

# Florida Insurance Conference on Financial Reporting

Citizens Property Insurance Corporation

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September 2011

# Basics re: Citizens

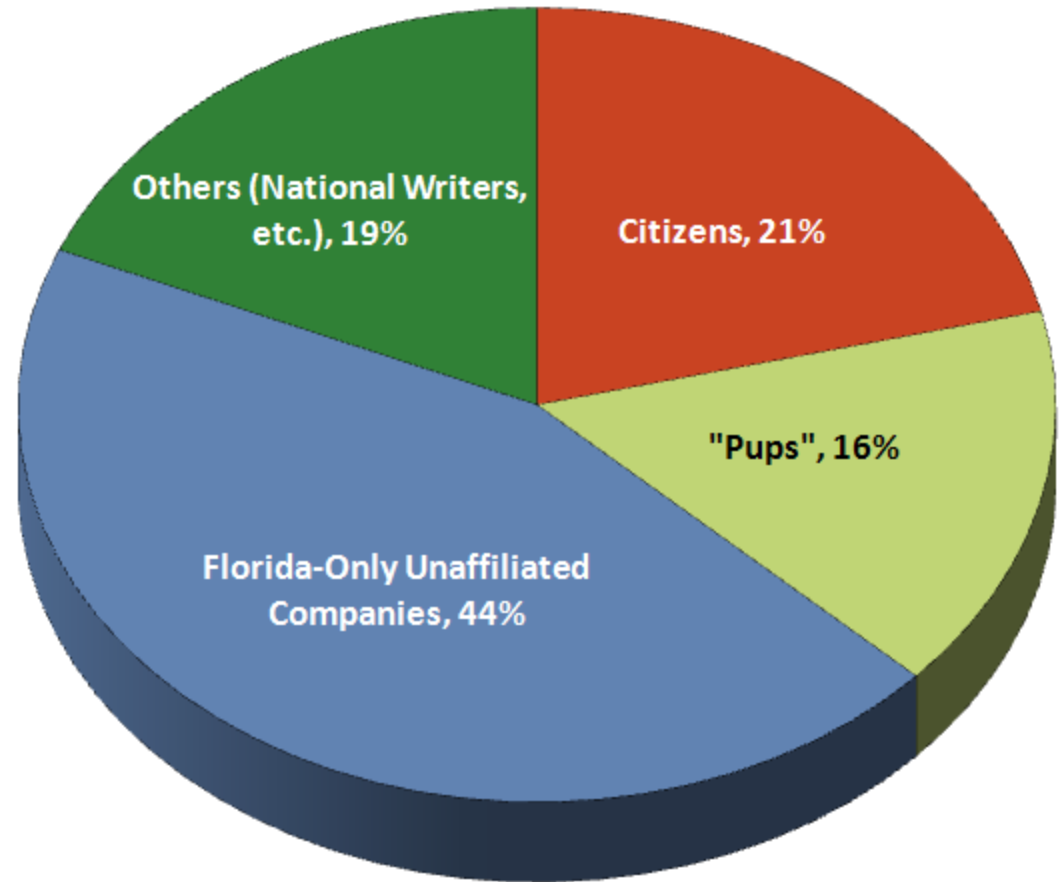
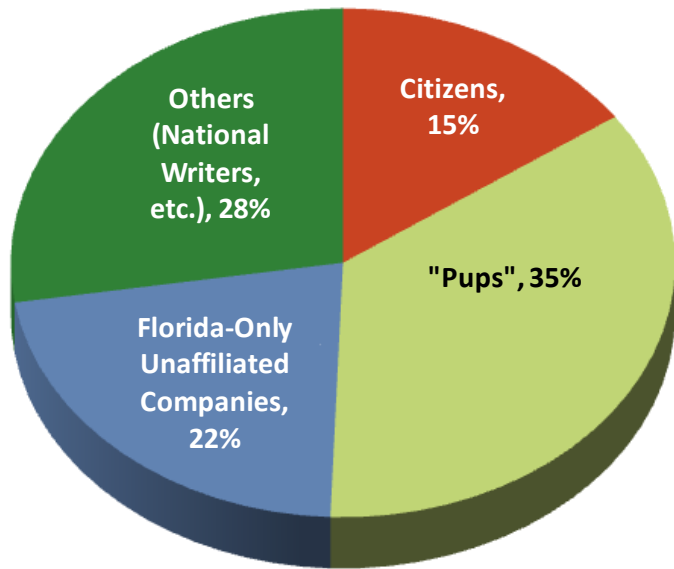
- Unlike a private insurer, Citizens does not have the ability to manage its book of business so that the exposure matches its surplus and reinsurance program. Citizens accepts most risks and its wind risk far exceeds its surplus and reinsurance.
- Add rate inadequacy to the mix and ...assessments could occur if there is a large storm or multiple small storms.
- While Citizens is in its best ever financial position, with projected 2011 combined surplus + FHCF reimbursements + private reinsurance of just over \$16.7 billion, we continue to rely on assessments to fund catastrophe losses in the event of a large storm or several smaller storms.

