



2018 Operating Budget

Financial Schedules & Supporting Information

Board of Governors Meeting

December 13, 2017



Board of Governors

Chris Gardner, Chairman of the Board

Gary Aubuchon

Bette Brown

Blake Capps

James Holton

John McKay

Freddie Schinz

John Wortman



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2018 Operating Budget

Executive Summary

2018 Operating Budget

Citizens Property Insurance Corporation

Executive Summary

Citizens' fifteenth year since its formation in 2002 has proven to be as challenging as anticipated due to rising litigation rates and assignment of benefits (AOB) that have evolved from issues confined to Citizens, to issues disrupting the entire Florida insurance market. This, coupled with the occurrence of the second largest claim generating event in Citizens' history, have placed a demanding challenge on Citizens' infrastructure and leadership team. These challenges remind us of the need for continued investments in infrastructure and human capital.

The absence of legislative reform to address issues surrounding AOB and what has become known as the "one-way attorney fee statute" continue to have an adverse impact on Citizens' underwriting results and operating ratios, as well as the overall profitability of Florida's private insurance market. Citizens' litigation rate on reported non-weather water claims is at unprecedented levels for calendar year 2017. While Citizens' has observed a concentration in the tri-county area, an area of significant exposure and concentration within the state for Citizens, current indications provide evidence of a slow expansion statewide with respect to litigated non-weather water claims. While the overall operating environment presents ongoing challenges, Citizens has continued its efforts to take proactive measures aimed at mitigating the impact on operating results and has planned further measures in fiscal year 2018. Citizens partnered with an industry leading provider of a managed-repair program (MRP) in an effort to reduce contractor and third-party abuse of AOB on reported claims. In addition, Citizens adopted policy language changes that limit coverage for emergency services or permanent repairs made prior to Citizens' inspection or approval. In 2018, Citizens plans to implement additional coverage changes in the form of sub-limits on repairs in cases where the policyholder opts to forego participation in Citizens' MRP. In addition to MRP and policy language changes, Citizens has increased budgeted amounts for personnel and resources committed to its litigated claims and AOB response by approximately \$17.6 million as compared to budgeted amounts for 2017. Roughly 10% of Citizens' total personnel costs are within operating units directly supporting claims litigation activity. However, prolonged challenges in the

market and the infancy of these proactive measures lead to challenges in planning for expected financial results for 2018.

After nearly 11 years of relatively docile hurricane activity, on September 10th, 2017 Hurricane Irma made landfall in the Florida Keys and continued its path up the west coast of the state. Current estimates of 70,000 claims (64,000 reported claims to date) rank Irma as the second largest claim generating event in Citizens' history. Within 72 hours after the storm exited the state, Citizens deployed Catastrophe Response Centers (CRCs), staffed by Citizens' claims personnel and volunteers from across the company, to the Florida Keys and other areas of south Florida most impacted by the storm. In addition to the rapid deployment of CRCs, remote field offices were setup to provide direct face-to-face assistance with Citizens' policyholders. Citizens' response was overwhelmingly successful and can be credited to extensive planning, committed investments in resources and the dedication of staff during the response. The current projected financial impact of Hurricane Irma is \$1.1 billion, net of anticipated reinsurance recoveries, reducing pre-storm surplus by approximately 15%.

2018 Financial Outlook

Citizens' forecasting and planning strategy utilizes an internally-developed tool in developing the 2018 operating budget that effectively uses statistical methods to extend historical results, supplemented with judgment to consider disruptions to identified trends, which are often beyond Citizens' control. The forecast model gives consideration to two distinct potential outcomes. The "Baseline" scenario assumes that historical trends continue throughout 2018. This scenario would lead to a continuing decline in terms of Citizens' overall size as measured by policy count. The "Growth" scenario assumes that the private market's capacity to write policies in the voluntary market or acquire business through depopulation decreases. This scenario contemplates Citizens' policy count increasing as

private market policies are non-renewed at policy expiration with their current insurers. Citizens' 2018 operating budget assigns a 50% probability to the "Growth" scenario described above.

This selection is based upon Citizens' anticipation of a contraction of Florida's private market as a result of litigated claim activity, continuing challenges surrounding AOB and the private market's capacity as a result of Hurricane Irma. Market contraction in some segments is anticipated, however the extent of this contraction and how many of the impacted policies are to be consumed by well capitalized private carriers is unknown. As a result, Citizens anticipates modest growth in policy counts and direct premiums written within the Personal Lines Account (PLA) for 2018 as compared to projected year-end 2017, while the Commercial Lines Account (CLA) and Coastal Account are anticipated to decrease under these same measures due to a competitive market for commercial policies and wind-only business. Overall depopulation activity is anticipated to decline by over 18,000 policies or 50% as compared to the 2017 projection on a combined basis, with the PLA and Coastal Account contributing most notably to the overall decrease.

Citizens will again seek to protect surplus through prudent and measured risk transfer efforts in 2018. The 2018 budget includes a provision for \$100 million of private-risk transfer within the Coastal Account, marking an increase of approximately \$7.3 million or 8% as compared to 2017. While Citizens has enjoyed the relative favorable pricing within the market over the last several years, a hardening market is anticipated as a result of not only Hurricane Irma, but other catastrophes around the globe. The impact of these events are anticipated to apply a modest level of upward pressure on pricing for 2018 renewals, leading to an overall net increase in budgeted reinsurance costs despite decreases in reinsured exposure within the Coastal Account.

Losses and LAE as a percentage of direct earned premiums, excluding catastrophe claims, are anticipated to increase during 2018 as

compared to the 2017 projection. Non-weather water losses continue to be the dominant driver of overall loss activity and represent 75% of indemnity losses within the PLA as of September 30, 2017. An anticipated litigation rate of 50% on all non-weather water losses within the PLA are the result of the challenging market conditions expected to persist throughout 2018. Non-hurricane loss activity within the CLA and Coastal Account are not anticipated to deviate from the 2017 projection by a material amount for calendar year 2018. However, due to the anticipated continued decreases in premium within the CLA, potential development on prior accident years may be amplified in the loss and LAE ratio as a result of the overall decrease in its relative size.

For the 2018 budget, Citizens' total administrative expenses reflect an overall decrease of approximately \$6 million or 4% as compared to the 2017 budget. Overall decreases in budgeted employee costs (salaries, employee benefits and payroll taxes) are largely the result of the 2018 budget reflecting a decrease of 90 positions as compared to 2017. When removing the impact of Citizens' Corporate Initiative Budget, overall operating expenses for 2018 decreased by approximately \$2.5 million or 2% as compared to the 2017 budget. Citizens continues to seek opportunities to make prudent decisions in personnel and operating expense management in an effort to maintain an advantage with respect to expense ratios observed among private market insurers in the state. As a result, Citizens budgeted expense ratio (administrative and underwriting expenses divided by direct written premium) of 24.3% marks a decrease of approximately 1.7% as compared to projected results for 2017, and maintains a notable advantage over private market averages of 27.5% - 28%.

Contingent staffing includes approximately \$118 million for independent adjuster fees in response to operational demands for Hurricane Irma. These fees are subsequently allocated to LAE through the ULAE Expense Allocation displayed within the administrative expense exhibits. These resources permit Citizens to continue an industry-leading response to policyholder claims as the lifecycle of

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Citizens Property Insurance Corporation

Executive Summary

claims from Hurricane Irma continues throughout 2018 and likely beyond.

In addition to expenses budgeted as a result of Citizens' ongoing response to Hurricane Irma, litigated claims and AOB claim activity is expected to remain the leading driver of loss and LAE activity throughout calendar year 2018, predominantly within the PLA. During budget preparation for 2018, Citizens' sought to identify and measure budgeted resource costs to be incurred as a result of this activity. As a result, approximately \$51 million of such expenses were identified and of this amount, approximately \$50 million is budgeted as an allocation to LAE through the ULAE Expense Allocation.

Investment income, excluding interest expense on outstanding debt, is anticipated to decrease within the 2018 budget as compared to the 2017 projection as a result of declines in total invested assets, largely due to the financial impact of Hurricane Irma. Despite the overall decrease in investment income, Citizens' return on invested assets is expected to increase from 1.55% to 1.90%. During the 4th quarter of 2016, changes to Citizens' investment policies were proposed and approved, allowing Citizens to take advantage of market conditions, provide additional diversification across portfolios, and increase overall portfolio returns by extending portfolio duration, increasing exposure to corporate spread products, and reducing permitted credit ratings. Additionally, a new investment policy was established to invest surplus funds above the 1-100 year probable maximum loss level in the Taxable Claims-Paying Long Duration Fund that extends the duration limit from 6 years to 10 years. Citizens will continue to evaluate market opportunities against its investment mandates to maximize investment returns while preserving principal.

Interest expense on outstanding debt is budgeted to decrease by approximately \$3.3 million following the maturity of \$998.5 million that occurred in June 2017, future redemptions of \$255 million June 2018, and the optional redemption executed in December 2017 of

\$350 million. The 2018 budget does not contemplate the issuance of pre-event notes in 2018.

2018 Corporate Initiatives

Centerpoint - Enterprise Resource Planning Solution

This initiative includes implementation of an Enterprise Resource Planning (ERP) solution branded as Centerpoint. The Centerpoint solution will replace Citizens' current fragmented systems with integrated modules, including finance and accounting, human resources, purchasing, procurement and vendor management, contract management, and project management. During the second quarter of 2017, Citizens successfully implemented Phase 1 of the Centerpoint Project. Phase 1 of the implementation provided back-office accounting, vendor management and procurement functionality all integrated within a single cloud-based software platform. In addition, Human Capital Management (HCM), which includes core human resource and payroll functionality will go-live prior to year-end. The remaining functionality, slated for delivery in 2018, is Advanced Procurement and Vendor Management, Budgeting, and Advanced HCM.

Expand Self-Service Capabilities and Customer Engagement

With a focus on Citizens' customers, Expand Self-Service Capabilities and Customer Engagement will extend current self-service capabilities to new and improved methods for interacting and transacting business with Citizens. This includes both moving on known opportunities to extend current self-service capabilities to enable more efficient, cost effective, and user-friendly transactions, while establishing programs and infrastructure that will provide Citizens with advanced insights into customer behavior, needs, desires and overall experience.

The Voice of the Customer (VoC) Program, currently in place within Citizens, will be leveraged as a means to solicit routine feedback to ultimately validate the customer experience.

This will assist Citizens in identifying servicing, operational and technological improvement opportunities, which in turn helps Citizens remain focused on preserving a customer-centric experience for its policyholders. A number of focal areas will be evaluated as part of identifying and acting on additional improvement opportunities to Citizens' products, services and delivery strategies, including Alert and Notification Services, Customer Portal, Customer Relationship Management (CRM), Dynamic Document Interaction, Electronic Disbursement, Electronic Policy Document Distribution (EPDD), and VoC Program.

Guidewire V9 Upgrade

Guidewire software is used to support core insurance business functions at Citizens. The current platform version is 7.0, which is more than five years old. In order to stay current with support from Guidewire and take advantage of improved performance and features, Citizens is in the process of upgrading to version 9.0, which is the most current version available. Upgrade activities supporting ClaimCenter© began in 2017 and will be finalized in 2018. Remaining upgrade activity to be delivered in 2018 and 2019 includes BillingCenter© and PolicyCenter© applications.

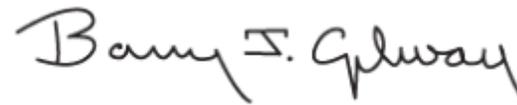
Closing Remarks

Each budgeting cycle brings its own unique set of challenges and opportunities as Citizens must carefully balance its operational demands with exercising prudent management of its expenses. The 2018 operating budget is a reflection of Citizens' commitment to continue disciplined investments in its infrastructure that establish and maintain customer service standards and honors commitments to

policyholders. The strategic theme for 2018 places a pronounced focus on continued increases in efficiency in order to maintain Citizens' advantageous position with respect to the industry's expense ratio and influencing change that lessens financial impacts absorbed by policyholders and, potentially, all Florida consumers. The pronounced focus of the 2018 strategic theme will materialize through enhancements to claims processes, including claims litigation and LAE, improvements within fraud analytics, management and visibility, and advances in administrative expense budgeting and monitoring.

We look forward to another year and the opportunity to serve our policyholders.

