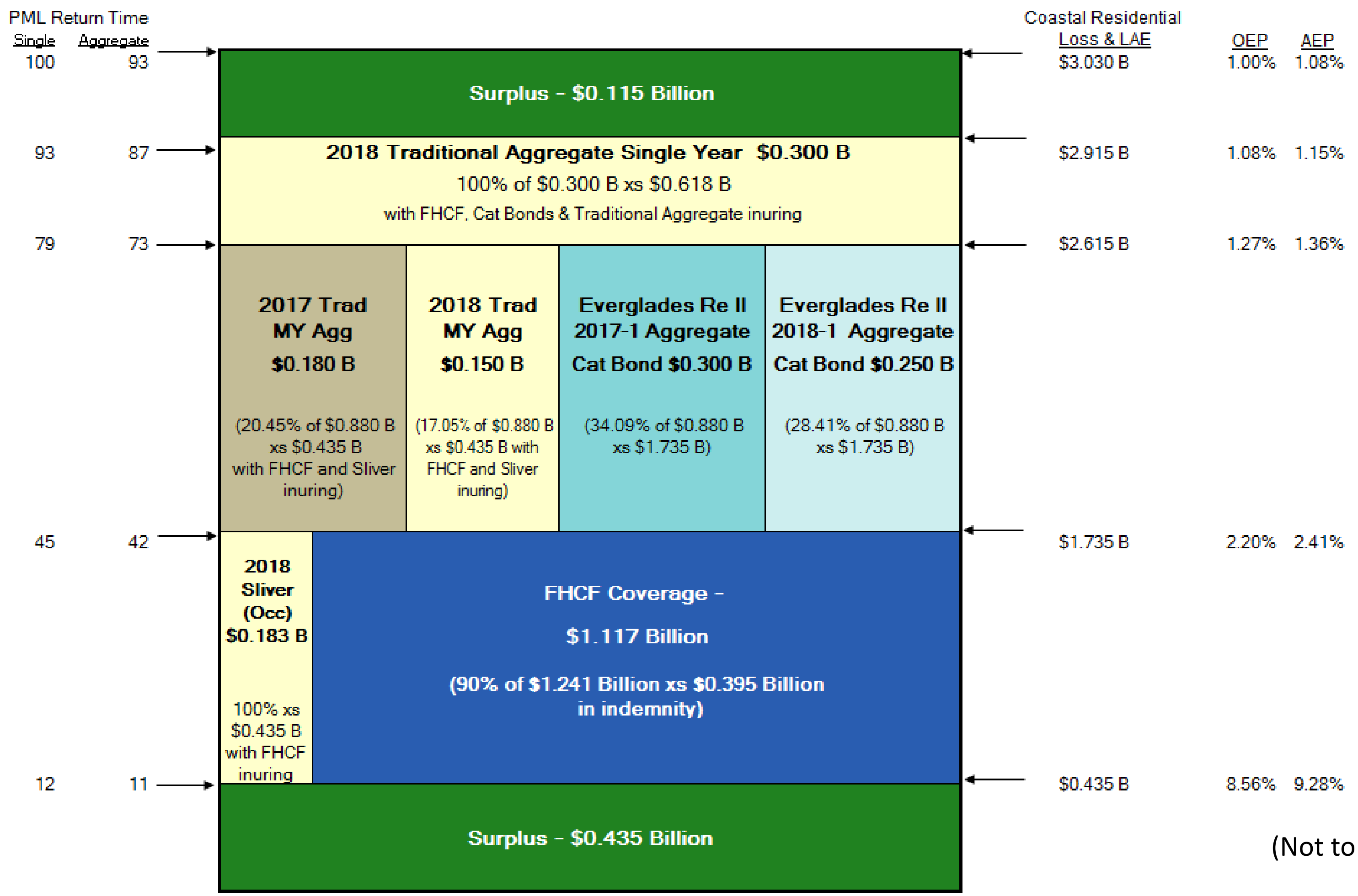
2018 Risk Transfer Program

June 19, 2018

CITIZENS
PROPERTY INSURANCE CORPORATION