# Market Share

- Coastal Account has over 65% market share
- CLA has approximately 53% market share
- PLA has approximately 20% market share
- PLA is the book of business experiencing significant growth since 1/1/10 and is most ripe for depopulation and keep out programs

# Florida Residential Property Admitted Market Breakdown As of March 31, 2011

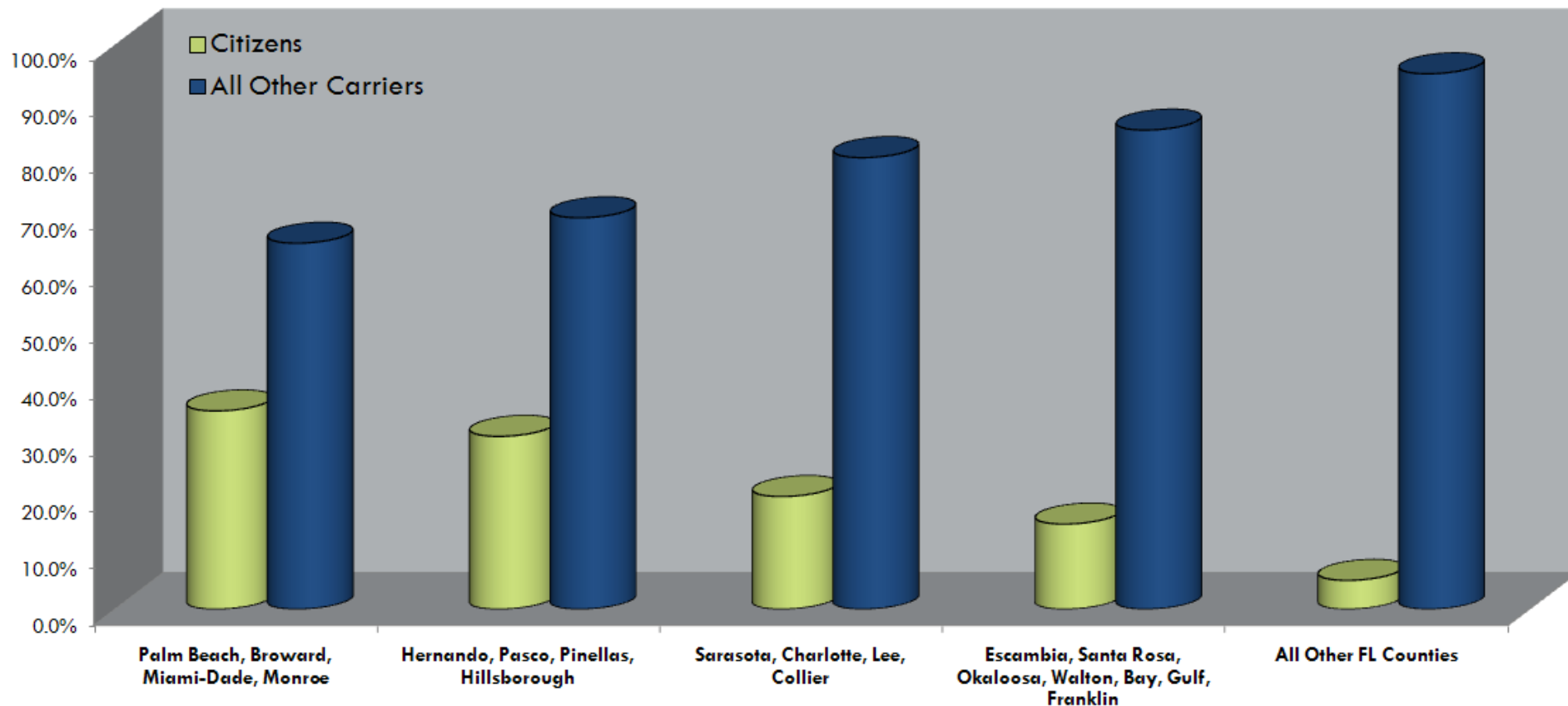
June 30, 2004



**The Florida Residential Property Insurance Admitted Market is divided into 4 major parts: (1) Citizens; (2) the Florida only subsidiaries “pups” of the major national writers; (3) the Florida-only domestic companies; and (4) non-domestic nationwide property writers, such as USAA, etc.**