Yours respectfully,



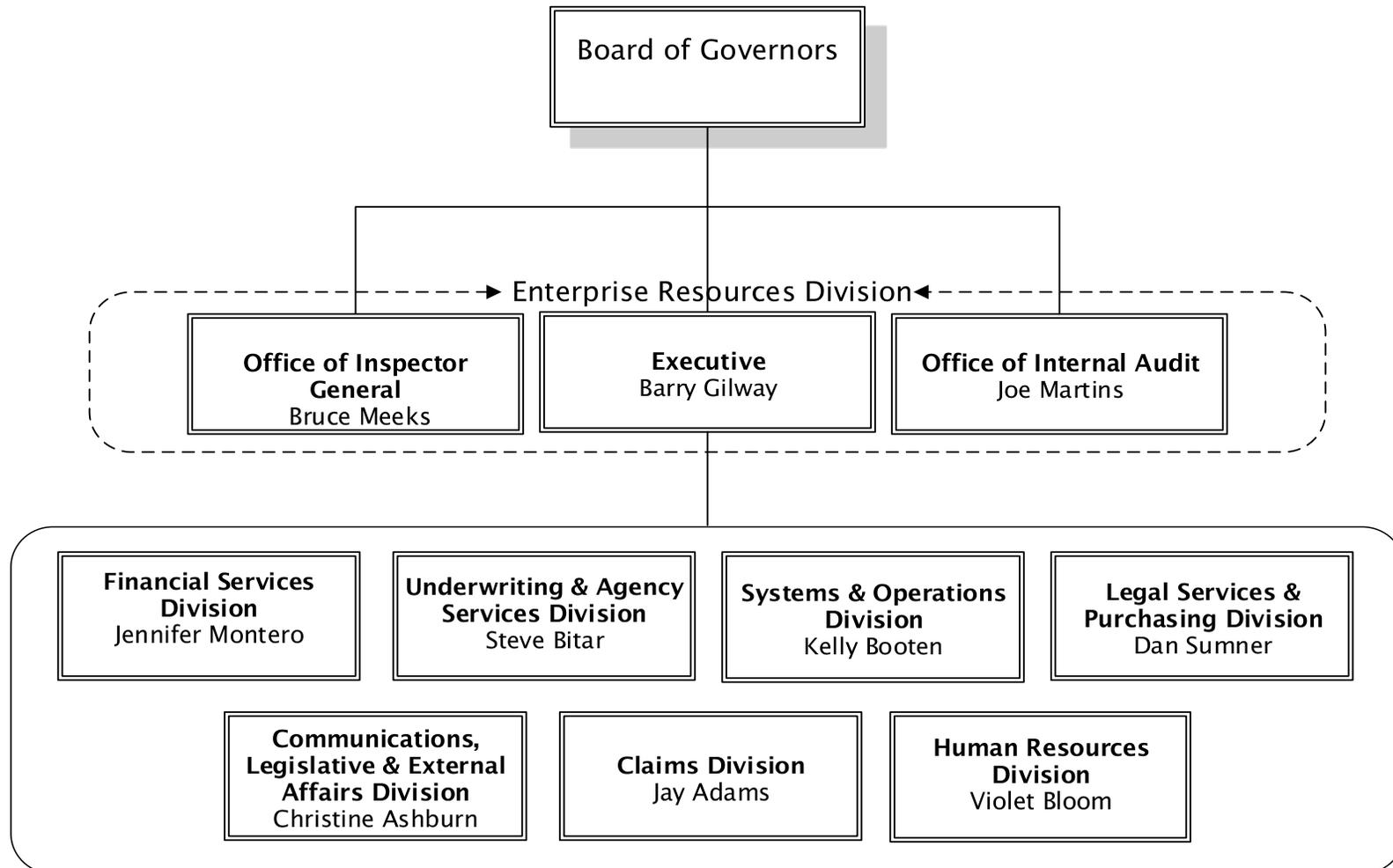
Barry Gilway
President, Chief Executive Officer and Executive Director



Jennifer Montero
Chief Financial Officer

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Citizens Organizational Structure by Division



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2018 Operating Budget

Budget Assumptions

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Citizens Property Insurance Corporation

Budget Assumptions

| I Policies In Force (PIF) | | PLA | CLA | COASTAL | TOTAL |
|---|--|-----------------|----------------|------------------|------------------|
| A | 2018 Budgeted | 366,204 | 930 | 133,039 | 500,173 |
| | 2017 Projected | 301,965 | 1,410 | 139,264 | 442,639 |
| | Total policy count change, net of depopulation | 64,239 | (480) | (6,225) | 57,534 |
| | Percentage change, net of depopulation | 21.27% | -34.04% | -4.47% | 13.00% |
| B | Depopulation Count | | | | |
| | 2018 Budgeted | 7,672 | 200 | 9,645 | 17,517 |
| | 2017 Projected | 18,660 | 48 | 17,353 | 36,061 |
| | Change | (10,988) | 152 | (7,708) | (18,544) |
| | Percentage change | -58.89% | 316.67% | -44.42% | -51.42% |
| II Written Premiums | | PLA | CLA | COASTAL | TOTAL |
| A | 2018 Budgeted | \$ 635,936,094 | \$ 15,872,451 | \$ 354,030,880 | \$ 1,005,839,425 |
| | 2017 Projected | 492,125,259 | 20,819,940 | 383,589,157 | 896,534,356 |
| | Change | 143,810,835 | (4,947,489) | (29,558,277) | 109,305,069 |
| | Percentage change | 29.22% | -23.76% | -7.71% | 12.19% |
| III Ceded Premiums | | PLA | CLA | COASTAL | TOTAL |
| A | Depopulation | | | | |
| | 2018 Budgeted | \$ (7,728,246) | \$ (1,095,443) | \$ (20,284,833) | \$ (29,108,522) |
| | 2017 Projected | (12,513,097) | 95,392 | (22,369,738) | (34,787,443) |
| | Change | 4,784,851 | (1,190,835) | 2,084,905 | 5,678,921 |
| | Percentage change | -38.24% | -1248.36% | -9.32% | -16.32% |
| B | Florida Hurricane Catastrophe Fund Premium - Mandatory Layer Only | | | | |
| | 2018 Budgeted | \$ (69,142,954) | \$ (4,983,074) | \$ (75,251,193) | \$ (149,377,221) |
| | 2017 Projected | (62,111,029) | (6,097,952) | (86,056,176) | (154,265,157) |
| | Change | (7,031,925) | 1,114,878 | 10,804,983 | 4,887,936 |
| | Percentage change | 11.32% | -18.28% | -12.56% | -3.17% |
| C | Private Reinsurance | | | | |
| | 2018 Budgeted | \$ - | \$ - | \$ (100,000,000) | \$ (100,000,000) |
| | 2017 Projected | - | - | (92,647,943) | (92,647,943) |
| | Change | - | - | (7,352,057) | (7,352,057) |
| | Percentage change | 0.00% | 0.00% | 7.94% | 7.94% |
| IV Loss and Loss Adjustment Expense (LAE) Ratios | | PLA | CLA | COASTAL | TOTAL |
| A | Non-catastrophe Loss and LAE Ratio | | | | |
| | 2018 Budgeted | 76.84% | 12.15% | 23.60% | 55.24% |
| | 2017 Projected | 70.63% | 11.96% | 23.38% | 47.83% |
| | Change | 6.21% | 0.19% | 0.22% | 7.41% |
| | Percentage change | 8.79% | 1.59% | 0.94% | 15.49% |
| B | Hurricane Irma - Catastrophe Loss and LAE Ratio (net of reinsurance) | | | | |
| | 2017 Projected | 87.75% | 151.13% | 354.94% | 179.04% |

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Budget Assumptions

| V Total Exposure | | PLA | CLA | COASTAL | COMBINED |
|---|--|-------------------|------------------|-------------------|--------------------|
| A | Total Exposure | | | | |
| | 2018 Budgeted | \$ 75,437,869,146 | \$ 3,691,021,635 | \$ 41,392,320,763 | \$ 120,521,211,543 |
| | 2017 Projected | 59,591,310,105 | 5,199,325,518 | 47,627,728,222 | 112,418,363,846 |
| | Change | 15,846,559,041 | (1,508,303,883) | (6,235,407,459) | 8,102,847,697 |
| | Percentage change | 26.59% | -29.01% | -13.09% | 7.21% |
| VI Underwriting and Policy Acquisition Expense Ratios | | PLA | CLA | COASTAL | TOTAL |
| A | Underwriting and Policy Acquisition Cost Ratios | | | | |
| | 2018 Budgeted | 10.20% | 13.10% | 10.40% | 10.32% |
| | 2017 Projected | 10.75% | 13.85% | 10.94% | 10.90% |
| | Change | -0.55% | -0.75% | -0.54% | -0.58% |
| | Percentage change | -5.12% | -5.42% | -4.94% | -5.32% |
| VII Administrative Expense Ratios and Allocation by Account | | PLA | CLA | COASTAL | TOTAL |
| A | Administrative Expense Ratios | | | | |
| | 2018 Budgeted | 13.85% | 14.35% | 14.12% | 13.95% |
| | 2017 Projected | 15.08% | 13.52% | 15.05% | 15.03% |
| | Change | -1.23% | 0.83% | -0.93% | -1.08% |
| | Percentage change | -8.16% | 6.14% | -6.18% | -7.19% |
| B | Allocation of Administrative Expenses by Account | | | | |
| | 2018 Budgeted | 62.75% | 1.62% | 35.63% | 100.00% |
| | 2017 Projected | 55.06% | 2.09% | 42.85% | 100.00% |
| | Change | 7.69% | -0.47% | -7.22% | 0.00% |
| | Percentage change | 13.97% | -22.49% | -16.85% | 0.00% |

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2018 Operating Budget

Budgeted Statements of Operations

2018 Operating Budget
Citizens Property Insurance Corporation

Budgeted Statement of Operations Comparison - Consolidated

| Income Statement | 2018 Budget | 2017 Projection | \$ Variance | % Var | 2017 Budget | \$ Variance | % Var | 2016 Actual | \$ Variance | % Var |
|--------------------------------------|------------------------|--------------------------|--------------------------|-----------------|------------------------|------------------------|----------------|-------------------------|------------------------|-----------------|
| Premiums | | | | | | | | | | |
| Premiums Written - Direct | \$ 1,005,839,425 | \$ 896,534,356 | \$ 109,305,069 | 12.19% | \$ 1,000,984,782 | \$ 4,854,643 | 0.48% | \$ 973,840,305 | \$ 31,999,120 | 3.29% |
| Change in Direct UPR | (73,233,263) | 21,807,621 | (95,040,884) | -435.82% | (32,592,932) | (40,640,331) | 124.69% | 131,544,211 | (204,777,474) | -155.67% |
| Premiums Ceded (FHCF) | (149,377,221) | (154,265,157) | 4,887,936 | -3.17% | (162,829,722) | 13,452,501 | -8.26% | (176,391,990) | 27,014,769 | -15.32% |
| Premiums Ceded (Private) | (100,000,000) | (92,647,943) | (7,352,057) | 7.94% | (70,000,000) | (30,000,000) | 42.86% | (181,398,651) | 81,398,651 | -44.87% |
| Premiums Ceded (Depop) | (29,108,522) | (34,787,443) | 5,678,921 | -16.32% | (9,682,634) | (19,425,888) | 200.63% | (63,431,759) | 34,323,237 | -54.11% |
| Change in Ceded UPR (Depop) | (6,947,844) | (19,197,800) | 12,249,956 | -63.81% | (21,552,247) | 14,604,403 | -67.76% | (58,621,863) | 51,674,019 | -88.15% |
| Net Premiums Earned | \$ 647,172,575 | \$ 617,443,634 | \$ 29,728,941 | 4.81% | \$ 704,327,247 | \$ (57,154,672) | -8.11% | \$ 625,540,253 | \$ 21,632,322 | 3.46% |
| Underwriting Expenses | | | | | | | | | | |
| Losses and LAE Incurred | \$ 495,256,778 | \$ 1,519,362,869 | \$(1,024,106,091) | -67.40% | \$ 525,006,593 | \$ (29,749,815) | -5.67% | \$ 512,913,900 | \$ (17,657,122) | -3.44% |
| Producer Commissions | 76,234,378 | 71,033,010 | 5,201,368 | 7.32% | 79,492,317 | (3,257,939) | -4.10% | 77,138,939 | (904,561) | -1.17% |
| Taxes & Assessments | 14,219,028 | 14,209,400 | 9,628 | 0.07% | 15,014,772 | (795,744) | -5.30% | 13,012,379 | 1,206,649 | 9.27% |
| Administrative Expenses | 140,330,554 | 134,728,814 | 5,601,740 | 4.16% | 146,401,456 | (6,070,902) | -4.15% | 136,813,848 | 3,516,706 | 2.57% |
| Other Underwriting Expenses | 13,310,578 | 12,499,009 | 811,569 | 6.49% | 17,060,285 | (3,749,707) | -21.98% | 14,495,076 | (1,184,498) | -8.17% |
| Total Underwriting Expense | \$ 739,351,316 | \$ 1,751,833,102 | \$(1,012,481,786) | -57.80% | \$ 782,975,423 | \$ (43,624,107) | -5.57% | \$ 754,374,142 | \$ (15,022,826) | -1.99% |
| Net Underwriting Gain (Loss) | \$ (92,178,741) | \$(1,134,389,468) | \$ 1,042,210,727 | -91.87% | \$ (78,648,176) | \$ (13,530,565) | 17.20% | \$ (128,833,889) | \$ 36,655,148 | -28.45% |
| Other Income (Expenses) | | | | | | | | | | |
| Investment Income - Net | \$ 179,620,150 | \$ 222,378,890 | \$ (42,758,740) | -19.23% | \$ 173,373,823 | \$ 6,246,327 | 3.60% | \$ 237,277,247 | \$ (57,657,097) | -24.30% |
| Interest Expense - Net | (63,570,509) | (94,395,945) | 30,825,436 | -32.66% | (92,569,835) | 28,999,326 | -31.33% | (137,928,031) | 74,357,522 | -53.91% |
| Other Income and Expenses | 3,321,360 | 3,270,004 | 51,356 | 1.57% | 2,423,427 | 897,933 | 37.05% | 2,407,167 | 914,193 | 37.98% |
| Total Other Income (Expenses) | \$ 119,371,001 | \$ 131,252,949 | \$ (11,881,948) | -9.05% | \$ 83,227,415 | \$ 36,143,586 | 43.43% | \$ 101,756,383 | \$ 17,614,618 | 17.31% |
| Net Income (Loss) | \$ 27,192,260 | \$(1,003,136,519) | \$ 1,030,328,779 | -102.71% | \$ 4,579,239 | \$ 22,613,021 | 493.82% | \$ (27,077,506) | \$ 54,269,766 | -200.42% |
| Policies In-Force | 500,173 | 442,639 | 57,534 | 13.00% | 504,202 | (4,029) | -0.80% | 455,843 | 44,330 | 9.72% |

