



2019 Risk Transfer Program

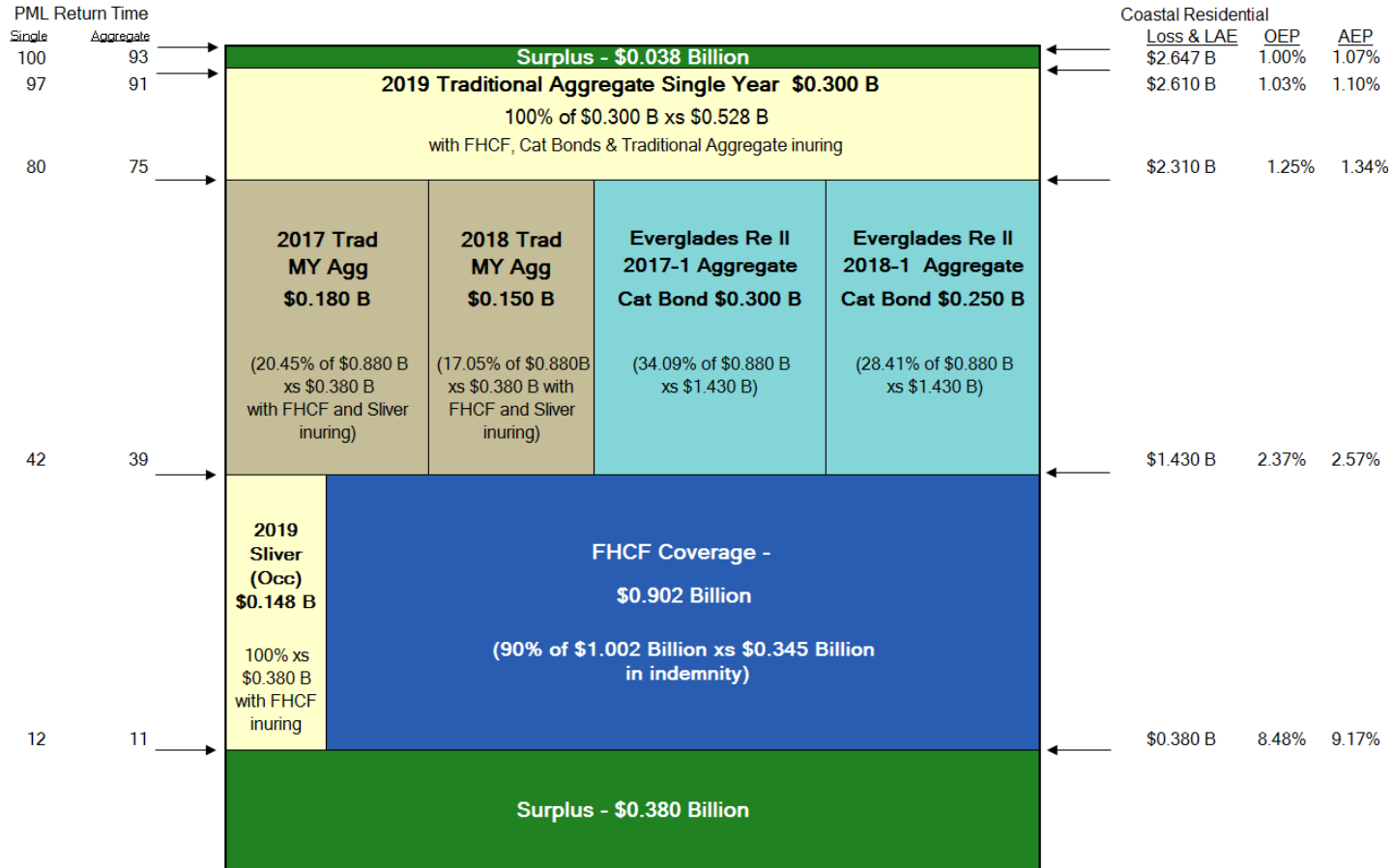
Preliminary

March 18, 2019



2019 Coastal Account Draft Layer Chart

Personal Residential and Commercial Residential



Citizens projects over \$2 billion in additional funds which can be used to fund approximately a 1-in-60 year event following a 1-in-100 year event in the Coastal Account (Personal & Commercial Residential, and Commercial Non-Residential), other multiple events, or additional loss adjustment expense.

