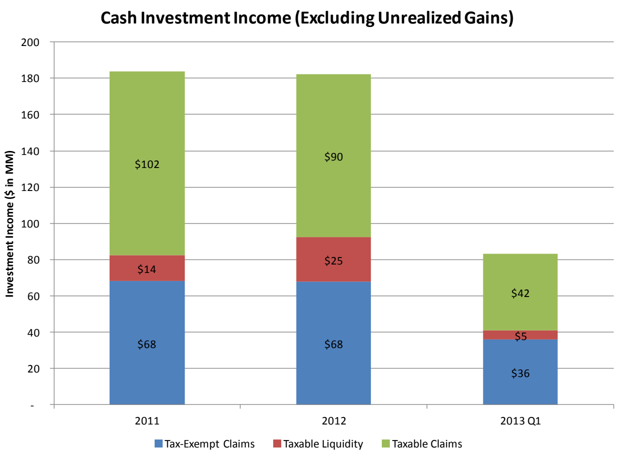
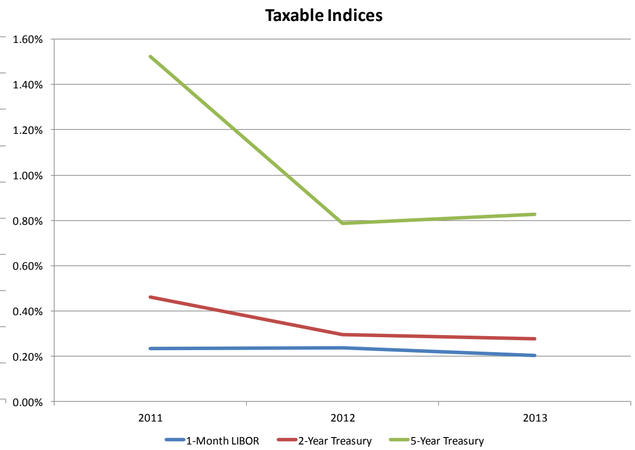
HISTORICAL INVESTMENT INCOME FOR EXTERNALLY MANAGED FUNDS

	2011			2012			2013		
Portfolio Fund	Ending Market Value ($ in MM)[1]	Total Annual Return (%)	Total Annual Return ($ in MM)	Ending Market Value ($ in MM)[2]	Total Annual Return (%)	Total Annual Return ($ in MM)	Ending Market Value ($ in MM)[3]	Total Quarterly Return (%)	Total Quarterly Return ($ in MM)
Tax-Exempt Claims	3,804	2.23%	68	5,208	1.56%	68	5,238	0.58%	36
Taxable Liquidity	2,691	0.59%	14	2,350	0.99%	25	2,353	0.14%	5
Taxable Claims	4,819	2.10%	102	6,146	2.34%	90	6,167	0.29%	42
Total	**11,315**	**1.78%**	**184**	**13,703**	**1.81%**	**182**	**13,758**	**0.38%**	**83**

- Overall total returns have remained stable, even as overall market interest rates have decreased





[1] Includes total unrealized gains of $66.3 million, or $32.5 million, $790,000 and $33 million for the tax-exempt claims-paying fund, taxable liquidity fund and taxable claims-paying fund, respectively.

[2] Includes total unrealized gains of $115 million, or $40.8 million, $6.4 million and $68 million for the tax-exempt claims-paying fund, taxable liquidity fund and taxable claims-paying fund, respectively.

[3] Includes total unrealized gains of $125 million

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2013 RISK TRANSFER PROGRAM

- In 2013, Citizens executed a $250 million risk transfer issuance that provides three years of coverage for the Coastal Account, and which helped Citizens further diversify its risk transfer through an innovative capital markets transaction
    - The gross rate-on-line is 11.08%, which is approximately 50% lower than its Everglades Re 2012-1 bonds
- In 2013, Citizens placed $604 million of traditional reinsurance for the Coastal Account at a substantial reduction in both attachment level and risk-adjusted pricing compared to the 2012 reinsurance program
- Coverage provided along-side the FHCF and extending above FHCF exhaustion level for personal and commercial residential hurricane losses (commercial non-residential losses are not covered)
- 2013 traditional reinsurance program placed across 39 reinsurers (20% London/International; 41% Domestic/Bermuda; 39% Collateral) with AM Best ratings of "A" or higher
- Brokerage and commission structure netted Citizens total savings of nearly $8 million
- The combination of capital markets risk transfer and traditional reinsurance provides diversification, lowest cost and additional capacity, and also adds sustainability and stability to the risk transfer program