Note: All variances above are in reference to the 2018 Budget

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Citizens Property Insurance Corporation

**Budgeted Statement of Operations Comparison -
 PLA**

| Income Statement | 2018 Budget | 2017 Projection | \$ Variance | % Var | 2017 Budget | \$ Variance | % Var | 2016 Actual | \$ Variance | % Var |
|--------------------------------------|------------------------|-------------------------|-------------------------|----------------|-------------------------|----------------------|----------------|------------------------|------------------------|----------------|
| Premiums | | | | | | | | | | |
| Premiums Written - Direct | \$ 635,936,094 | \$ 492,125,259 | \$ 143,810,835 | 29.22% | \$ 549,725,794 | \$ 86,210,300 | 15.68% | \$ 470,578,896 | \$ 165,357,198 | 35.14% |
| Change in Direct UPR | (88,281,101) | (19,127,690) | (69,153,411) | 361.54% | (56,860,890) | (31,420,211) | 55.26% | 35,601,217 | (123,882,318) | -347.97% |
| Premiums Ceded (FHCF) | (69,142,954) | (62,111,029) | (7,031,925) | 11.32% | (63,251,046) | (5,891,908) | 9.32% | (59,896,891) | (9,246,063) | 15.44% |
| Premiums Ceded (Private) | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Premiums Ceded (Depop) | (7,728,246) | (12,513,097) | 4,784,851 | -38.24% | 4,226,463 | (11,954,709) | -282.85% | (19,396,317) | 11,668,071 | -60.16% |
| Change in Ceded UPR (Depop) | (3,337,857) | (7,338,513) | 4,000,656 | -54.52% | (7,794,702) | 4,456,845 | -57.18% | (29,247,465) | 25,909,608 | -88.59% |
| Net Premiums Earned | \$ 467,445,936 | \$ 391,034,930 | \$ 76,411,006 | 19.54% | \$ 426,045,619 | \$ 41,400,317 | 9.72% | \$ 397,639,440 | \$ 69,806,496 | 17.56% |
| Underwriting Expenses | | | | | | | | | | |
| Losses and LAE Incurred | \$ 412,319,700 | \$ 663,860,219 | (251,540,519) | -37.89% | \$ 421,295,928 | (8,976,228) | -2.13% | \$ 367,859,029 | 44,460,671 | 12.09% |
| Producer Commissions | 45,151,463 | 35,433,019 | 9,718,444 | 27.43% | 39,580,257 | 5,571,206 | 14.08% | 33,458,886 | 11,692,577 | 34.95% |
| Taxes & Assessments | 9,646,907 | 7,801,098 | 1,845,809 | 23.66% | 8,245,887 | 1,401,020 | 16.99% | 6,565,667 | 3,081,240 | 46.93% |
| Administrative Expenses | 88,060,000 | 74,188,266 | 13,871,734 | 18.70% | 80,252,187 | 7,807,813 | 9.73% | 65,256,788 | 22,803,212 | 34.94% |
| Other Underwriting Expenses | 10,067,112 | 9,670,652 | 396,460 | 4.10% | 11,356,979 | (1,289,867) | -11.36% | 8,709,287 | 1,357,825 | 15.59% |
| Total Underwriting Expense | \$ 565,245,182 | \$ 790,953,254 | \$ (225,708,072) | -28.54% | \$ 560,731,238 | \$ 4,513,944 | 0.81% | \$ 481,849,657 | \$ 83,395,525 | 17.31% |
| Net Underwriting Gain (Loss) | \$ (97,799,246) | \$ (399,918,324) | \$ 302,119,078 | -75.55% | \$ (134,685,619) | \$ 36,886,373 | -27.39% | \$ (84,210,217) | \$ (13,589,029) | 16.14% |
| Other Income (Expenses) | | | | | | | | | | |
| Investment Income - Net | \$ 61,799,174 | \$ 75,487,634 | \$ (13,688,460) | -18.13% | \$ 56,122,621 | \$ 5,676,553 | 10.11% | \$ 75,247,596 | \$ (13,448,422) | -17.87% |
| Interest Expense - Net | (21,256,583) | (24,582,902) | 3,326,319 | -13.53% | (24,582,903) | 3,326,320 | -13.53% | (27,499,395) | 6,242,812 | -22.70% |
| Other Income and Expenses | 2,344,790 | 1,761,485 | 583,305 | 33.11% | 1,860,636 | 484,154 | 26.02% | 1,445,329 | 899,461 | 62.23% |
| Total Other Income (Expenses) | \$ 42,887,381 | \$ 52,666,217 | \$ (9,778,836) | -18.57% | \$ 33,400,354 | \$ 9,487,027 | 28.40% | \$ 49,193,530 | \$ (6,306,149) | -12.82% |
| Net Income (Loss) | \$ (54,911,865) | \$ (347,252,107) | \$ 292,340,242 | -84.19% | \$ (101,285,265) | \$ 46,373,400 | -45.78% | \$ (35,016,687) | \$ (19,895,178) | 56.82% |
| Policies In-Force | 366,204 | 301,965 | 64,239 | 21.27% | 352,268 | 13,936 | 3.96% | 293,118 | 73,086 | 24.93% |

Note: All variances above are in reference to the 2018 Budget

2018 Operating Budget
Citizens Property Insurance Corporation

Budgeted Statement of Operations Comparison -
CLA

| Income Statement | 2018 Budget | 2017 Projection | \$ Variance | % Var | 2017 Budget | \$ Variance | % Var | 2016 Actual | \$ Variance | % Var |
|--------------------------------------|----------------------|------------------------|------------------------|-----------------|----------------------|------------------------|----------------|----------------------|------------------------|----------------|
| Premiums | | | | | | | | | | |
| Premiums Written - Direct | \$ 15,872,451 | \$ 20,819,940 | \$ (4,947,489) | -23.76% | \$ 32,626,408 | \$ (16,753,957) | -51.35% | \$ 37,137,630 | \$ (21,265,179) | -57.26% |
| Change in Direct UPR | 2,619,196 | 6,729,980 | (4,110,784) | -61.08% | 2,901,912 | (282,716) | -9.74% | 11,010,855 | (8,391,659) | -76.21% |
| Premiums Ceded (FHCF) | (4,983,074) | (6,097,952) | 1,114,878 | -18.28% | (7,395,142) | 2,412,068 | -32.62% | (3,660,868) | (1,322,206) | 36.12% |
| Premiums Ceded (Private) | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Premiums Ceded (Depop) | (1,095,443) | 95,392 | (1,190,835) | -1248.36% | (1,920,888) | 825,445 | -42.97% | (1,607,999) | 512,556 | -31.88% |
| Change in Ceded UPR (Depop) | 190,185 | (1,316,977) | 1,507,162 | -114.44% | (866,275) | 1,056,460 | -121.95% | (2,457,122) | 2,647,307 | -107.74% |
| Net Premiums Earned | \$ 12,603,315 | \$ 20,230,383 | \$ (7,627,068) | -37.70% | \$ 25,346,015 | \$ (12,742,700) | -50.27% | \$ 40,422,496 | \$ (27,819,181) | -68.82% |
| Underwriting Expenses | | | | | | | | | | |
| Losses and LAE Incurred | \$ 2,136,748 | \$ 33,723,284 | \$ (31,586,536) | -93.66% | \$ 4,099,029 | \$ (1,962,281) | -47.87% | \$ 6,766,131 | \$ (4,629,383) | -68.42% |
| Producer Commissions | 1,698,352 | 2,227,734 | (529,382) | -23.76% | 3,491,026 | (1,792,674) | -51.35% | 3,955,852 | (2,257,500) | -57.07% |
| Taxes & Assessments | 172,383 | 328,212 | (155,829) | -47.48% | 489,396 | (317,013) | -64.78% | 571,626 | (399,243) | -69.84% |
| Administrative Expenses | 2,276,955 | 2,814,296 | (537,341) | -19.09% | 4,770,912 | (2,493,957) | -52.27% | 6,354,933 | (4,077,978) | -64.17% |
| Other Underwriting Expenses | 208,556 | 328,444 | (119,888) | -36.50% | 385,630 | (177,074) | -45.92% | 612,325 | (403,769) | -65.94% |
| Total Underwriting Expense | \$ 6,492,994 | \$ 39,421,970 | \$ (32,928,976) | -83.53% | \$ 13,235,993 | \$ (6,742,999) | -50.94% | \$ 18,260,867 | \$ (11,767,873) | -64.44% |
| Net Underwriting Gain (Loss) | \$ 6,110,321 | \$ (19,191,587) | \$ 25,301,908 | -131.84% | \$ 12,110,022 | \$ (5,999,701) | -49.54% | \$ 22,161,629 | \$ (16,051,308) | -72.43% |
| Other Income (Expenses) | | | | | | | | | | |
| Investment Income - Net | \$ 35,455,530 | \$ 40,613,532 | \$ (5,158,002) | -12.70% | \$ 29,074,669 | \$ 6,380,861 | 21.95% | \$ 42,086,930 | \$ (6,631,400) | -15.76% |
| Interest Expense - Net | (3,357,339) | (3,882,710) | 525,371 | -13.53% | (3,882,709) | 525,370 | -13.53% | (4,343,351) | 986,012 | -22.70% |
| Other Income and Expenses | 86,821 | 109,777 | (22,956) | -20.91% | 252,525 | (165,704) | -65.62% | 203,876 | (117,055) | -57.41% |
| Total Other Income (Expenses) | \$ 32,185,012 | \$ 36,840,599 | \$ (4,655,587) | -12.64% | \$ 25,444,485 | \$ 6,740,527 | 26.49% | \$ 37,947,455 | \$ (5,762,443) | -15.19% |
| Net Income (Loss) | \$ 38,295,333 | \$ 17,649,012 | \$ 20,646,321 | 116.98% | \$ 37,554,507 | \$ 740,826 | 1.97% | \$ 60,109,084 | \$ (21,813,751) | -36.29% |
| Policies In-Force | 930 | 1,410 | (480) | -34.04% | 1,801 | (871) | -48.36% | 1,891 | (961) | -50.82% |