(Not to scale)

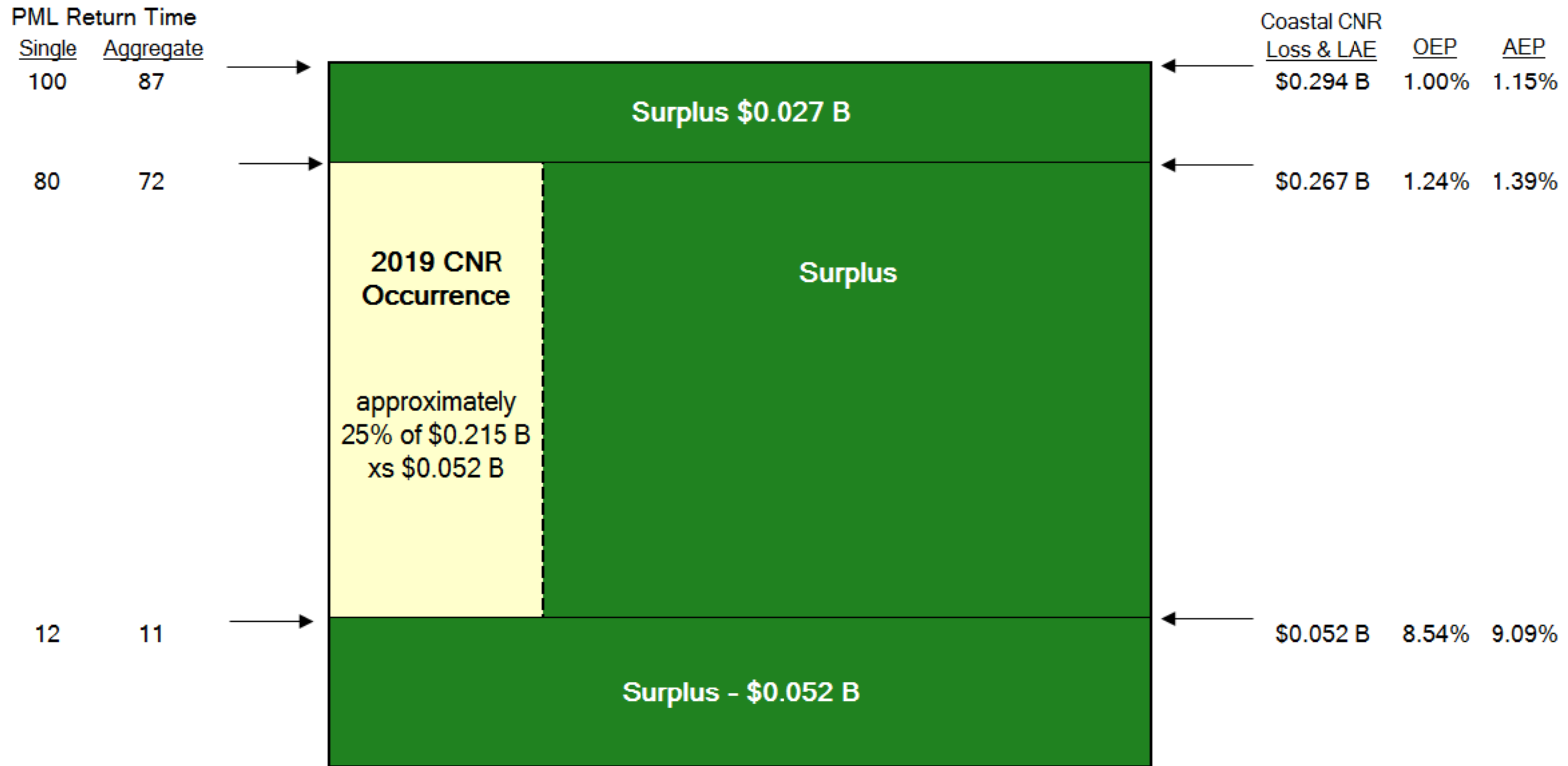
See Notes and Assumptions (page 7)

