



2020 Risk Transfer Program

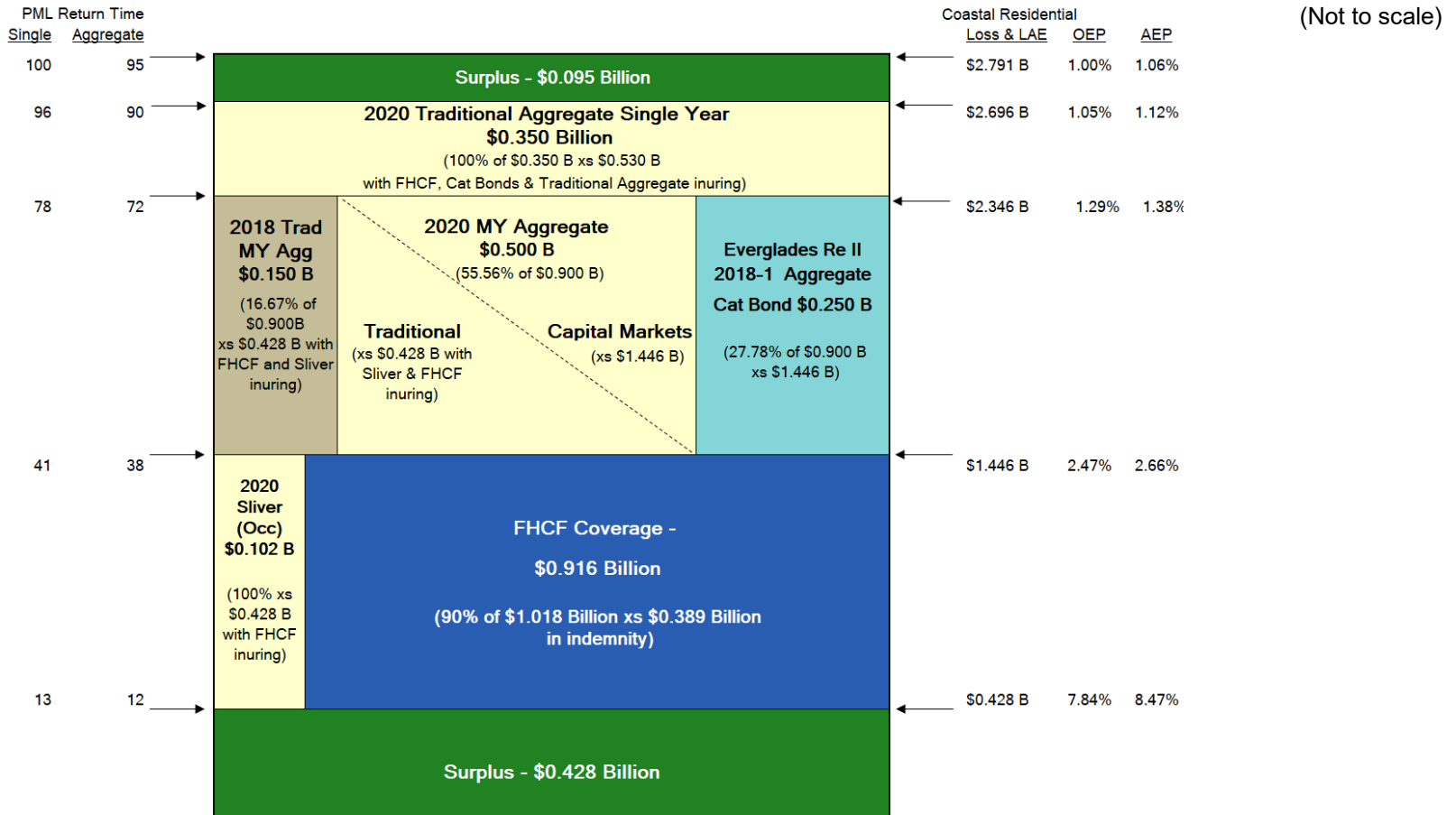
Preliminary

March 24-25, 2020



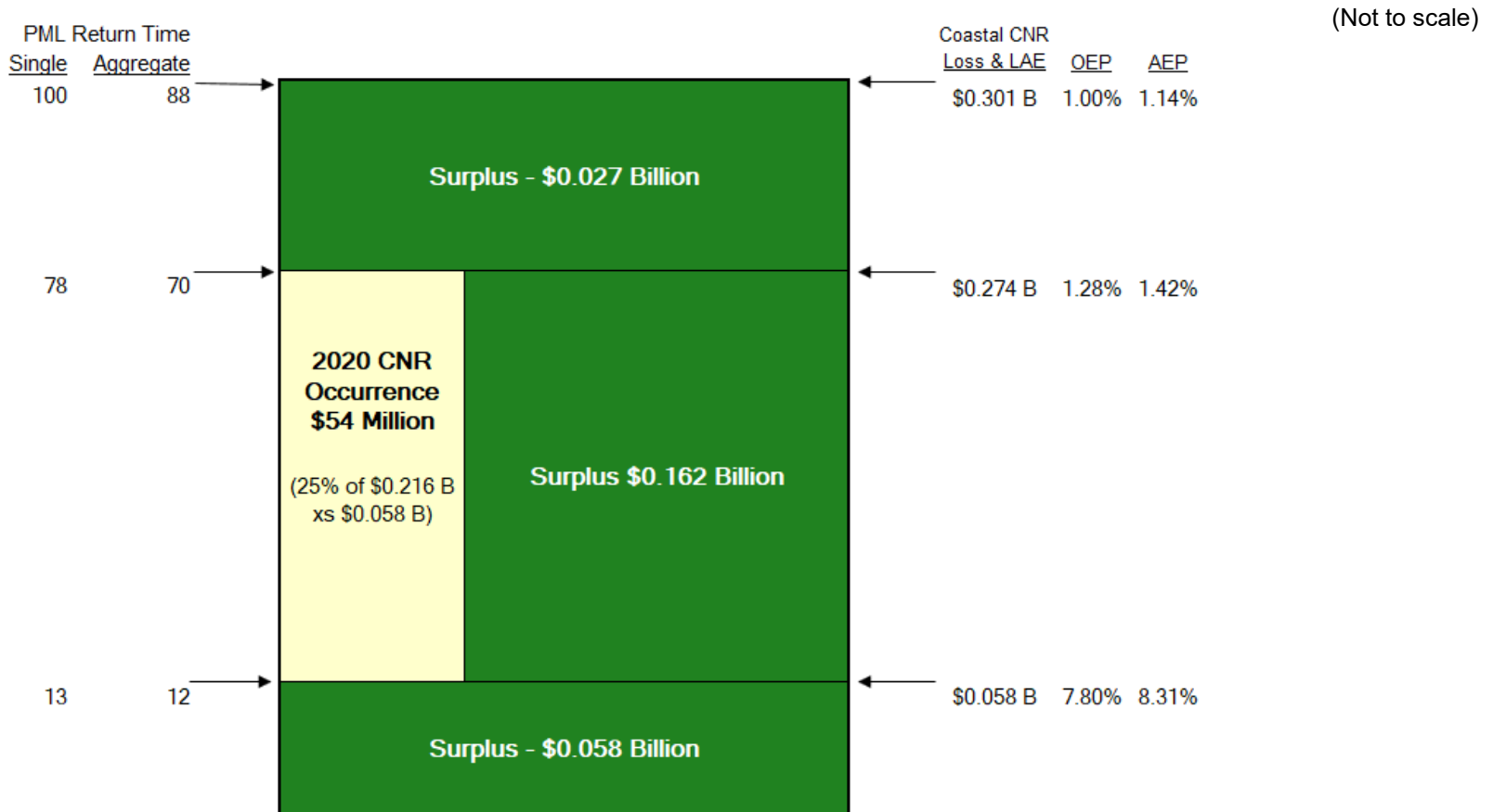
2020 Coastal Account Draft Layer Chart

Personal Residential and Commercial Residential



For Coastal Personal Residential, Commercial Residential and Commercial Non-Residential in total, Citizens projects approximately 27% of Coastal Account surplus is exposed in a 1-in-100 year event. Surplus remaining after a 1-in-100 year storm is projected to fund a 1-in-56 year event, additional LAEs, or multiple smaller storms in this or subsequent years.