Note: All variances above are in reference to the 2018 Budget

2018 Operating Budget
Citizens Property Insurance Corporation

**Budgeted Statement of Operations Comparison -
Coastal Account**

| Income Statement | 2018 Budget | 2017 Projection | \$ Variance | % Var | 2017 Budget | \$ Variance | % Var | 2016 Actual | \$ Variance | % Var |
|--------------------------------------|-----------------------|-------------------------|-------------------------|-----------------|-----------------------|------------------------|-----------------|------------------------|------------------------|-----------------|
| Premiums | | | | | | | | | | |
| Premiums Written - Direct | \$ 354,030,880 | \$ 383,589,157 | \$ (29,558,277) | -7.71% | \$ 418,632,580 | \$ (64,601,700) | -15.43% | \$ 466,123,779 | \$ (112,092,899) | -24.05% |
| Change in Direct UPR | 12,428,642 | 34,205,331 | (21,776,689) | -63.66% | 21,366,046 | (8,937,404) | -41.83% | 84,932,140 | (72,503,498) | -85.37% |
| Premiums Ceded (FHCF) | (75,251,193) | (86,056,176) | 10,804,983 | -12.56% | (92,183,534) | 16,932,341 | -18.37% | (112,834,231) | 37,583,038 | -33.31% |
| Premiums Ceded (Private) | (100,000,000) | (92,647,943) | (7,352,057) | 7.94% | (70,000,000) | (30,000,000) | 42.86% | (181,398,651) | 81,398,651 | -44.87% |
| Premiums Ceded (Depop) | (20,284,833) | (22,369,738) | 2,084,905 | -9.32% | (11,988,209) | (8,296,624) | 69.21% | (42,427,443) | 22,142,610 | -52.19% |
| Change in Ceded UPR (Depop) | (3,800,172) | (10,542,310) | 6,742,138 | -63.95% | (12,891,270) | 9,091,098 | -70.52% | (26,917,276) | 23,117,104 | -85.88% |
| Net Premiums Earned | \$ 167,123,324 | \$ 206,178,321 | \$ (39,054,997) | -18.94% | \$ 252,935,613 | \$ (85,812,289) | -33.93% | \$ 187,478,318 | \$ (20,354,994) | -10.86% |
| Underwriting Expenses | | | | | | | | | | |
| Losses and LAE Incurred | \$ 80,800,330 | \$ 821,779,366 | \$ (740,979,036) | -90.17% | \$ 99,611,636 | \$ (18,811,306) | -18.88% | \$ 138,288,741 | \$ (57,488,411) | -41.57% |
| Producer Commissions | 29,384,563 | 33,372,257 | (3,987,694) | -11.95% | 36,421,034 | (7,036,471) | -19.32% | 39,724,200 | (10,339,637) | -26.03% |
| Taxes & Assessments | 4,399,738 | 6,080,090 | (1,680,352) | -27.64% | 6,279,489 | (1,879,751) | -29.93% | 5,875,087 | (1,475,349) | -25.11% |
| Administrative Expenses | 49,993,599 | 57,726,252 | (7,732,653) | -13.40% | 61,378,357 | (11,384,758) | -18.55% | 65,202,127 | (15,208,528) | -23.33% |
| Other Underwriting Expenses | 3,034,910 | 2,499,913 | 534,997 | 21.40% | 5,317,676 | (2,282,766) | -42.93% | 5,173,464 | (2,138,554) | -41.34% |
| Total Underwriting Expense | \$ 167,613,140 | \$ 921,457,878 | \$ (753,844,738) | -81.81% | \$ 209,008,192 | \$ (41,395,052) | -19.81% | \$ 254,263,619 | \$ (86,650,479) | -34.08% |
| Net Underwriting Gain (Loss) | \$ (489,816) | \$ (715,279,557) | \$ 714,789,741 | -99.93% | \$ 43,927,421 | \$ (44,417,237) | -101.12% | \$ (66,785,301) | \$ 66,295,485 | -99.27% |
| Other Income (Expenses) | | | | | | | | | | |
| Investment Income - Net | \$ 82,365,446 | \$ 106,277,724 | \$ (23,912,278) | -22.50% | \$ 88,176,533 | \$ (5,811,087) | -6.59% | \$ 119,942,721 | \$ (37,577,275) | -31.33% |
| Interest Expense - Net | (38,956,587) | (65,930,333) | 26,973,746 | -40.91% | (64,104,223) | 25,147,636 | -39.23% | (106,085,285) | 67,128,698 | -63.28% |
| Other Income and Expenses | 889,749 | 1,398,742 | (508,993) | -36.39% | 310,266 | 579,483 | 186.77% | 757,961 | 131,788 | 17.39% |
| Total Other Income (Expenses) | \$ 44,298,608 | \$ 41,746,133 | \$ 2,552,475 | 6.11% | \$ 24,382,576 | \$ 19,916,032 | 81.68% | \$ 14,615,397 | \$ 29,683,211 | 203.10% |
| Net Income (Loss) | \$ 43,808,792 | \$ (673,533,424) | \$ 717,342,216 | -106.50% | \$ 68,309,997 | \$ (24,501,205) | -35.87% | \$ (52,169,904) | \$ 95,978,696 | -183.97% |
| Policies In-Force | 133,039 | 139,264 | (6,225) | -4.47% | 150,133 | (17,094) | -11.39% | 160,834 | (27,795) | -17.28% |

Note: All variances above are in reference to the 2018 Budget

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2018 Operating Budget

Administrative Expenses

2018 Operating Budget
Citizens Property Insurance Corporation

Administrative Expenses
By Division

| Expense Category | Total CPIC | Enterprise Resources | Human Resources | Legal Services and Purchasing | Communications, Legislative and External Affairs | Financial Services | Claims | Underwriting and Agency Services | Systems and Operations |
|---|-----------------------|----------------------|----------------------|-------------------------------|--|----------------------|---------------|----------------------------------|------------------------|
| Salaries | \$ 94,956,194 | \$ 5,668,327 | \$ 4,865,718 | \$ 5,852,682 | \$ 2,206,451 | \$ 5,833,040 | \$ 23,100,762 | \$ 20,411,571 | \$ 27,017,645 |
| Employee Benefits | 21,832,186 | 1,018,234 | 1,357,224 | 1,203,380 | 614,746 | 1,222,186 | 5,650,839 | 5,393,295 | 5,372,281 |
| Payroll Taxes | 6,621,758 | 294,611 | 338,083 | 403,389 | 157,089 | 388,326 | 1,654,101 | 1,426,464 | 1,959,694 |
| Contingent Staffing | 161,628,536 | - | 278,720 | 701,653 | 46,800 | 85,800 | 158,826,190 | - | 1,689,373 |
| Training | 1,129,022 | 68,100 | 115,385 | 12,000 | 29,187 | 55,945 | 78,656 | 201,001 | 568,748 |
| Recruiting | 658,250 | - | 658,250 | - | - | - | - | - | - |
| Printing | 344,400 | 1,800 | 3,750 | - | 277,500 | 27,650 | 11,800 | 3,300 | 18,600 |
| Operating Supplies | 377,435 | 7,000 | 7,950 | 3,300 | 7,700 | 12,750 | 29,950 | 10,320 | 298,465 |
| Subscriptions & Dues | 1,549,393 | 125,298 | 75,388 | 41,808 | 27,762 | 113,513 | 789,205 | 77,635 | 298,785 |
| Postage | 596,757 | 780 | 1,390 | - | 327,050 | 8,130 | 16,325 | 802 | 242,280 |
| Telecommunications | 3,534,220 | - | - | - | - | - | - | - | 3,534,220 |
| Legal | 1,215,000 | 55,000 | - | 1,160,000 | - | - | - | - | - |
| Insurance | 894,192 | - | - | 894,192 | - | - | - | - | - |
| Travel & Meals | 1,809,776 | 311,791 | 102,738 | 93,180 | 65,700 | 112,238 | 536,805 | 255,935 | 331,389 |
| Professional Services | 13,489,191 | 185,500 | 1,773,198 | 360,013 | 208,500 | 2,511,631 | 219,000 | 4,160,356 | 4,070,993 |
| Miscellaneous | - | - | - | - | - | - | - | - | - |
| Rent | 7,975,425 | 6,300 | - | 16,686 | - | - | 388,080 | - | 7,564,359 |
| Depreciation | 5,139,006 | - | - | - | - | - | - | - | 5,139,006 |
| Producer Fees Collected | (779,500) | - | - | - | - | - | - | (779,500) | - |
| Operations & Maintenance | 2,646,526 | 1,500 | - | 912 | - | 72,409 | 4,500 | 12,500 | 2,554,706 |
| Bank Charges | 215,762 | - | - | - | - | 215,000 | - | 762 | - |
| Software Maint & Licensing | 18,582,787 | 301,051 | 576,299 | 133,785 | 26,710 | 679,208 | 2,700,595 | 164,477 | 14,000,662 |
| Computer Hardware | 2,805,684 | - | 50 | - | - | - | - | 15,000 | 2,790,634 |
| FMAP Funding | (207,221) | - | - | - | - | (3,600) | - | (189,221) | (14,400) |
| ULAE Expense Allocation | (206,684,225) | - | - | (4,951,838) | - | (52,290) | (194,006,809) | - | (7,673,287) |
| Total Administrative Expenses | \$ 140,330,554 | \$ 8,045,292 | \$ 10,154,142 | \$ 5,925,141 | \$ 3,995,194 | \$ 11,281,935 | \$ - | \$ 31,164,697 | \$ 69,764,153 |
| Total Underwriting Expenses | \$ 13,310,578 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 13,310,578 | \$ - |
| Total Admin & Other Expenses | \$ 153,641,132 | \$ 8,045,292 | \$ 10,154,142 | \$ 5,925,141 | \$ 3,995,194 | \$ 11,281,935 | \$ - | \$ 44,475,275 | \$ 69,764,153 |

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2018 Operating Budget
Citizens Property Insurance Corporation

**Administrative Expenses
By Corporate Initiative**

| Expense Category | Total | Operating Expenses | Centerpoint (ERP) | Guidewire V9 Upgrade | Self - Service Strategy |
|---|-----------------------|---------------------------|--------------------------|-----------------------------|--------------------------------|
| Salaries | \$ 94,956,194 | \$ 94,956,194 | \$ - | \$ - | \$ - |
| Employee Benefits | 21,832,186 | 21,829,686 | 2,500 | - | - |
| Payroll Taxes | 6,621,758 | 6,621,758 | - | - | - |
| Contingent Staffing | 161,628,536 | 161,222,416 | 320,320 | 85,800 | - |
| Training | 1,129,022 | 1,104,022 | - | 25,000 | - |
| Recruiting | 658,250 | 658,250 | - | - | - |
| Printing | 344,400 | 344,400 | - | - | - |
| Operating Supplies | 377,435 | 377,435 | - | - | - |
| Subscriptions & Dues | 1,549,393 | 1,493,893 | 5,500 | - | 50,000 |
| Postage | 596,757 | 596,757 | - | - | - |
| Telecommunications | 3,534,220 | 3,534,220 | - | - | - |
| Legal | 1,215,000 | 1,215,000 | - | - | - |
| Insurance | 894,192 | 894,192 | - | - | - |
| Travel & Meals | 1,809,776 | 1,771,207 | 31,955 | 6,614 | - |
| Professional Services | 13,489,191 | 9,005,622 | 2,503,422 | 1,805,147 | 175,000 |
| Miscellaneous | - | - | - | - | - |
| Rent | 7,975,425 | 7,975,425 | - | - | - |
| Depreciation | 5,139,006 | 5,057,173 | - | 81,833 | - |
| Producer Fees Collected | (779,500) | (779,500) | - | - | - |
| Operations & Maintenance | 2,646,526 | 2,646,526 | - | - | - |
| Bank Charges | 215,762 | 215,762 | - | - | - |
| Software Maint & Licensing | 18,582,787 | 16,961,182 | 795,487 | 150,000 | 676,117 |
| Computer Hardware | 2,805,684 | 2,805,684 | - | - | - |
| FMAP Funding | (207,221) | (207,221) | - | - | - |
| ULAE Expense Allocation | (206,684,225) | (206,684,225) | - | - | - |
| Total Administrative Expenses | \$ 140,330,554 | \$ 133,615,858 | \$ 3,659,184 | \$ 2,154,394 | \$ 901,117 |
| Total Underwriting Expenses | 13,310,578 | 13,310,578 | - | - | - |
| Total Admin & Other Expenses | \$ 153,641,132 | \$ 146,926,436 | \$ 3,659,184 | \$ 2,154,394 | \$ 901,117 |