FHCF Coverage estimates are based on data as of March 18, 2019 and may change following the March 19th presentation of the FHCF Ratemaking Report



2019 Coastal Account Draft Layer Chart

Commercial Non-Residential

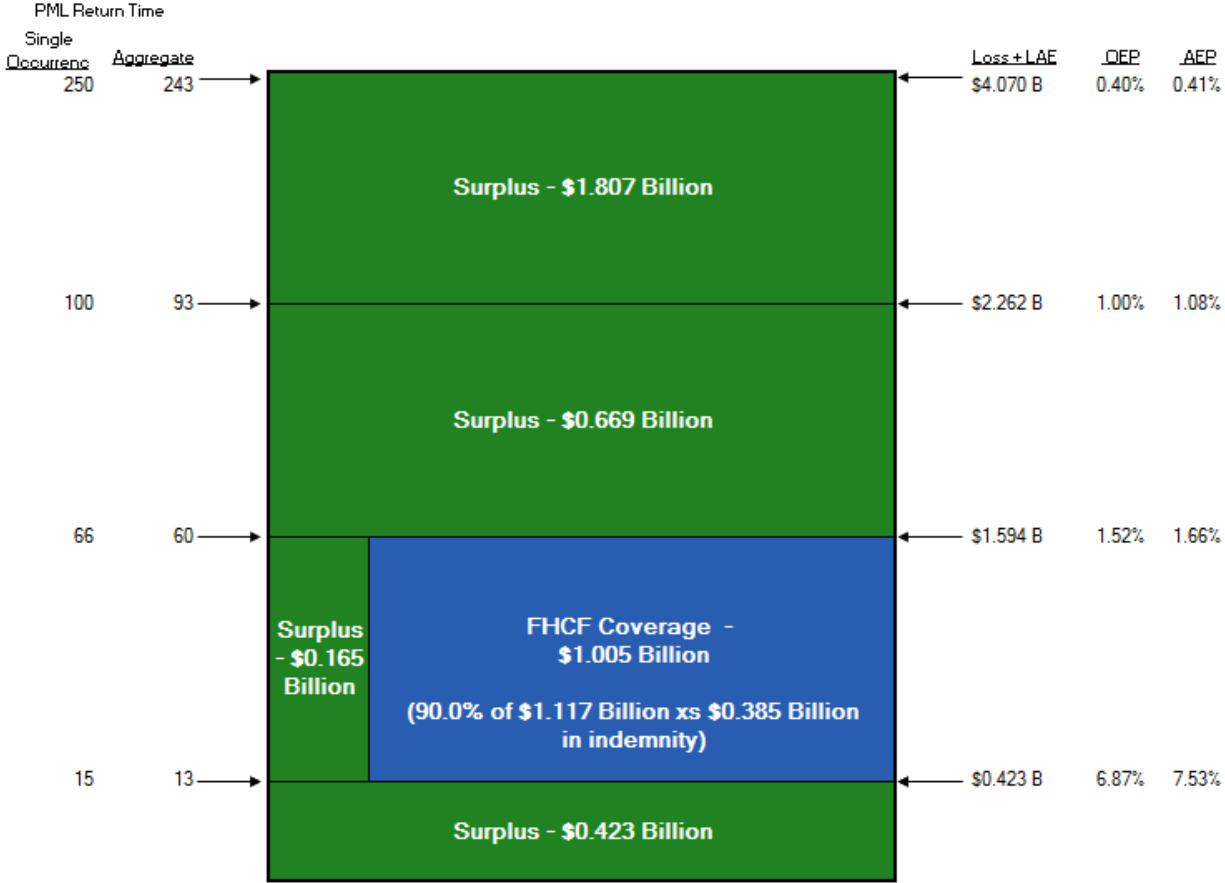


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See Notes and Assumptions (page 7)