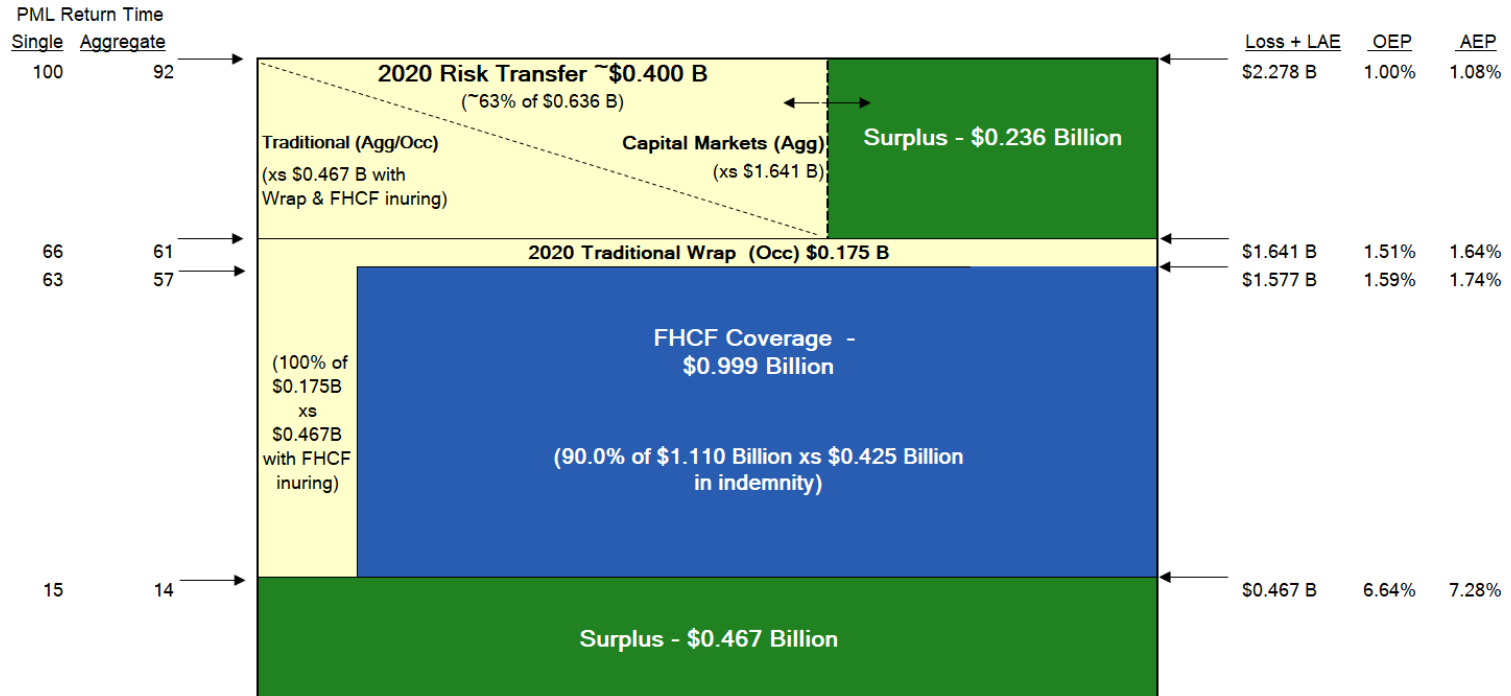
2020 Coastal CNR Draft Layer Chart



For Coastal Personal Residential, Commercial Residential and Commercial Non-Residential in total, Citizens projects approximately 27% of Coastal Account surplus is exposed in a 1-in-100 year event. Surplus remaining after a 1-in-100 year storm is projected to fund a 1-in-56 year event, additional LAEs, or multiple smaller storms in this or subsequent years.