2018 Operating Budget

Citizens Property Insurance Corporation

Operating Expenses Analysis

| Expense Category | Operating Expenses | Standard Operating Expenses | Hurricane Irma Response | Litigated Claims / AOB Response |
|---|-----------------------|-----------------------------|-------------------------|---------------------------------|
| Salaries | \$ 94,956,194 | \$ 85,546,222 | \$ - | \$ 9,409,972 |
| Employee Benefits | 21,829,686 | 19,784,473 | - | 2,045,213 |
| Payroll Taxes | 6,621,758 | 5,950,547 | - | 671,211 |
| Contingent Staffing | 161,222,416 | 5,077,794 | 118,098,412 | 38,046,210 |
| Training | 1,104,022 | 1,093,222 | - | 10,800 |
| Recruiting | 658,250 | 408,250 | - | 250,000 |
| Printing | 344,400 | 143,950 | - | 200,450 |
| Operating Supplies | 377,435 | 374,350 | - | 3,085 |
| Subscriptions & Dues | 1,493,893 | 1,488,518 | - | 5,375 |
| Postage | 596,757 | 220,357 | - | 376,400 |
| Telecommunications | 3,534,220 | 3,534,220 | - | - |
| Legal | 1,215,000 | 1,210,000 | - | 5,000 |
| Insurance | 894,192 | 894,192 | - | - |
| Travel & Meals | 1,771,207 | 1,684,127 | - | 87,080 |
| Professional Services | 9,005,622 | 8,880,622 | - | 125,000 |
| Miscellaneous | - | - | - | - |
| Rent | 7,975,425 | 7,975,425 | - | - |
| Depreciation | 5,057,173 | 5,057,173 | - | - |
| Producer Fees Collected | (779,500) | (779,500) | - | - |
| Operations & Maintenance | 2,646,526 | 2,646,526 | - | - |
| Bank Charges | 215,762 | 215,762 | - | - |
| Software Maint & Licensing | 16,961,182 | 16,961,182 | - | - |
| Computer Hardware | 2,805,684 | 2,805,684 | - | - |
| FMAP Funding | (207,221) | (207,221) | - | - |
| ULAE Expense Allocation | (206,684,225) | (38,530,017) | (118,098,412) | (50,055,795) |
| Total Administrative Expenses | \$ 133,615,858 | \$ 132,435,858 | \$ - | \$ 1,180,000 |
| Total Underwriting Expenses | 13,310,578 | 13,310,578 | - | - |
| Total Admin & Other Expenses | \$ 146,926,436 | \$ 145,746,436 | \$ - | \$ 1,180,000 |

Litigated claims and AOB Response costs above consist of budgeted expenses within Claims Litigation, Legal Billing Review, and Legal Claims Support cost centers in addition to identifiable budgeted expenditures within Human Resources, Information Technology and Communications.

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2018 Operating Budget
Citizens Property Insurance Corporation

Administrative Expenses
Comparison of Annual Totals

Total CPIC

| Expense Category | 2018 Budget | 2017 Projection | \$ Variance | % Var | 2017 Budget | \$ Variance | % Var | 2016 Actual | \$ Variance | % Var |
|---|-----------------------|------------------------|---------------------|--------------|-----------------------|-----------------------|----------------|-----------------------|-----------------------|---------------|
| Salaries | \$ 94,956,194 | \$ 95,364,030 | \$ (407,836) | -0.43% | \$ 96,782,738 | \$ (1,826,544) | -1.89% | \$ 92,300,546 | \$ 2,655,649 | 2.88% |
| Employee Benefits | 21,832,186 | 18,108,164 | 3,724,021 | 20.57% | 19,810,651 | 2,021,534 | 10.20% | 21,709,671 | 122,515 | 0.56% |
| Payroll Taxes | 6,621,758 | 6,954,247 | (332,490) | -4.78% | 7,116,572 | (494,814) | -6.95% | 6,637,320 | (15,562) | -0.23% |
| Contingent Staffing | 161,628,536 | 58,921,542 | 102,706,994 | 174.31% | 31,752,725 | 129,875,811 | 409.02% | 22,686,161 | 138,942,375 | 612.45% |
| Training | 1,129,022 | 693,892 | 435,130 | 62.71% | 908,408 | 220,615 | 24.29% | 516,876 | 612,146 | 118.43% |
| Recruiting | 658,250 | 356,000 | 302,250 | 84.90% | 589,900 | 68,350 | 11.59% | 444,158 | 214,092 | 48.20% |
| Printing | 344,400 | 102,644 | 241,756 | 235.53% | 88,683 | 255,717 | 288.35% | 94,635 | 249,765 | 263.93% |
| Operating Supplies | 377,435 | 316,244 | 61,190 | 19.35% | 433,689 | (56,254) | -12.97% | 375,404 | 2,031 | 0.54% |
| Subscriptions & Dues | 1,549,393 | 895,671 | 653,723 | 72.99% | 1,509,458 | 39,935 | 2.65% | 1,339,330 | 210,063 | 15.68% |
| Postage | 596,757 | 424,691 | 172,066 | 40.52% | 404,092 | 192,665 | 47.68% | 359,754 | 237,003 | 65.88% |
| Telecommunications | 3,534,220 | 4,293,054 | (758,834) | -17.68% | 4,480,913 | (946,693) | -21.13% | 4,198,825 | (664,605) | -15.83% |
| Legal | 1,215,000 | 1,162,201 | 52,799 | 4.54% | 1,068,000 | 147,000 | 13.76% | 1,450,733 | (235,733) | -16.25% |
| Insurance | 894,192 | 1,026,958 | (132,766) | -12.93% | 735,890 | 158,302 | 21.51% | 855,324 | 38,868 | 4.54% |
| Travel & Meals | 1,809,776 | 3,491,103 | (1,681,326) | -48.16% | 1,800,136 | 9,641 | 0.54% | 1,405,664 | 404,112 | 28.75% |
| Professional Services | 13,489,191 | 13,314,610 | 174,582 | 1.31% | 14,994,388 | (1,505,197) | -10.04% | 9,916,845 | 3,572,346 | 36.02% |
| Miscellaneous | - | 245,546 | (245,546) | -100.00% | 2,500 | (2,500) | -100.00% | - | - | 0.00% |
| Rent | 7,975,425 | 7,517,737 | 457,687 | 6.09% | 7,428,440 | 546,985 | 7.36% | 9,331,894 | (1,356,469) | -14.54% |
| Depreciation | 5,139,006 | 4,171,964 | 967,043 | 23.18% | 5,549,064 | (410,057) | -7.39% | 4,369,690 | 769,316 | 17.61% |
| Producer Fees Collected | (779,500) | (619,977) | (159,523) | -25.73% | (779,500) | - | 0.00% | (731,144) | (48,356) | -6.61% |
| Operations & Maintenance | 2,646,526 | 2,384,199 | 262,327 | 11.00% | 2,477,639 | 168,887 | 6.82% | 2,534,607 | 111,919 | 4.42% |
| Bank Charges | 215,762 | 202,301 | 13,461 | 6.65% | 220,603 | (4,841) | -2.19% | 218,209 | (2,447) | -1.12% |
| Software Maint & Licensing | 18,582,787 | 15,465,894 | 3,116,893 | 20.15% | 17,154,124 | 1,428,663 | 8.33% | 13,414,491 | 5,168,296 | 38.53% |
| Computer Hardware | 2,805,684 | 3,317,545 | (511,860) | -15.43% | 3,647,882 | (842,198) | -23.09% | 2,030,615 | 775,069 | 38.17% |
| FMAP Funding | (207,221) | (210,798) | 3,576 | 1.70% | (259,200) | 51,979 | 20.05% | (4,889) | (202,332) | -4138.24% |
| ULAE Expense Allocation | (206,684,225) | (103,170,649) | (103,513,576) | -100.33% | (71,516,339) | (135,167,886) | -189.00% | (58,640,870) | (148,043,355) | -252.46% |
| Total Administrative Expenses | \$ 140,330,554 | \$ 134,728,814 | \$ 5,601,741 | 4.16% | \$ 146,401,456 | \$ (6,070,902) | -4.15% | \$ 136,813,848 | \$ 3,516,707 | 2.57% |
| Total Underwriting Expenses | \$ 13,310,578 | \$ 12,499,009 | \$ 811,569 | 6.49% | \$ 17,060,285 | \$ (3,749,707) | -21.98% | \$ 14,495,076 | \$ (1,184,498) | -8.17% |
| IT Expense Allocation | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Total Admin & Other Expenses | \$ 153,641,132 | \$ 147,227,823 | \$ 6,413,309 | 4.36% | \$ 163,461,741 | \$ (9,820,609) | -6.01% | \$ 151,308,924 | \$ 2,332,208 | 1.54% |

Note: All variances above are in reference to the 2018 Budget

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Enterprise Resources

| Expense Category | 2018 Budget | 2017 Projection | \$ Variance | % Var | 2017 Budget | \$ Variance | % Var | 2016 Actual | \$ Variance | % Var |
|---|---------------------|---------------------|-------------------|-----------------|---------------------|---------------------|-----------------|---------------------|---------------------|-----------------|
| Salaries | \$ 5,668,327 | \$ 5,622,615 | \$ 45,712 | 0.81% | \$ 6,229,657 | \$ (561,330) | -9.01% | \$ 5,871,037 | \$ (202,710) | -3.45% |
| Employee Benefits | 1,018,234 | 726,900 | 291,334 | 40.08% | 791,919 | 226,315 | 28.58% | 1,306,169 | (287,935) | -22.04% |
| Payroll Taxes | 294,611 | 297,954 | (3,343) | -1.12% | 312,147 | (17,536) | -5.62% | 307,559 | (12,948) | -4.21% |
| Contingent Staffing | - | 27,300 | (27,300) | -100.00% | 109,200 | (109,200) | -100.00% | 55,384 | (55,384) | -100.00% |
| Training | 68,100 | 51,524 | 16,576 | 32.17% | 62,900 | 5,200 | 8.27% | 65,069 | 3,031 | 4.66% |
| Recruiting | - | - | - | 0.00% | - | - | 0.00% | 49 | (49) | -99.53% |
| Printing | 1,800 | 821 | 979 | 119.21% | 2,685 | (885) | -32.96% | 881 | 919 | 104.28% |
| Operating Supplies | 7,000 | 7,227 | (227) | -3.14% | 6,850 | 150 | 2.19% | 6,285 | 715 | 11.38% |
| Subscriptions & Dues | 125,298 | 74,959 | 50,339 | 67.16% | 119,710 | 5,588 | 4.67% | 111,362 | 13,936 | 12.51% |
| Postage | 780 | 289 | 491 | 170.01% | 700 | 80 | 11.43% | 616 | 164 | 26.60% |
| Telecommunications | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Legal | 55,000 | 14,396 | 40,604 | 282.05% | 55,000 | - | 0.00% | 4,383 | 50,617 | 1154.85% |
| Insurance | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Travel & Meals | 311,791 | 419,666 | (107,875) | -25.70% | 284,355 | 27,436 | 9.65% | 207,176 | 104,615 | 50.50% |
| Professional Services | 185,500 | 57,417 | 128,083 | 223.08% | 205,600 | (20,100) | -9.78% | 405,914 | (220,414) | -54.30% |
| Miscellaneous | - | 5,309 | (5,309) | -100.00% | - | - | 0.00% | - | - | 0.00% |
| Rent | 6,300 | 6,302 | (2) | -0.03% | 6,300 | - | 0.00% | 7,075 | (775) | -10.95% |
| Depreciation | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Producer Fees Collected | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Operations & Maintenance | 1,500 | 1,162 | 338 | 29.08% | 3,250 | (1,750) | -53.85% | 4,707 | (3,207) | -68.13% |
| Bank Charges | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Software Maint & Licensing | 301,051 | 82,668 | 218,383 | 264.17% | 162,119 | 138,932 | 85.70% | 130,983 | 170,068 | 129.84% |
| Computer Hardware | - | 62 | (62) | -99.20% | 250 | (250) | -100.00% | - | - | 0.00% |
| FMAP Funding | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| ULAE Expense Allocation | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Total Administrative Expenses | \$ 8,045,292 | \$ 7,396,572 | \$ 648,720 | 8.77% | \$ 8,352,642 | \$ (307,350) | -3.68% | \$ 8,484,650 | \$ (439,358) | -5.18% |
| Total Underwriting Expenses | \$ - | \$ - | \$ - | 0.00% | \$ - | \$ - | 0.00% | \$ - | \$ - | 0.00% |
| IT Expense Allocation | - | 336,408 | (336,408) | -100.00% | 401,350 | (401,350) | -100.00% | 315,059 | (315,059) | -100.00% |
| Total Admin & Other Expenses | \$ 8,045,292 | \$ 7,732,980 | \$ 312,312 | 4.04% | \$ 8,753,992 | \$ (708,701) | -8.10% | \$ 8,799,709 | \$ (754,417) | -8.57% |