2018 Coastal Account Layer Chart

Personal Residential and Commercial Residential

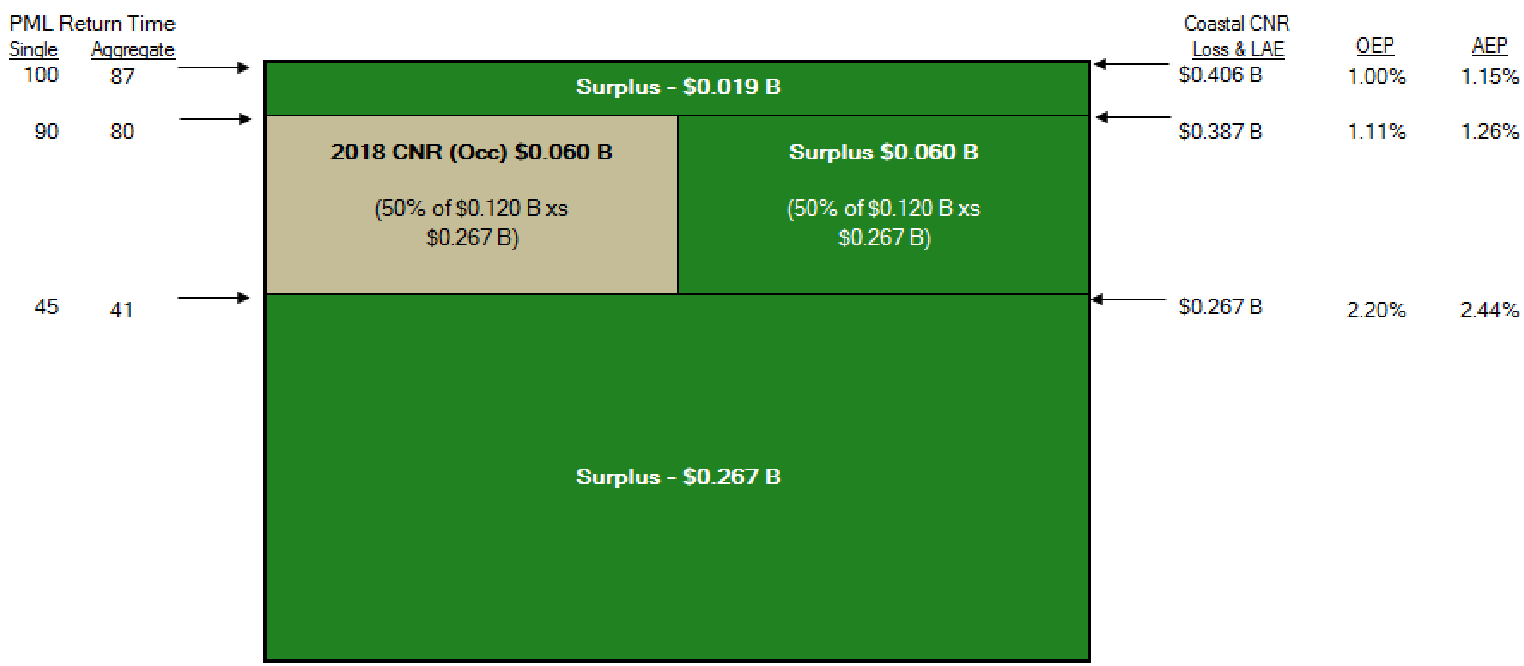


(Not to scale)