2020 PLA Draft Layer Chart

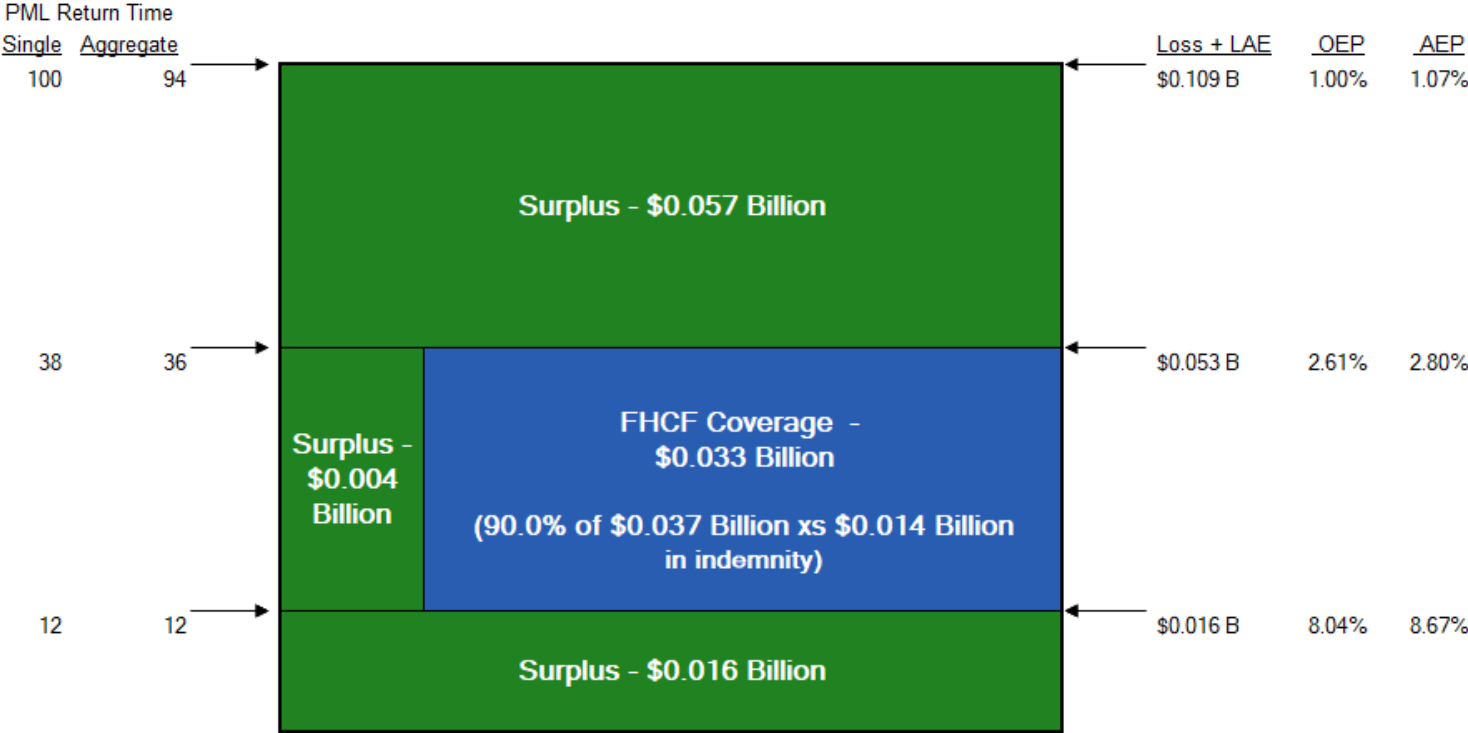
(Not to scale)



Approximately 43% of PLA surplus is exposed in a 1-in-100 year event. Surplus remaining after a 1-in-100 year storm is projected to fund a 1-in-38 year event, additional LAEs, or multiple smaller storms in this or subsequent years.

2020 CLA Draft Layer Chart

(Not to scale)



Approximately 4% of CLA surplus is exposed in a 1-in-100 year event.



Notes and Assumptions

2020-2021 Storm Season

ASSUMPTIONS

- Citizens' 2020 Budgeted DWP \$873 Million
- Citizens' Policyholder Surcharge Maximum % Per Account 15%
- 2020 Regular Assessment Base (projected) \$49.5 Billion
- Regular Assessment Maximum % Per Account 2% for Coastal; 0% for PLA/CLA
- 2018 Emergency Assessment Base \$50.4 Billion
- PMLs are based on modeled losses as of December 31, 2019 per AIR Hurricane Model for the United States Version 17.0.1 as implemented in Touchstone Version 7.0.0. Coastal CNR and CLA PMLs are reduced by 5% and PLA PMLs are increased by 5%. No changes are made to Coastal Residential PMLs. 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 between 5-year intervals
- 2020 Projected Surplus = unaudited 2019 surplus + 2020 budgeted net income
- FHCF pays 10% of reimbursed loss for loss adjustment expense
- Citizens' 2020 FHCF coverage is based on preliminary retention and coverage estimates using data as of March 10, 2020. Estimates may change following the March 17th presentation of the 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 nor 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 small portion of the CLA Account and so is not considered in that chart.
- 4) Liquidity: These charts do not show the liquidity needs of the accounts. An account with ample PML resources may still require liquidity as many of the PML resources are not available immediately following a major hurricane. The timing and magnitude of receivables such as FHCF recoveries and assessments are unknown.