Note: All variances above are in reference to the 2018 Budget

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Human Resources

| Expense Category | 2018 Budget | 2017 Projection | \$ Variance | % Var | 2017 Budget | \$ Variance | % Var | 2016 Actual | \$ Variance | % Var |
|---|----------------------|----------------------|---------------------|-----------------|----------------------|-----------------------|-----------------|---------------------|-------------------|-----------------|
| Salaries | \$ 4,865,718 | \$ 4,626,770 | \$ 238,948 | 5.16% | \$ 5,094,388 | \$ (228,670) | -4.49% | \$ 5,184,647 | \$ (318,929) | -6.15% |
| Employee Benefits | 1,357,224 | 1,044,442 | 312,782 | 29.95% | 1,291,978 | 65,246 | 5.05% | 1,424,609 | (67,385) | -4.73% |
| Payroll Taxes | 338,083 | 341,428 | (3,345) | -0.98% | 364,327 | (26,244) | -7.20% | 382,766 | (44,684) | -11.67% |
| Contingent Staffing | 278,720 | 41,821 | 236,899 | 566.47% | 100,006 | 178,714 | 178.70% | 87,545 | 191,175 | 218.37% |
| Training | 115,385 | 88,883 | 26,502 | 29.82% | 129,130 | (13,745) | -10.64% | 71,762 | 43,623 | 60.79% |
| Recruiting | 658,250 | 356,000 | 302,250 | 84.90% | 589,400 | 68,850 | 11.68% | 444,109 | 214,141 | 48.22% |
| Printing | 3,750 | 2,470 | 1,280 | 51.81% | 4,650 | (900) | -19.35% | 2,909 | 841 | 28.91% |
| Operating Supplies | 7,950 | 6,619 | 1,331 | 20.11% | 5,132 | 2,818 | 54.91% | 6,908 | 1,042 | 15.08% |
| Subscriptions & Dues | 75,388 | 68,574 | 6,814 | 9.94% | 106,650 | (31,262) | -29.31% | 46,444 | 28,944 | 62.32% |
| Postage | 1,390 | 1,010 | 380 | 37.63% | 1,540 | (150) | -9.74% | 1,800 | (410) | -22.77% |
| Telecommunications | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Legal | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Insurance | - | 60,900 | (60,900) | -100.00% | - | - | 0.00% | - | - | 0.00% |
| Travel & Meals | 102,738 | 108,322 | (5,584) | -5.16% | 131,740 | (29,002) | -22.01% | 93,299 | 9,439 | 10.12% |
| Professional Services | 1,773,198 | 1,994,847 | (221,649) | -11.11% | 2,629,776 | (856,578) | -32.57% | 1,059,774 | 713,424 | 67.32% |
| Miscellaneous | - | (19,776) | 19,776 | 100.00% | 2,500 | (2,500) | -100.00% | - | - | 0.00% |
| Rent | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Depreciation | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Producer Fees Collected | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Operations & Maintenance | - | 15 | (15) | -100.00% | - | - | 0.00% | 465 | (465) | -99.92% |
| Bank Charges | - | 34 | (34) | -100.06% | - | - | 0.00% | - | - | 0.00% |
| Software Maint & Licensing | 576,299 | 743,160 | (166,861) | -22.45% | 845,455 | (269,156) | -31.84% | 478,675 | 97,624 | 20.39% |
| Computer Hardware | 50 | 104 | (54) | -51.84% | 250 | (200) | -80.00% | - | 50 | 100.00% |
| FMAP Funding | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| ULAE Expense Allocation | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Total Administrative Expenses | \$ 10,154,142 | \$ 9,465,622 | \$ 688,520 | 7.27% | \$ 11,296,921 | \$ (1,142,779) | -10.12% | \$ 9,285,712 | \$ 868,430 | 9.35% |
| Total Underwriting Expenses | \$ - | \$ - | \$ - | 0.00% | \$ - | \$ - | 0.00% | \$ - | \$ - | 0.00% |
| IT Expense Allocation | - | 1,137,907 | (1,137,907) | -100.00% | 1,304,305 | (1,304,305) | -100.00% | 608,195 | (608,195) | -100.00% |
| Total Admin & Other Expenses | \$ 10,154,142 | \$ 10,603,529 | \$ (449,387) | -4.24% | \$ 12,601,226 | \$ (2,447,084) | -19.42% | \$ 9,893,907 | \$ 260,235 | 2.63% |

Note: All variances above are in reference to the 2018 Budget

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Legal Services and Purchasing

| Expense Category | 2018 Budget | 2017 Projection | \$ Variance | % Var | 2017 Budget | \$ Variance | % Var | 2016 Actual | \$ Variance | % Var |
|---|---------------------|---------------------|-----------------------|-----------------|---------------------|-----------------------|-----------------|---------------------|-----------------------|-----------------|
| Salaries | \$ 5,852,682 | \$ 4,866,598 | \$ 986,084 | 20.26% | \$ 4,808,725 | \$ 1,043,957 | 21.71% | \$ 4,663,029 | \$ 1,189,653 | 25.51% |
| Employee Benefits | 1,203,380 | 907,700 | 295,680 | 32.57% | 944,012 | 259,368 | 27.48% | 882,452 | 320,928 | 36.37% |
| Payroll Taxes | 403,389 | 349,237 | 54,152 | 15.51% | 337,290 | 66,100 | 19.60% | 324,002 | 79,387 | 24.50% |
| Contingent Staffing | 701,653 | 350,000 | 351,653 | 100.47% | 160,368 | 541,285 | 337.53% | 241,035 | 460,618 | 191.10% |
| Training | 12,000 | 8,161 | 3,839 | 47.04% | 9,279 | 2,721 | 29.32% | 13,041 | (1,041) | -7.98% |
| Recruiting | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Printing | - | 90 | (90) | -100.00% | 200 | (200) | -100.00% | 1,146 | (1,146) | -100.04% |
| Operating Supplies | 3,300 | 2,200 | 1,100 | 50.00% | 3,600 | (300) | -8.33% | 2,191 | 1,109 | 50.61% |
| Subscriptions & Dues | 41,808 | 39,095 | 2,713 | 6.94% | 39,684 | 2,124 | 5.35% | 40,632 | 1,176 | 2.89% |
| Postage | - | - | - | 0.00% | - | - | 0.00% | 26 | (26) | -99.69% |
| Telecommunications | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Legal | 1,160,000 | 1,147,805 | 12,195 | 1.06% | 1,013,000 | 147,000 | 14.51% | 1,414,591 | (254,591) | -18.00% |
| Insurance | 894,192 | 966,058 | (71,866) | -7.44% | 735,890 | 158,302 | 21.51% | 855,324 | 38,868 | 4.54% |
| Travel & Meals | 93,180 | 81,472 | 11,708 | 14.37% | 115,761 | (22,581) | -19.51% | 103,300 | (10,120) | -9.80% |
| Professional Services | 360,013 | 456,533 | (96,520) | -21.14% | 866,190 | (506,176) | -58.44% | 359,152 | 861 | 0.24% |
| Miscellaneous | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Rent | 16,686 | 10,000 | 6,686 | 66.86% | 15,340 | 1,346 | 8.77% | 12,707 | 3,978 | 31.31% |
| Depreciation | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Producer Fees Collected | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Operations & Maintenance | 912 | 2,000 | (1,088) | -54.40% | - | 912 | 100.00% | 619 | 293 | 47.36% |
| Bank Charges | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Software Maint & Licensing | 133,785 | 122,041 | 11,744 | 9.62% | 141,490 | (7,706) | -5.45% | 55,875 | 77,910 | 139.44% |
| Computer Hardware | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| FMAP Funding | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| ULAE Expense Allocation | (4,951,838) | - | (4,951,838) | -100.00% | - | (4,951,838) | -100.00% | - | (4,951,838) | -100.00% |
| Total Administrative Expenses | \$ 5,925,141 | \$ 9,308,990 | \$ (3,383,849) | -36.35% | \$ 9,190,828 | \$ (3,265,687) | -35.53% | \$ 8,969,122 | \$ (3,043,980) | -33.94% |
| Total Underwriting Expenses | \$ - | \$ - | \$ - | 0.00% | \$ - | \$ - | 0.00% | \$ - | \$ - | 0.00% |
| IT Expense Allocation | - | 560,552 | (560,552) | -100.00% | 710,198 | (710,198) | -100.00% | 411,223 | (411,223) | -100.00% |
| Total Admin & Other Expenses | \$ 5,925,141 | \$ 9,869,542 | \$ (3,944,401) | -39.97% | \$ 9,901,026 | \$ (3,975,885) | -40.16% | \$ 9,380,344 | \$ (3,455,203) | -36.83% |

Note: All variances above are in reference to the 2018 Budget

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Communications, Legislative and External Affairs

| Expense Category | 2018 Budget | 2017 Projection | \$ Variance | % Var | 2017 Budget | \$ Variance | % Var | 2016 Actual | \$ Variance | % Var |
|---|---------------------|---------------------|-------------------|-----------------|---------------------|-------------------|-----------------|---------------------|---------------------|-----------------|
| Salaries | \$ 2,206,451 | \$ 2,182,424 | \$ 24,027 | 1.10% | \$ 2,165,870 | \$ 40,581 | 1.87% | \$ 2,049,749 | \$ 156,701 | 7.64% |
| Employee Benefits | 614,746 | 484,793 | 129,953 | 26.81% | 513,467 | 101,279 | 19.72% | 485,026 | 129,719 | 26.74% |
| Payroll Taxes | 157,089 | 157,106 | (17) | -0.01% | 158,639 | (1,549) | -0.98% | 151,569 | 5,520 | 3.64% |
| Contingent Staffing | 46,800 | 20,590 | 26,210 | 127.29% | 19,500 | 27,300 | 140.00% | - | 46,800 | 100.00% |
| Training | 29,187 | 13,590 | 15,597 | 114.77% | 31,005 | (1,818) | -5.86% | 17,337 | 11,850 | 68.35% |
| Recruiting | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Printing | 277,500 | 31,822 | 245,678 | 772.05% | 19,200 | 258,300 | 1345.31% | 31,187 | 246,313 | 789.80% |
| Operating Supplies | 7,700 | 4,438 | 3,262 | 73.50% | 11,700 | (4,000) | -34.19% | 2,299 | 5,401 | 234.90% |
| Subscriptions & Dues | 27,762 | 18,515 | 9,246 | 49.94% | 30,426 | (2,665) | -8.76% | 29,055 | (1,293) | -4.45% |
| Postage | 327,050 | 133,725 | 193,325 | 144.57% | 90,550 | 236,500 | 261.18% | 60,343 | 266,707 | 441.99% |
| Telecommunications | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Legal | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Insurance | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Travel & Meals | 65,700 | 58,114 | 7,586 | 13.05% | 48,700 | 17,000 | 34.91% | 54,470 | 11,230 | 20.62% |
| Professional Services | 208,500 | 136,026 | 72,474 | 53.28% | 134,020 | 74,480 | 55.57% | 82,520 | 125,980 | 152.67% |
| Miscellaneous | - | 157,759 | (157,759) | -100.00% | - | - | 0.00% | - | - | 0.00% |
| Rent | - | - | - | 0.00% | - | - | 0.00% | 237 | (237) | -100.12% |
| Depreciation | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Producer Fees Collected | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Operations & Maintenance | - | 330 | (330) | -100.12% | - | - | 0.00% | 100 | (100) | -100.04% |
| Bank Charges | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Software Maint & Licensing | 26,710 | 6,178 | 20,532 | 332.33% | 29,710 | (3,000) | -10.10% | 16,421 | 10,289 | 62.66% |
| Computer Hardware | - | 31 | (31) | -99.20% | 125 | (125) | -100.00% | - | - | 0.00% |
| FMAP Funding | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| ULAE Expense Allocation | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Total Administrative Expenses | \$ 3,995,194 | \$ 3,405,441 | \$ 589,753 | 17.32% | \$ 3,252,911 | \$ 742,283 | 22.82% | \$ 2,980,314 | \$ 1,014,880 | 34.05% |
| Total Underwriting Expenses | \$ - | \$ - | \$ - | 0.00% | \$ - | \$ - | 0.00% | \$ - | \$ - | 0.00% |
| IT Expense Allocation | - | 515,597 | (515,597) | -100.00% | 525,929 | (525,929) | -100.00% | 492,548 | (492,548) | -100.00% |
| Total Admin & Other Expenses | \$ 3,995,194 | \$ 3,921,038 | \$ 74,156 | 1.89% | \$ 3,778,840 | \$ 216,354 | 5.73% | \$ 3,472,862 | \$ 522,332 | 15.04% |