2019 PLA/CLA Draft Layer Chart

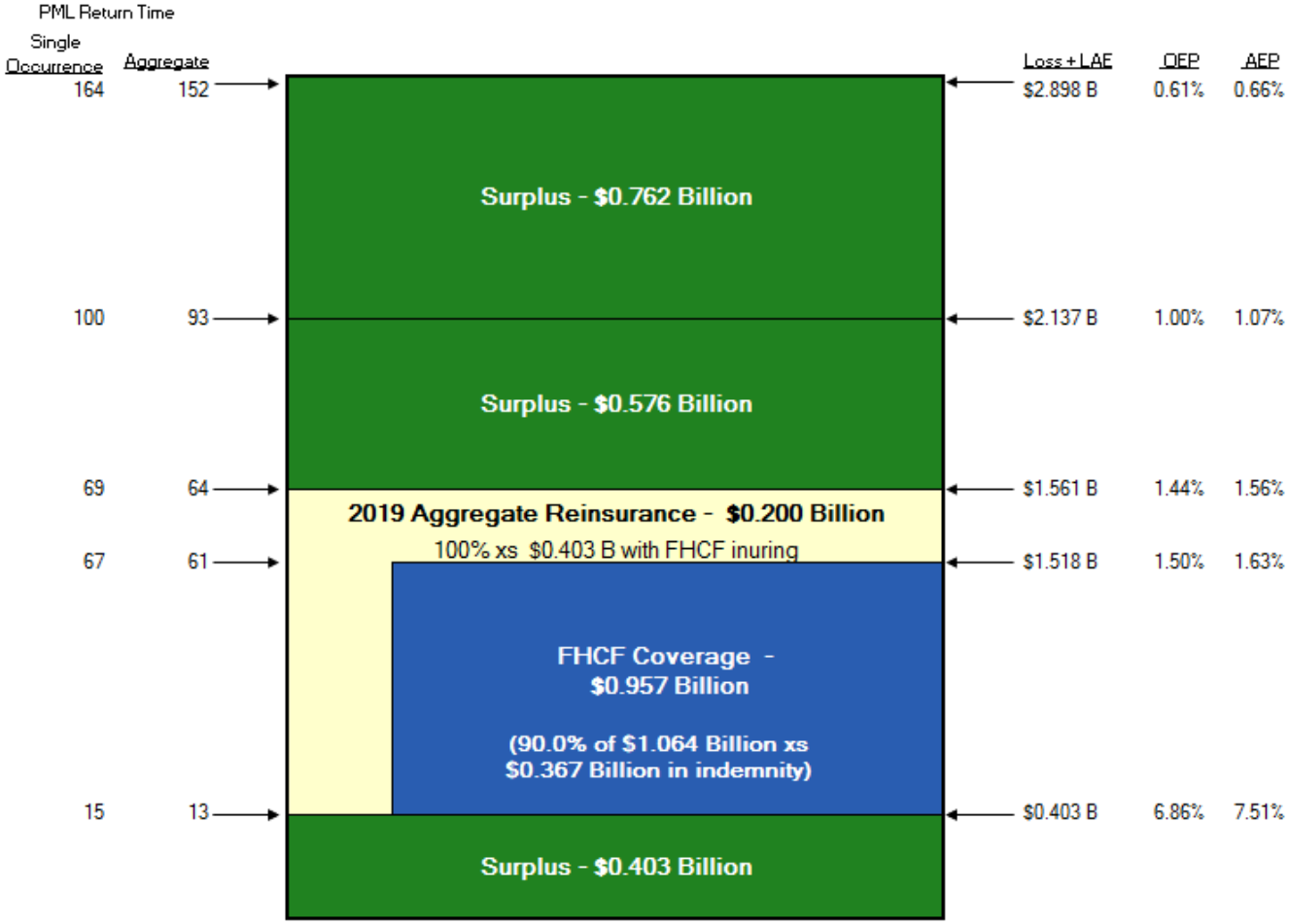


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See Notes and Assumptions (page 7)
 PLA and CLA are separate accounts for deficit calculation and assessment purposes,
 but are combined for FHCf Coverage