**Source:** Florida Office of Insurance Regulation, Quarterly Supplemental Report (QUASR). Includes licensed carriers only. Surplus lines companies are not included. Based on insured value for policies with wind coverage.

# Florida Residential Property Market – Citizens vs. All Other Carriers Market Share As of March 31, 2011



Counties	Total Exposure		Market Share	
	Citizens	All Other Carriers	Citizens	All Other Carriers
Palm Beach, Broward, Miami-Dade, Monroe	\$236,585,079,520	\$436,751,449,665	35.1%	64.9%
Hernando, Pasco, Pinellas, Hillsborough	\$90,848,764,391	\$205,749,822,535	30.6%	69.4%
Sarasota, Charlotte, Lee, Collier	\$59,856,843,652	\$239,914,121,853	20.0%	80.0%
Escambia, Santa Rosa, Okaloosa, Walton, Bay, Gulf, Franklin	\$16,969,808,329	\$95,513,991,970	15.1%	84.9%
All Other FL Counties	\$46,490,519,673	\$863,291,345,546	5.1%	94.9%

**Source:** Florida Office of Insurance Regulation, Quarterly Supplemental Report (QUASR). Includes licensed carriers only. Surplus lines companies are not included. Based on insured value for policies with and without wind coverage.

# The Current State of the Market

- When the private market writes less, Citizens writes more.
- CLA and Coastal Account PIF relatively steady.
- Significant growth in the PLA.

# Significant Growth Only in the Personal Lines Account (PLA)

## Why do policies come to Citizens?

- Price - Premium is likely lower than private market
- Agents
  - Captive agents
  - Citizens cannot become insolvent
  - Price
- Less stringent underwriting requirements
- Coverage - Until 2012, Citizens covered pool cages and carports
- Sinkhole territories
- Wind Mitigation Credit factor
- Few private companies want to write Commercial Residential policies and/or Coastal properties

# Financing

## •Pre-Event Bonds

- Issued to provide liquidity for timely payment of valid claims
- Debt service is paid from operating funds and bond proceeds themselves
- Can be issued taxable or tax exempt

## •Post -Event Bonds

- Triggered by Emergency Assessments
- Very unlikely for PLA/CLA
- 2% probability for Coastal Account
- Emergency Assessments can be levied over a number of years
- Debt service is paid by Emergency Assessments

## •Citizens credit

- Rated A+ stable by S&P and Fitch; A2 stable by Moody's
- Strength of credit
  - Ability to levy assessments
  - Participation in the FHCF
  - Strong non-impairment language in the statute
- Name change from HRA to Coastal Account
- Different from FHCF



# Citizens' Investment Portfolio

As of June 30, 2011

Security Description	Amortized Cost (in 000,000's)	Market Value (in 000,000's)	Average Days Until Maturity or Reset	% of Portfolio MV
<b>Taxable</b>				
Government & Agency Securities	\$4,140	\$4,142	258	34.85%
Corporate Bonds, CP, and CDs	\$2,177	\$2,183	446	18.37%
Municipal Bonds (Taxable)	\$91	\$91	503	0.77%
Money Market Funds (Taxable)	\$1,206	\$1,206	1	10.15%
Illiquid Securities	\$233	\$251	N/A	2.11%
<b>Total Taxable Portfolio</b>	<b>\$7,847</b>	<b>\$7,874</b>	<b>274</b>	<b>66.25%</b>
<b>Tax-Exempt</b>				
Money Market Funds (Tax-Exempt)	\$609	\$609	1	5.12%
Municipale Bonds (Tax-Exempt)	\$2,325	\$2,324	558	19.55%
Variable-Rate Demand Notes (VRDN's)	\$1,079	\$1,079	2	9.08%
<b>Total Tax-Exempt Portfolio</b>	<b>\$4,013</b>	<b>\$4,012</b>	<b>324</b>	<b>33.76%</b>
<b>Total Citizens Portfolio</b>	<b>\$11,860</b>	<b>\$11,885</b>	<b>291</b>	<b>100.00%</b>