Note: All variances above are in reference to the 2018 Budget

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Financial Services

| Expense Category | 2018 Budget | 2017 Projection | \$ Variance | % Var | 2017 Budget | \$ Variance | % Var | 2016 Actual | \$ Variance | % Var |
|---|----------------------|------------------------|-----------------------|-----------------|----------------------|-----------------------|-----------------|----------------------|-----------------------|-----------------|
| Salaries | \$ 5,833,040 | \$ 5,666,196 | \$ 166,844 | 2.94% | \$ 5,707,826 | \$ 125,214 | 2.19% | \$ 5,779,407 | \$ 53,633 | 0.93% |
| Employee Benefits | 1,222,186 | 1,042,883 | 179,303 | 17.19% | 1,138,935 | 83,252 | 7.31% | 1,290,559 | (68,373) | -5.30% |
| Payroll Taxes | 388,326 | 400,180 | (11,854) | -2.96% | 402,727 | (14,401) | -3.58% | 407,884 | (19,558) | -4.79% |
| Contingent Staffing | 85,800 | 38,415 | 47,385 | 123.35% | 72,400 | 13,400 | 18.51% | 49,316 | 36,484 | 73.98% |
| Training | 55,945 | 50,687 | 5,258 | 10.37% | 56,564 | (619) | -1.09% | 35,692 | 20,253 | 56.74% |
| Recruiting | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Printing | 27,650 | 41,738 | (14,088) | -33.75% | 27,700 | (50) | -0.18% | 19,385 | 8,265 | 42.64% |
| Operating Supplies | 12,750 | 5,986 | 6,764 | 113.00% | 11,050 | 1,700 | 15.38% | 8,070 | 4,680 | 57.99% |
| Subscriptions & Dues | 113,513 | 104,364 | 9,148 | 8.77% | 76,495 | 37,018 | 48.39% | 97,928 | 15,584 | 15.91% |
| Postage | 8,130 | 2,827 | 5,303 | 187.61% | 8,130 | - | 0.00% | 10,199 | (2,069) | -20.29% |
| Telecommunications | - | - | - | 0.00% | 750 | (750) | -100.00% | - | - | 0.00% |
| Legal | - | - | - | 0.00% | - | - | 0.00% | 31,759 | (31,759) | -100.00% |
| Insurance | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Travel & Meals | 112,238 | 97,432 | 14,806 | 15.20% | 101,846 | 10,392 | 10.20% | 82,342 | 29,896 | 36.31% |
| Professional Services | 2,511,631 | 3,555,595 | (1,043,964) | -29.36% | 4,389,109 | (1,877,478) | -42.78% | 2,407,049 | 104,582 | 4.34% |
| Miscellaneous | - | 588 | (588) | 100.00% | - | - | 0.00% | - | - | 0.00% |
| Rent | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Depreciation | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Producer Fees Collected | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Operations & Maintenance | 72,409 | 63,387 | 9,022 | 14.23% | 64,717 | 7,692 | 11.89% | 53,697 | 18,711 | 34.85% |
| Bank Charges | 215,000 | 201,506 | 13,494 | 6.70% | 220,000 | (5,000) | -2.27% | 217,560 | (2,560) | -1.18% |
| Software Maint & Licensing | 679,208 | 633,014 | 46,195 | 7.30% | 762,240 | (83,032) | -10.89% | 501,844 | 177,364 | 35.34% |
| Computer Hardware | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| FMAP Funding | (3,600) | (3,600) | - | 0.00% | (3,600) | - | 0.00% | (3,600) | - | 0.00% |
| ULAE Expense Allocation | (52,290) | (46,516) | (5,774) | -12.41% | (55,254) | 2,964 | 5.36% | (51,029) | (1,261) | -2.47% |
| Total Administrative Expenses | \$ 11,281,935 | \$ 11,854,681 | \$ (572,746) | -4.83% | \$ 12,981,633 | \$ (1,699,698) | -13.09% | \$ 10,938,062 | \$ 343,873 | 3.14% |
| Total Underwriting Expenses | \$ - | \$ - | \$ - | 0.00% | \$ - | \$ - | 0.00% | \$ - | \$ - | 0.00% |
| IT Expense Allocation | - | 2,564,916 | (2,564,916) | -100.00% | 2,430,242 | (2,430,242) | -100.00% | 3,203,669 | (3,203,669) | -100.00% |
| Total Admin & Other Expenses | \$ 11,281,935 | \$ 14,419,597 | \$ (3,137,662) | -21.76% | \$ 15,411,875 | \$ (4,129,940) | -26.80% | \$ 14,141,731 | \$ (2,859,796) | -20.22% |

Note: All variances above are in reference to the 2018 Budget

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2018 Operating Budget
Citizens Property Insurance Corporation

Administrative Expenses
Comparison of Annual Totals

| Claims | | | | | | | | | | |
|---|---------------|-----------------------|---------------------|-----------------|-----------------------|---------------------|-----------------|-----------------------|---------------------|-----------------|
| Expense Category | 2018 Budget | 2017 Projection | \$ Variance | % Var | 2017 Budget | \$ Variance | % Var | 2016 Actual | \$ Variance | % Var |
| Salaries | \$ 23,100,762 | \$ 27,113,996 | \$ (4,013,234) | -14.80% | \$ 24,241,082 | \$ (1,140,320) | -4.70% | \$ 21,585,008 | \$ 1,515,755 | 7.02% |
| Employee Benefits | 5,650,839 | 4,650,000 | 1,000,839 | 21.52% | 4,911,129 | 739,710 | 15.06% | 4,963,041 | 687,798 | 13.86% |
| Payroll Taxes | 1,654,101 | 2,041,684 | (387,583) | -18.98% | 1,839,155 | (185,053) | -10.06% | 1,602,684 | 51,417 | 3.21% |
| Contingent Staffing | 158,826,190 | 56,284,272 | 102,541,918 | 182.19% | 28,414,100 | 130,412,090 | 458.97% | 18,743,443 | 140,082,747 | 747.37% |
| Training | 78,656 | 39,475 | 39,181 | 99.26% | 89,124 | (10,468) | -11.75% | 21,729 | 56,927 | 261.98% |
| Recruiting | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Printing | 11,800 | 9,250 | 2,550 | 27.57% | 11,434 | 366 | 3.20% | 26,095 | (14,295) | -54.78% |
| Operating Supplies | 29,950 | 20,080 | 9,870 | 49.15% | 33,153 | (3,203) | -9.66% | 14,826 | 15,124 | 102.01% |
| Subscriptions & Dues | 789,205 | 365,000 | 424,205 | 116.22% | 885,443 | (96,238) | -10.87% | 761,226 | 27,979 | 3.68% |
| Postage | 16,325 | 15,100 | 1,225 | 8.11% | 25,236 | (8,911) | -35.31% | 20,862 | (4,537) | -21.75% |
| Telecommunications | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Legal | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Insurance | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Travel & Meals | 536,805 | 2,182,256 | (1,645,451) | -75.40% | 559,187 | (22,382) | -4.00% | 378,181 | 158,624 | 41.94% |
| Professional Services | 219,000 | 78,000 | 141,000 | 180.77% | 251,000 | (32,000) | -12.75% | 83,555 | 135,445 | 162.10% |
| Miscellaneous | - | 14,700 | (14,700) | -100.00% | - | - | 0.00% | - | - | 0.00% |
| Rent | 388,080 | 505,300 | (117,220) | -23.20% | 388,080 | - | 0.00% | 466,865 | (78,785) | -16.88% |
| Depreciation | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Producer Fees Collected | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Operations & Maintenance | 4,500 | 15,000 | (10,500) | -70.00% | 38,150 | (33,650) | -88.20% | 28,948 | (24,448) | -84.45% |
| Bank Charges | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Software Maint & Licensing | 2,700,595 | 2,254,800 | 445,795 | 19.77% | 2,225,030 | 475,565 | 21.37% | 1,663,133 | 1,037,462 | 62.38% |
| Computer Hardware | - | 13 | (13) | -100.00% | 31 | (31) | -100.91% | 9,042 | (9,042) | -100.00% |
| FMAP Funding | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| ULAE Expense Allocation | (194,006,809) | (100,462,469) | (93,544,340) | -93.11% | (68,663,135) | (125,343,674) | -182.55% | (55,724,827) | (138,281,982) | -248.15% |
| Total Administrative Expenses | \$ - | \$ (4,873,543) | \$ 4,873,543 | 100.00% | \$ (4,751,803) | \$ 4,751,803 | 100.00% | \$ (5,356,189) | \$ 5,356,189 | 100.00% |
| Total Underwriting Expenses | \$ - | \$ - | \$ - | 0.00% | \$ - | \$ - | 0.00% | \$ - | \$ - | 0.00% |
| IT Expense Allocation | - | 4,873,543 | (4,873,543) | -100.00% | 4,751,803 | (4,751,803) | -100.00% | 5,356,189 | (5,356,189) | -100.00% |
| Total Admin & Other Expenses | \$ - | \$ - | \$ - | 0.00% | \$ - | \$ - | 0.00% | \$ - | \$ - | 0.00% |

Note: All variances above are in reference to the 2018 Budget

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2018 Operating Budget
Citizens Property Insurance Corporation

**Administrative Expenses
Comparison of Annual Totals**

Underwriting and Agency Services

| Expense Category | 2018 Budget | 2017 Projection | \$ Variance | % Var | 2017 Budget | \$ Variance | % Var | 2016 Actual | \$ Variance | % Var |
|---|----------------------|----------------------|-----------------------|-----------------|----------------------|------------------------|-----------------|----------------------|-----------------------|-----------------|
| Salaries | \$ 20,411,571 | \$ 19,094,756 | \$ 1,316,814 | 6.90% | \$ 20,920,456 | \$ (508,885) | -2.43% | \$ 21,056,509 | \$ (644,938) | -3.06% |
| Employee Benefits | 5,393,295 | 4,624,016 | 769,279 | 16.64% | 5,112,094 | 281,201 | 5.50% | 5,673,851 | (280,556) | -4.94% |
| Payroll Taxes | 1,426,464 | 1,530,766 | (104,302) | -6.81% | 1,561,145 | (134,681) | -8.63% | 1,540,630 | (114,166) | -7.41% |
| Contingent Staffing | - | 61,247 | (61,247) | -100.00% | 207,748 | (207,748) | -100.00% | 233,250 | (233,250) | -100.00% |
| Training | 201,001 | 49,795 | 151,206 | 303.66% | 104,082 | 96,919 | 93.12% | 37,212 | 163,789 | 440.15% |
| Recruiting | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Printing | 3,300 | 2,639 | 661 | 25.05% | 4,044 | (744) | -18.40% | 2,803 | 497 | 17.73% |
| Operating Supplies | 10,320 | 9,847 | 473 | 4.80% | 13,380 | (3,060) | -22.87% | 13,375 | (3,055) | -22.84% |
| Subscriptions & Dues | 77,635 | 13,628 | 64,007 | 469.67% | 11,209 | 66,426 | 592.61% | 52,400 | 25,235 | 48.16% |
| Postage | 802 | 856 | (54) | -6.31% | 796 | 6 | 0.75% | 512 | 290 | 56.64% |
| Telecommunications | - | - | - | 0.00% | - | - | 0.00% | 51 | (51) | -100.33% |
| Legal | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Insurance | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Travel & Meals | 255,935 | 229,716 | 26,219 | 11.41% | 233,642 | 22,293 | 9.54% | 266,237 | (10,302) | -3.87% |
| Professional Services | 4,160,356 | 3,898,210 | 262,146 | 6.72% | 3,060,985 | 1,099,371 | 35.92% | 2,918,871 | 1,241,485 | 42.53% |
| Miscellaneous | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Rent | - | - | - | 0.00% | - | - | 0.00% | 752 | (752) | -100.03% |
| Depreciation | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Producer Fees Collected | (779,500) | (619,977) | (159,523) | -25.73% | (779,500) | - | 0.00% | (731,144) | (48,356) | -6.61% |
| Operations & Maintenance | 12,500 | 7,669 | 4,831 | 62.99% | 4,912 | 7,588 | 154.48% | 5,188 | 7,312 | 140.95% |
| Bank Charges | 762 | 761 | 1 | 0.13% | 603 | 159 | 26.37% | 649 | 113 | 17.41% |
| Software Maint & Licensing | 164,477 | 59,512 | 104,965 | 176.38% | 78,024 | 86,453 | 110.80% | 55,893 | 108,584 | 194.27% |
| Computer Hardware | 15,000 | 20,000 | (5,000) | -25.00% | 39,586 | (24,586) | -62.11% | - | 15,000 | 100.00% |
| FMAP Funding | (189,221) | (200,000) | 10,779 | 5.39% | (255,600) | 66,379 | 25.97% | (22,550) | (166,671) | -739.11% |
| ULAE Expense Allocation | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Total Administrative Expenses | \$ 31,164,697 | \$ 28,783,442 | \$ 2,381,255 | 8.27% | \$ 30,317,606 | \$ 847,091 | 2.79% | \$ 31,104,489 | \$ 60,208 | 0.19% |
| Total Underwriting Expenses | \$ 13,310,578 | \$ 12,499,009 | \$ 811,569 | 6.49% | \$ 17,060,285 | \$ (3,749,707) | -21.98% | \$ 14,495,076 | \$ (1,184,498) | -8.17% |
| IT Expense Allocation | - | 6,474,992 | (6,474,992) | -100.00% | 7,894,739 | (7,894,739) | -100.00% | 6,647,263 | (6,647,263) | -100.00% |
| Total Admin & Other Expenses | \$ 44,475,275 | \$ 47,757,443 | \$ (3,282,168) | -6.87% | \$ 55,272,630 | \$ (10,797,355) | -19.53% | \$ 52,246,828 | \$ (7,771,553) | -14.87% |