TOTAL CLAIMS-PAYING CAPACITY RESOURCES FOR 1-100 YEAR PML

- For 2013, Citizens' total 1-100 year PML has decreased by approximately 4% or $872 million
  - The reduction in the 1-100 year PML for the Coastal Account is approximately 6% or $872 million
- For 2013, Citizens' claims-paying resources from surplus and private reinsurance is projected to increase by approximately $710 million
- For 2013, projected Citizens' assessments needed for a 1-100 year event has decreased by approximately $209 million
  - The reduction in assessments for a 1-100 year event for the Coastal Account is approximately $388 million
- Additionally, Citizens has $4.35 billion in pre-event bond proceeds[1] that can be drawn upon to pay valid claims timely.

PLA/CLA ($ in MM)					
Claims-Paying Resources	December 31, 2011	December 31, 2012	2013 (Proj.)	2013-2011 Change	2013-2012 Change
Surplus	2,902	3,352	3,585	683	233
FHCF Coverage	2,581	2,911	2,499	(82)	(412)
Private Reinsurance / Cat Bonds	-	-	-	-	-
Assessments	3,712	1,446	1,625	(2,087)	179
Total Claims-Paying Resources	**9,194**	**7,709**	**7,709**	**(1,485)**	**0**
1-100 Year PML (including 10% LAE)	**9,194**	**7,709**	**7,709**	**(1,485)**	**0**
Percentage Change		-16%	0%		

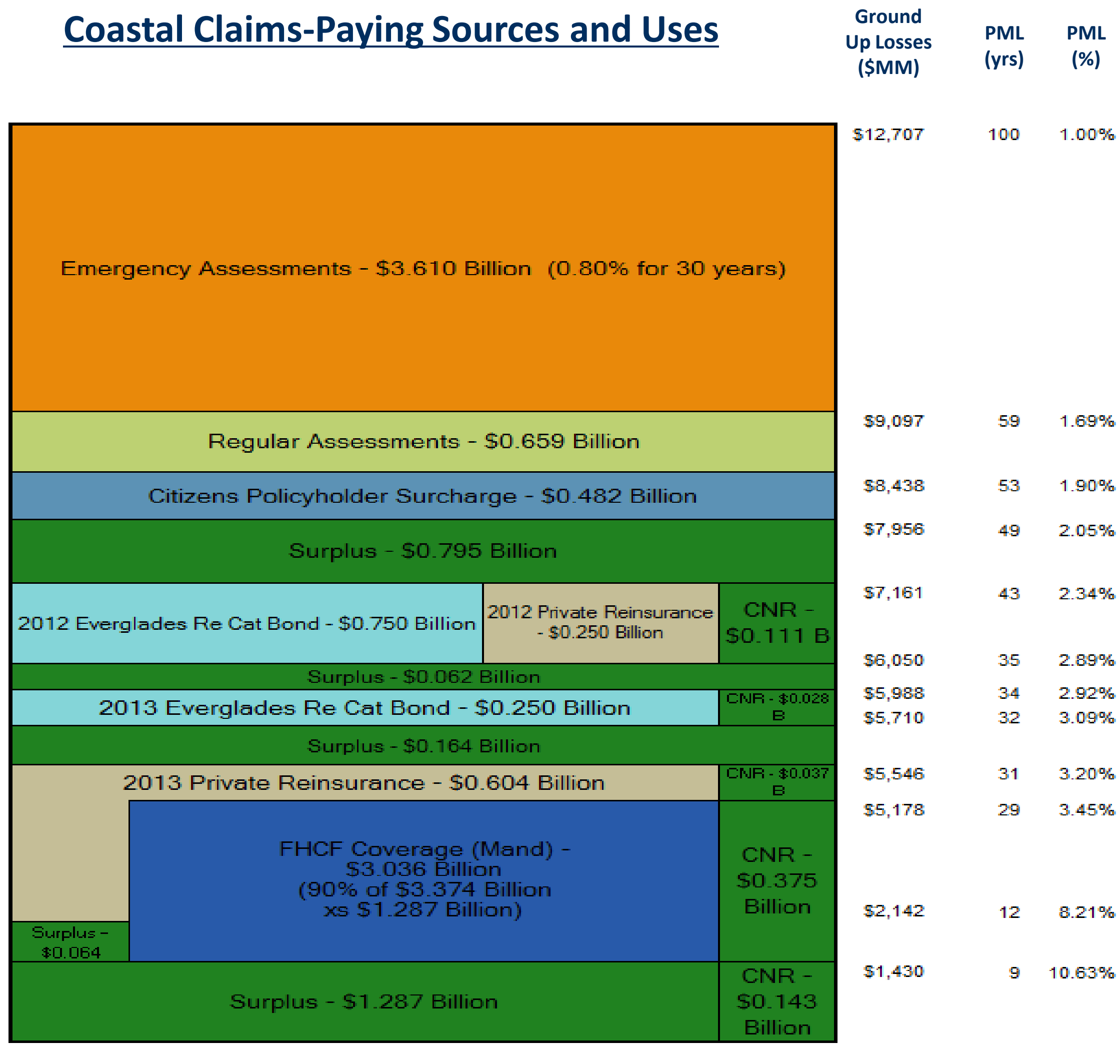
Coastal Account ($ in MM)					
Claims-Paying Resources	December 31, 2011	December 31, 2012	2013 (Proj.)	2013-2011 Change	2013-2012 Change
Surplus	2,686	2,943	3,069	383	126
FHCF Coverage	4,010	3,997	3,036	(974)	(961)
Private Reinsurance / Cat Bonds	575	1,500	1,851	1,276	351
Assessments	7,531	5,139	4,751	(2,780)	(388)
Total Claims-Paying Resources	**14,802**	**13,579**	**12,707**	**(2,095)**	**(872)**
1-100 Year PML (including 10% LAE)	**14,802**	**13,579**	**12,707**	**(2,095)**	**(872)**
Percentage Change		-8%	-6%		