# Estimated Claims-Paying Ability – 2011 Hurricane Season

Description	\$'s in Millions		
	Personal & Commercial Lines Accounts	Coastal Account	Total
Beginning Accumulated Surplus <sup>1</sup>	\$ 2,770	\$ 2,332	\$ 5,102
Budgeted Net Income <sup>2</sup>	286	354	640
<b>Total Accumulated Surplus available for claims</b>	<b>\$ 3,056</b>	<b>\$ 2,686</b>	<b>\$ 5,742</b>
Pre-Event Liquidity Available <sup>3</sup>	-	3,821	3,821
Projected FHCF Coverage (Mandatory Layer Only) <sup>4</sup>	2,581	4,010	6,591
Private Reinsurance <sup>5</sup>	-	575	575
<b>Total 2011 Projected Claims-Paying Ability</b>	<b>\$ 5,637</b>	<b>\$ 11,092</b>	<b>\$ 16,729</b>

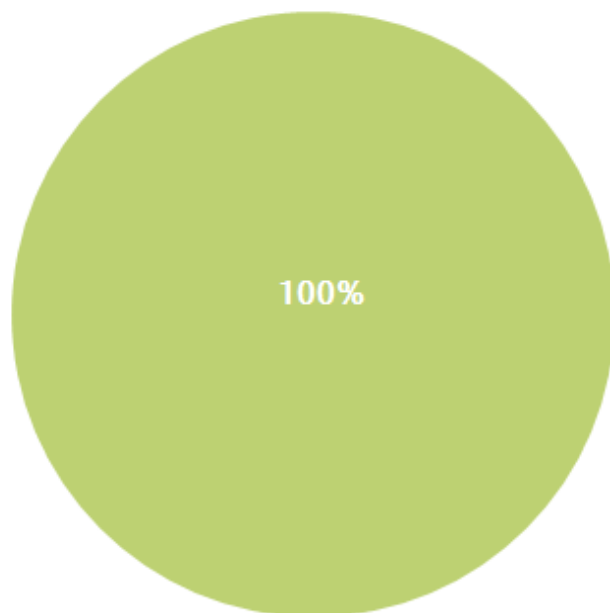
## Notes:

- <sup>1</sup> Accumulated Surplus (audited) as of December 31, 2009, plus audited 2010 net income and other changes in surplus.
- <sup>2</sup> Approved by the Board of Governors.
- <sup>3</sup> Includes a provision for the issuance approved by Citizens' Board of Governors on May 11, 2011, of \$900 million, which closed on July 14, 2011. Pre-Event liquidity does not represent risk transfer and any funds drawn must be repaid.
- <sup>4</sup> FHCF coverage is based on estimates of preliminary exposure data, rating factors and coverage multiples. The final retention and coverage amounts may be significantly different from these estimates.
- <sup>5</sup> Assumes the occurrence of an event or events sufficient to pierce and exhaust private reinsurance coverage.

# Projected Claims Paying Resources - Combined Accounts 2011 Hurricane Season<sup>1</sup>

## 1-in-5 Yr Event

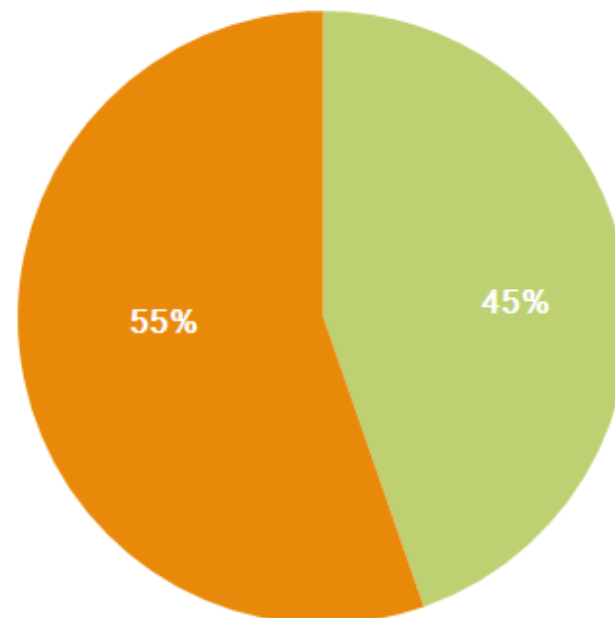
Probability of Single-Event Occurrence = 20%