Note: All variances above are in reference to the 2018 Budget

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2018 Operating Budget
Citizens Property Insurance Corporation

Administrative Expenses
Comparison of Annual Totals

Systems and Operations

| Expense Category | 2018 Budget | 2017 Projection | \$ Variance | % Var | 2017 Budget | \$ Variance | % Var | 2016 Actual | \$ Variance | % Var |
|---|----------------------|----------------------|----------------------|----------------|----------------------|-----------------------|----------------|----------------------|----------------------|----------------|
| Salaries | \$ 27,017,645 | \$ 26,190,675 | \$ 826,969 | 3.16% | \$ 27,614,735 | \$ (597,091) | -2.16% | \$ 26,111,160 | \$ 906,485 | 3.47% |
| Employee Benefits | 5,372,281 | 4,627,430 | 744,851 | 16.10% | 5,107,119 | 265,162 | 5.19% | 5,683,964 | (311,683) | -5.48% |
| Payroll Taxes | 1,959,694 | 1,835,892 | 123,802 | 6.74% | 2,141,144 | (181,450) | -8.47% | 1,920,226 | 39,469 | 2.06% |
| Contingent Staffing | 1,689,373 | 2,097,897 | (408,525) | -19.47% | 2,669,403 | (980,030) | -36.71% | 3,276,187 | (1,586,814) | -48.43% |
| Training | 568,748 | 391,777 | 176,971 | 45.17% | 426,324 | 142,424 | 33.41% | 255,034 | 313,714 | 123.01% |
| Recruiting | - | - | - | 0.00% | 500 | (500) | -100.00% | - | - | 0.00% |
| Printing | 18,600 | 13,814 | 4,786 | 34.65% | 18,770 | (170) | -0.91% | 10,229 | 8,371 | 81.84% |
| Operating Supplies | 298,465 | 259,848 | 38,617 | 14.86% | 348,824 | (50,359) | -14.44% | 321,449 | (22,984) | -7.15% |
| Subscriptions & Dues | 298,785 | 211,535 | 87,250 | 41.25% | 239,841 | 58,944 | 24.58% | 200,283 | 98,502 | 49.18% |
| Postage | 242,280 | 270,885 | (28,605) | -10.56% | 277,140 | (34,860) | -12.58% | 265,395 | (23,115) | -8.71% |
| Telecommunications | 3,534,220 | 4,293,054 | (758,834) | -17.68% | 4,480,163 | (945,943) | -21.11% | 4,198,774 | (664,554) | -15.83% |
| Legal | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Insurance | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Travel & Meals | 331,389 | 314,126 | 17,263 | 5.50% | 324,905 | 6,484 | 2.00% | 220,658 | 110,731 | 50.18% |
| Professional Services | 4,070,993 | 3,137,981 | 933,012 | 29.73% | 3,457,710 | 613,284 | 17.74% | 2,600,010 | 1,470,983 | 56.58% |
| Miscellaneous | - | 86,966 | (86,966) | -100.00% | - | - | 0.00% | - | - | 0.00% |
| Rent | 7,564,359 | 6,996,135 | 568,224 | 8.12% | 7,018,720 | 545,639 | 7.77% | 8,844,258 | (1,279,899) | -14.47% |
| Depreciation | 5,139,006 | 4,171,964 | 967,043 | 23.18% | 5,549,064 | (410,057) | -7.39% | 4,369,690 | 769,316 | 17.61% |
| Producer Fees Collected | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Operations & Maintenance | 2,554,706 | 2,294,636 | 260,070 | 11.33% | 2,366,610 | 188,095 | 7.95% | 2,440,883 | 113,822 | 4.66% |
| Bank Charges | - | - | - | 0.00% | - | - | 0.00% | - | - | 0.00% |
| Software Maint & Licensing | 14,000,662 | 11,564,521 | 2,436,141 | 21.07% | 12,910,055 | 1,090,606 | 8.45% | 10,511,666 | 3,488,996 | 33.19% |
| Computer Hardware | 2,790,634 | 3,297,334 | (506,699) | -15.37% | 3,607,640 | (817,006) | -22.65% | 2,021,574 | 769,061 | 38.04% |
| FMAP Funding | (14,400) | (7,198) | (7,202) | -100.06% | - | (14,400) | -100.00% | 21,261 | (35,661) | -167.73% |
| ULAE Expense Allocation | (7,673,287) | (2,661,664) | (5,011,623) | -188.29% | (2,797,950) | (4,875,337) | -174.25% | (2,865,014) | (4,808,274) | -167.83% |
| Total Administrative Expenses | \$ 69,764,153 | \$ 69,387,609 | \$ 376,544 | 0.54% | \$ 75,760,717 | \$ (5,996,564) | -7.92% | \$ 70,407,688 | \$ (643,535) | -0.91% |
| Total Underwriting Expenses | \$ - | \$ - | \$ - | 0.00% | \$ - | \$ - | 0.00% | \$ - | \$ - | 0.00% |
| IT Expense Allocation | - | (16,463,915) | 16,463,915 | 100.00% | (18,018,567) | 18,018,567 | 100.00% | (17,034,146) | 17,034,146 | 100.00% |
| Total Admin & Other Expenses | \$ 69,764,153 | \$ 52,923,694 | \$ 16,840,459 | 31.82% | \$ 57,742,151 | \$ 12,022,003 | 20.82% | \$ 53,373,543 | \$ 16,390,611 | 30.71% |

Note: All variances above are in reference to the 2018 Budget

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2018 Operating Budget

Capital Acquisitions

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2018 Operating Budget

Citizens Property Insurance Corporation

Capital Acquisitions

| Asset Category | 2018 Budget | 2017 Projection | \$ Variance | % Var | 2017 Budget | \$ Variance | % Var | 2016 Actual | \$ Variance |
|-----------------------------------|---------------------|---------------------|---------------------|---------------|---------------------|---------------------|---------------|---------------------|---------------------|
| EDP Equipment | \$ 4,828,000 | \$ 3,226,639 | \$ 1,601,361 | 49.63% | \$ 5,787,520 | \$ (959,520) | -16.58% | \$ 1,726,262 | \$ 3,101,738 |
| Software | 1,350,000 | 158,724 | 1,191,276 | 750.53% | 805,000 | 545,000 | 67.70% | 76,723 | 1,273,277 |
| Office Equipment | 58,200 | 8,550 | 49,650 | 580.69% | 101,000 | (42,800) | -42.38% | 98,516 | (40,316) |
| Furniture | 8,000 | - | 8,000 | 100.00% | 15,000 | (7,000) | -46.67% | 1,014,666 | (1,006,666) |
| Leasehold Improvements | 205,000 | 13,000 | 192,000 | 1476.92% | 65,000 | 140,000 | 215.38% | - | 205,000 |
| Automobiles | 140,000 | - | 140,000 | 100.00% | 40,000 | 100,000 | 250.00% | 49,150 | 90,850 |
| Total Capital Acquisitions | \$ 6,589,200 | \$ 3,406,913 | \$ 3,182,287 | 93.41% | \$ 6,813,520 | \$ (224,320) | -3.29% | \$ 2,965,318 | \$ 3,623,882 |

Note: All variances above are in reference to the 2018 Budget

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2018 Operating Budget

Probable Maximum Loss (PML) Scenarios

2018 Operating Budget
Citizens Property Insurance Corporation

**Probable Maximum Loss (PML)
Scenarios**

All values in \$ millions

| | PLA | CLA | Coastal | Combined |
|-----------------------------------|------------|------------|------------|------------|
| Budgeted Net Income (Loss) | \$ (54.9) | \$ 38.3 | \$ 43.8 | \$ 27.2 |
| Budgeted Surplus | \$ 2,014.1 | \$ 1,755.5 | \$ 2,596.0 | \$ 6,365.7 |
| 1-10 Year Event | | | | |
| Gross Losses and LAE | \$ 259.8 | \$ 22.3 | \$ 460.0 | \$ 742.1 |
| FHCF Recovery | - | - | - | - |
| Private Risk Transfer Recovery | - | - | - | - |
| Net Losses and LAE | 259.8 | 22.3 | 460.0 | 742.1 |
| Post-Event Net Income (Loss) | (314.7) | 16.0 | (416.2) | (714.9) |
| Post-Event Surplus (Deficit) | 1,699.4 | 1,771.5 | 2,179.8 | 5,650.8 |
| 1-25 Year Event | | | | |
| Gross Losses and LAE | \$ 662.0 | \$ 63.2 | \$ 1,305.6 | \$ 2,030.8 |
| FHCF Recovery | 250.1 | 23.9 | 593.5 | 867.5 |
| Private Risk Transfer Recovery | - | - | 160.9 | 160.9 |
| Net Losses and LAE | 411.8 | 39.3 | 551.2 | 1,002.4 |
| Post-Event Net Income (Loss) | (466.8) | (1.0) | (507.4) | (975.2) |
| Post-Event Surplus (Deficit) | 1,547.3 | 1,754.5 | 2,088.7 | 5,390.5 |
| 1-100 Year Event | | | | |
| Gross Losses and LAE | \$ 2,075.3 | \$ 208.7 | \$ 3,712.2 | \$ 5,996.2 |
| FHCF Recovery | 976.1 | 98.2 | 1,090.6 | 2,164.8 |
| Private Risk Transfer Recovery | - | - | 1,310.0 | 1,310.0 |
| Net Losses and LAE | 1,099.2 | 110.5 | 1,311.6 | 2,521.4 |
| Post-Event Net Income (Loss) | (1,154.1) | (72.2) | (1,267.8) | (2,494.2) |
| Post-Event Surplus (Deficit) | 860.0 | 1,683.3 | 1,328.2 | 3,871.5 |

2018 Operating Budget

Citizens Property Insurance Corporation

Assumptions:

1) A loss event for one account will not be the same size event for other accounts. The relative magnitude of an event will depend on the size, severity and path of the storm. Probable Maximum Loss ("PML") estimates are Standard Sea-Surface Temperature, are based on Single-Event Occurrences and do not include any provision for the adjustment of claims (LAE). The LAE load as a percentage of loss is set to 10%. PML estimates were modeled using AIR Touchstone, Version 4, including demand surge, excluding storm surge, on exposures as of September 30, 2017 adjusted for forecasted changes in exposure through June 2018.

2) Each account is accounted for separately as required by Florida Statute where deficit calculation and assessments are determined at the account level. However, the PLA and the CLA are evaluated together for reinsurance and credit purposes. The loss amounts above illustrate the effect of the accounts aggregated, not combined as one account.

3) FHCF recoveries are based on 2017 retention and payout multiples. The actual retention and limits for 2018 may be significantly different from these estimates.

4) The private risk transfer program assumed and corresponding recoveries may significantly change due to market conditions and/or Citizens' exposures in 2018. Loss adjustment expense (LAE) is assumed to be recovered in 2018 in the same manner as in the 2017 Risk Transfer Program.

5) PLA/CLA is projected to have sufficient resources to cover a 1-100 year storm followed by a 1-118 year storm.
The Coastal Account is projected to have sufficient resources to cover a 1-100 year storm followed by a 1-24 year storm.