See *Notes and Assumptions (page 5)*

2018 Coastal Account Layer Chart

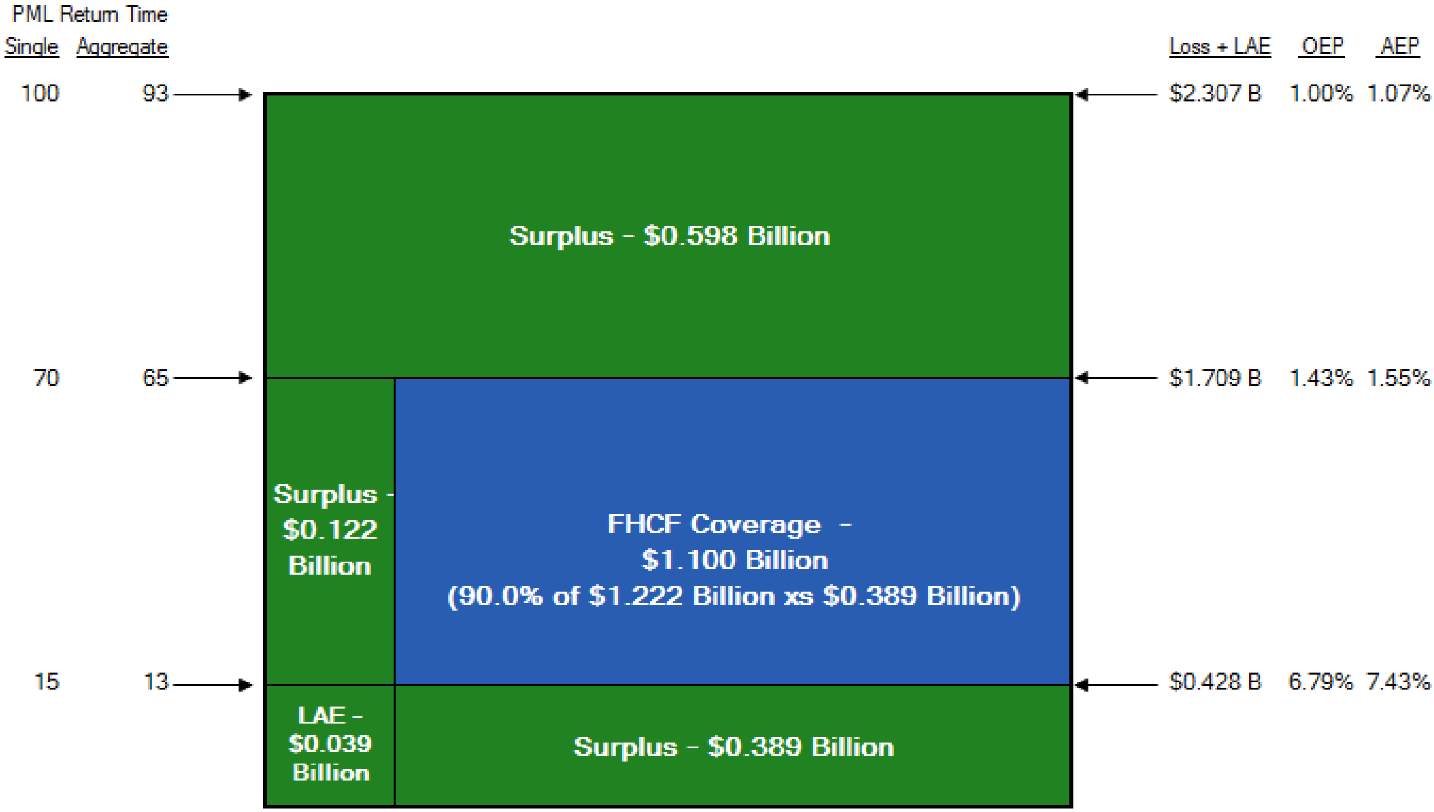
Commercial Non-Residential



(Not to scale)

See *Notes and Assumptions (page 5)*

2018 PLA/CLA Layer Chart



FHCF pays a loss adjustment expense (LAE) allowance of 5% of loss. Citizens will fund any excess LAEs above FHCF reimbursement from its surplus. Citizens has allocated $58 million to fund any additional LAEs.

(Not to scale)

See *Notes and Assumptions (page 5)*

Notes and Assumptions

2018-2019 Storm Season

<u>ASSUMPTIONS</u>

▪ Citizens' 2018 Budgeted DWP	$1.0 Billion (Coastal $354 Million; PLA/CLA $652 Million)
▪ Citizens' Policyholder Surcharge Maximum % Per Account	15%
▪ 2018 Regular Assessment Base (projected)	$42.7 Billion
▪ Regular Assessment Maximum % Per Account	2% for Coastal; 0% for PLA/CLA
▪ 2016 Emergency Assessment Base	$43.7 Billion

- PMLs are based on modeled losses as of December 31, 2017 per AIR Hurricane Model for the United States Version 16.0.0 as implemented in Touchstone Version 5.0.0. Coastal Residential losses are reduced by 5%, Coastal Non-Residential losses are reduced by 20%, and PLA/CLA losses are increased by 6.4% to reflect estimated changes in exposure before the beginning of storm season. All PMLs reflect the Standard Sea Surface Temperature (SSST) Event Catalog including Demand Surge, excluding Storm Surge, and include 10% of loss to account for loss adjustment expense (LAE).
- Interim Return Periods are derived by Linear Interpolation
- 2018 Projected Surplus = unaudited 2017 surplus + 2018 budgeted net income
- Citizens' 2018 FHCF coverage is based on preliminary retention estimates and payment multiples. Actual Citizens' FHCF attachment and limits of coverage could differ significantly from estimates.

<u>NOTES</u>

These charts are imperfect! They attempt to show projected claims-paying resources, but they are approximations only. Four significant complicating factors are described below:

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

2) <u>Combining PLA and CLA</u>: The PLA and CLA are separate accounts for deficit calculation and assessment purposes, but are combined for FHCF and credit purposes. It is impossible to accurately show the PML resources situation of these accounts on either separate or combined charts since simplifications must be made in either case that could prove materially inaccurate. Although we show the combined accounts, there is no guarantee that they will have deficits at the same time or of similar magnitude

3) <u>Non-residential exposure</u>: Commercial non-residential (CNR) exposures in the CLA and Coastal Account are not reinsured by FHCF. Coastal CNR losses are shown in a stand-alone chart and correspond to the actual CNR's PML and return periods. CNR is a negligible portion of the PLA/CLA Accounts and so is not considered in that chart

4) <u>Liquidity</u>: These charts do not show the liquidity needs of the accounts. An account with ample PML resources may still require liquidity as many of the PML resources are not available immediately following a major hurricane. The timing and magnitude of receivables such as FHCF recoveries and assessments are unknown.

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