	<i>(in billions)</i>		
	PLA/CLA	Coastal	Total
Probable Maximum Loss	\$ 0.364	\$ 0.734	\$ 1.098
<b>Claims-Paying Resources:</b>			
Accumulated Surplus	\$ 0.364	\$ 0.734	\$ 1.098
FHCF Reimbursements	-	-	-
Private Reinsurance	-	-	-
Citizens Policyholder Surcharges	-	-	-
Regular Assessments	-	-	-
Emergency Assessments	-	-	-
<b>Total</b>	<b>\$ 0.364</b>	<b>\$ 0.734</b>	<b>\$ 1.098</b>

## 1-in-25 Yr Event

Probability of Single-Event Occurrence = 4%



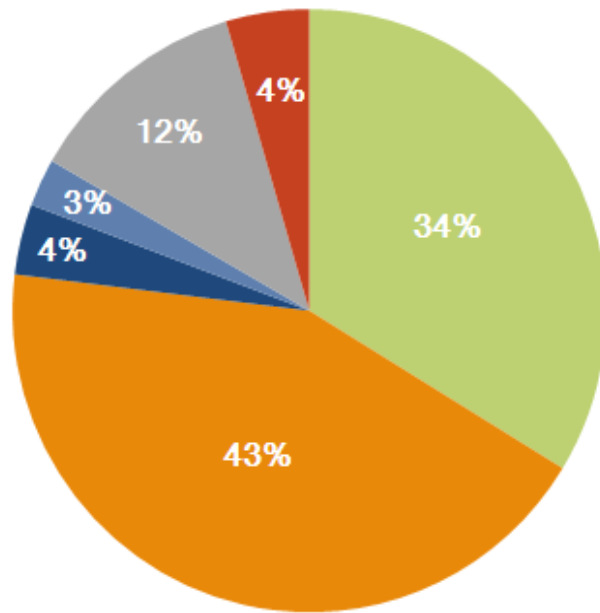
	<i>(in billions)</i>		
	PLA/CLA	Coastal	Total
Probable Maximum Loss	\$ 2.779	\$ 5.661	\$ 8.440
<b>Claims-Paying Resources:</b>			
Accumulated Surplus	\$ 1.285	\$ 2.484	\$ 3.768
FHCF Reimbursements	1.495	3.178	4.672
Private Reinsurance	-	-	-
Citizens Policyholder Surcharges	-	-	-
Regular Assessments	-	-	-
Emergency Assessments	-	-	-
<b>Total</b>	<b>\$ 2.779</b>	<b>\$ 5.661</b>	<b>\$ 8.440</b>