Total ($ in MM)					
Claims-Paying Resources	December 31, 2011	December 31, 2012	2013 (Proj.)	2013-2011 Change	2013-2012 Change
Surplus	5,588	6,295	6,654	1,066	359
FHCF Coverage	6,591	6,908	5,535	(1,056)	(1,373)
Private Reinsurance / Cat Bonds	575	1,500	1,851	1,276	351
Assessments	11,242	6,585	6,376	(4,866)	(209)
Total Claims-Paying Resources	**23,996**	**21,288**	**20,416**	**(3,580)**	**(872)**
1-100 Year PML (including 10% LAE)	**23,996**	**21,288**	**20,416**	**(3,580)**	**(872)**
Percentage Change		-11%	-4%		

[1] Pre-event bond proceeds do not represent risk transfer and any monies drawn must be repaid

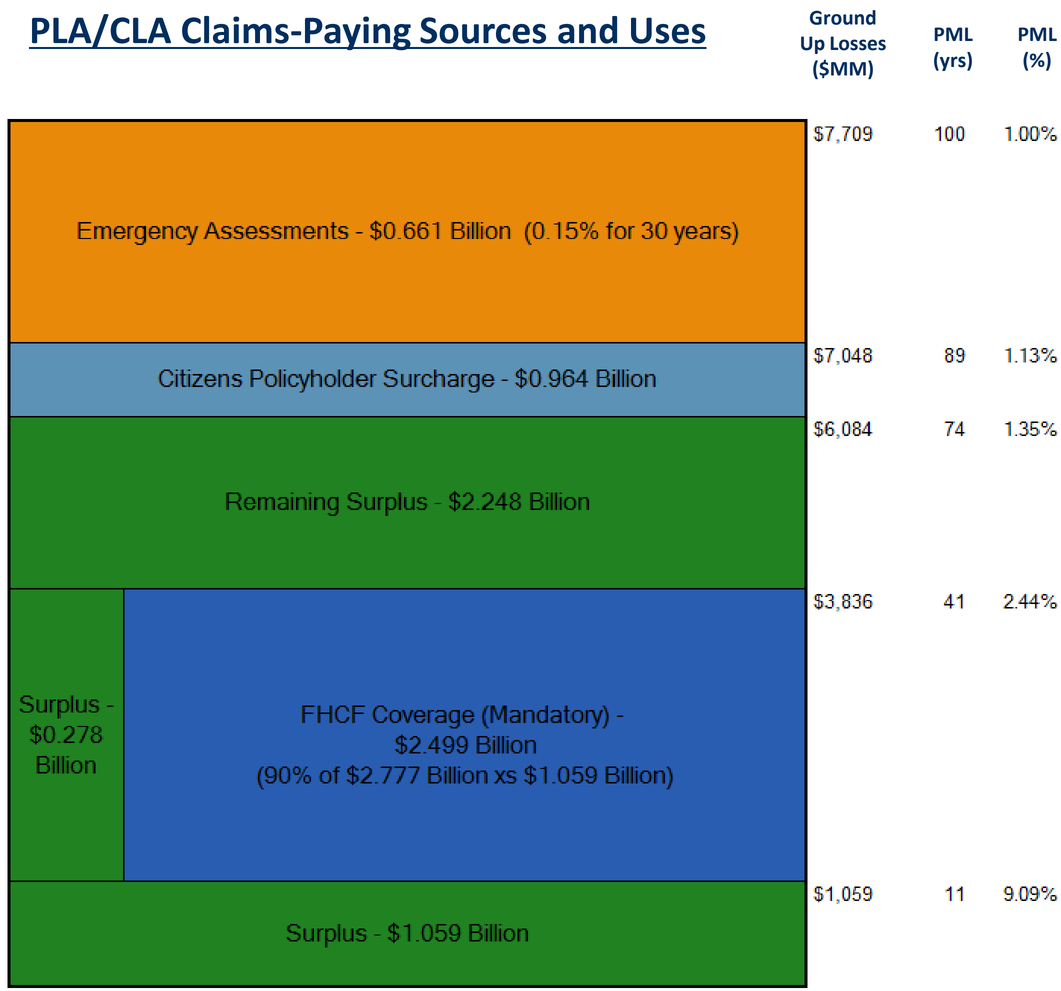
2013 COASTAL LAYER CHART

- For a 1-100 year event for the 2013 season, the Coastal Account has $12.707 billion in claims-paying resources as follows:
  - $3.069 billion in surplus
  - $3.036 billion in FHCF mandatory coverage
  - $1.851 billion in private reinsurance / cat bonds
  - $4.751 billion in assessments
    - $482 million in Policyholders Surcharge
    - $659 million in Regular Assessments
    - $3.610 billion in Emergency Assessments



2013 PLA/CLA LAYER CHART

- For a 1-100 year event for the 2013 season, PLA/CLA has $7.709 billion in claims-paying resources as follows:
  - $3.585 billion in surplus
  - $2.499 billion in FHCF mandatory coverage
  - $1.625 billion in assessments
    - $964 million in Policyholders Surcharge
    - $661 million in Emergency Assessments



CITIZENS' ESTIMATED CLAIMS PAYING SOURCES AND USES: NOTES AND ASSUMPTIONS

ASSUMPTIONS

Citizens' 2013 Estimated DWP	$3.21 Billion
Citizens' Policyholder Surcharge Maximum % Per Account	15%
2013 Regular Assessment Base	$32.97 Billion
Regular Assessment Maximum % Per Account	2% for Coastal; 0% for PLA/CLA
2012 Emergency Assessment Base	$36.19 Billion

- PML based on modeled losses as of December 31, 2012 less projected depopulation per AIR CLASIC/2, Version 13 based on a weighted average of Standard Sea Surface Temp (SSST) and Warm Sea Surface Temp (WSST) Event Catalogs including Loss Amplification, excluding Storm Surge, reflect Single-Event Occurrences, and include 10% for LAE
- Interim Return Periods are derived by Linear Interpolation
- Surplus based on estimates at December 31, 2013 assuming no hurricanes
- Actual maximum coverage of 2012 Everglades is $747 million, rather than rounded $750 million shown. Projected Coastal surplus is reduced by $3 million to adjust for rounding in risk transfer figure
- Citizens' 2013 FHCF attachment point and coverage are based on projected industry retention and coverage per FHCF 2013 Ratemaking Formula Report. Actual Citizens' FHCF attachment and limits of coverage 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 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) 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. Although we show the combined accounts, there is no guarantee that they will have deficits at the same time or of similar magnitude

3) Non-residential exposure: 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 10% 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) 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. Therefore, Citizens should consider having a liquidity bridge