2019 PLA Draft Layer Chart

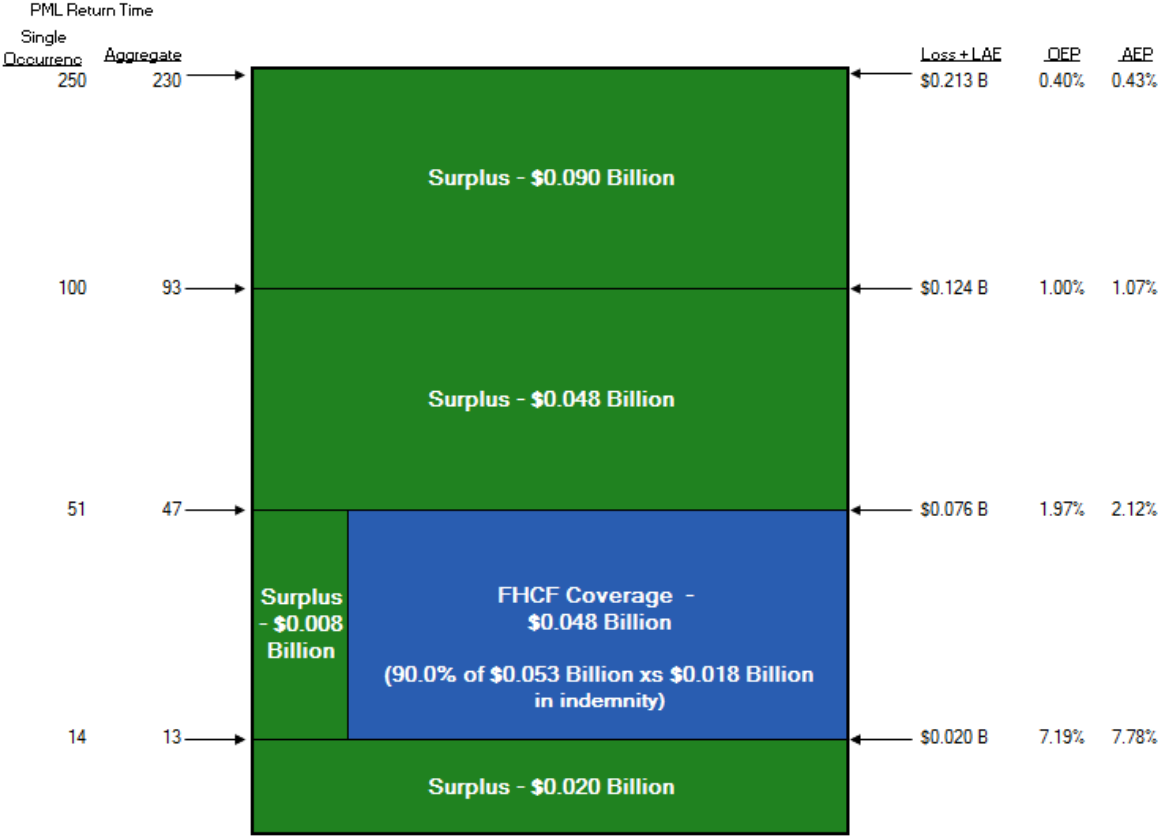


(Not to scale)

See Notes and Assumptions (page 7)



2019 CLA Draft Layer Chart



(Not to scale)

See Notes and Assumptions (page 7)



Notes and Assumptions

2019-2020 Storm Season

ASSUMPTIONS

- Citizens' 2019 Budgeted DWP \$848 Million (Coastal \$291 Million; PLA \$546 Million; CLA \$11 Million)
- Citizens' Policyholder Surcharge Maximum % Per Account 15%
- 2019 Regular Assessment Base (projected) \$46.0 Billion
- Regular Assessment Maximum % Per Account 2% for Coastal; 0% for PLA/CLA
- 2017 Emergency Assessment Base \$46.8 Billion
- PMLs are based on modeled losses as of December 31, 2018 per AIR Hurricane Model for the United States Version 16.1.0 as implemented in Touchstone Version 6.0.0. Coastal Residential losses are reduced by 6%, Coastal Non-Residential losses are reduced by 20%, PLA losses are increased by 4% and CLA losses are reduced by 12.5% (PLA/CLA combined are increased by 3.1%) to reflect estimated changes in exposure by mid-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
- 2019 Projected Surplus = unaudited 2018 surplus + 2019 budgeted net income
- Citizens' 2019 FHCF coverage is based on preliminary retention and coverage estimates using information available as of March 18, 2019. Estimates will be updated following the March 19th presentation of the 2019 FHCF Ratemaking 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 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) 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
- 3) Non-residential exposure: 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 nor in the CLA stand-alone 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.