<sup>1</sup> See Notes & Assumptions attached hereto

# Projected Claims Paying Resources - Combined Accounts 2011 Hurricane Season<sup>1</sup>

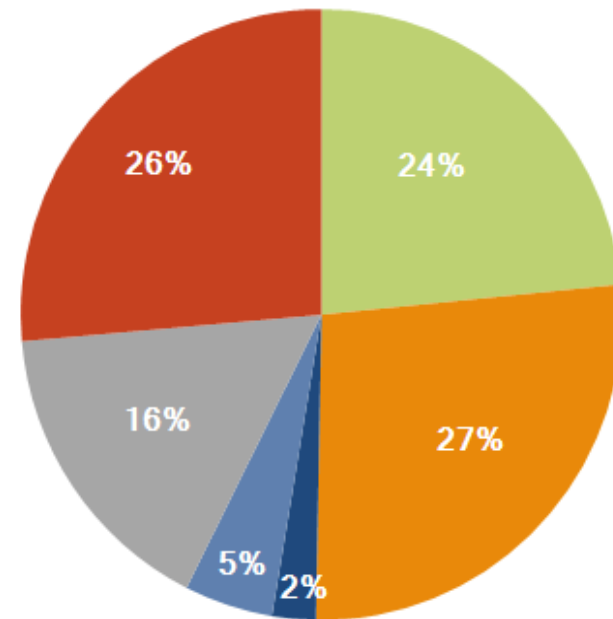
## 1-in-50 Yr Event

Probability of Single-Event Occurrence = 2%



## 1-in-100 Yr Event

Probability of Single-Event Occurrence = 1%



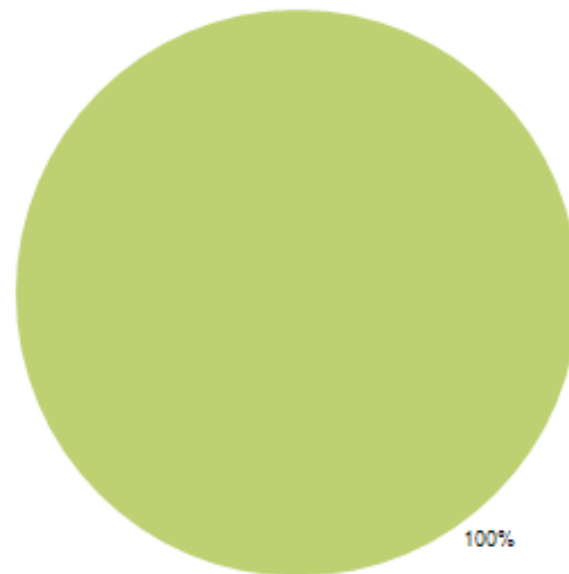
	<i>(in billions)</i>		
	PLA/CLA	Coastal	Total
Probable Maximum Loss	\$ 5.038	\$ 10.216	\$ 15.254
<b>Claims-Paying Resources:</b>			
Accumulated Surplus	\$ 2.458	\$ 2.686	\$ 5.144
FHCf Reimbursements	2.581	4.010	6.591
Private Reinsurance	-	0.575	0.575
Citizens Policyholder Surcharges	-	0.391	0.391
Regular Assessments	-	1.860	1.860
Emergency Assessments	-	0.694	0.694
<b>Total</b>	<b>\$ 5.038</b>	<b>\$ 10.216</b>	<b>\$ 15.254</b>

	<i>(in billions)</i>		
	PLA/CLA	Coastal	Total
Probable Maximum Loss	\$ 8.528	\$ 15.990	\$ 24.518
<b>Claims-Paying Resources:</b>			
Accumulated Surplus	\$ 3.056	\$ 2.686	\$ 5.742
FHCf Reimbursements	2.581	4.010	6.591
Private Reinsurance	-	0.575	0.575
Citizens Policyholder Surcharges	0.781	0.391	1.172
Regular Assessments	2.111	1.860	3.971
Emergency Assessments	-	6.468	6.468
<b>Total</b>	<b>\$ 8.528</b>	<b>\$ 15.990</b>	<b>\$ 24.518</b>

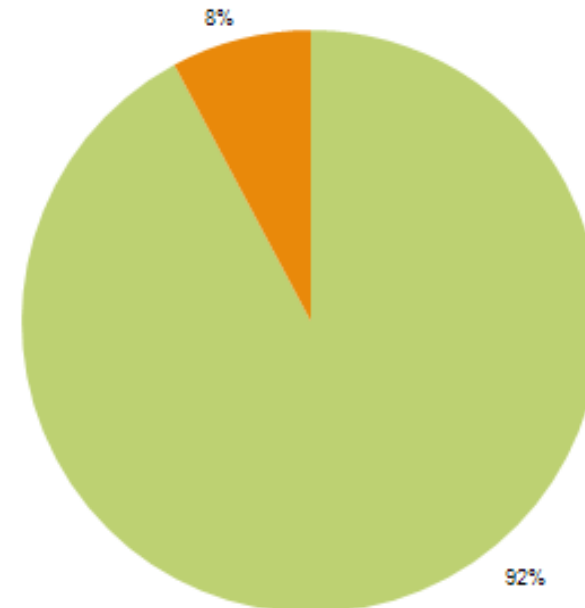
<sup>1</sup> See Notes & Assumptions attached hereto

# Projected Claims Paying Resources - Combined Accounts 2011 Hurricane Season<sup>1</sup>

1-in-5 Yr Event  
1-in-5 Yr Event  
Probability of Both Occurrences = 4%



1-in-5 Yr Event  
1-in-10 Yr Event  
Probability of Both Occurrences = 2%



	<i>(in billions)</i>		
	PLA/CLA	Coastal Account	Total
Probable Maximum Loss (see note below)	\$ 0.728	\$ 1.468	\$ 2.196

	<i>(in billions)</i>		
	PLA/CLA	Coastal Account	Total
	\$ 1.375	\$ 2.884	\$ 4.259

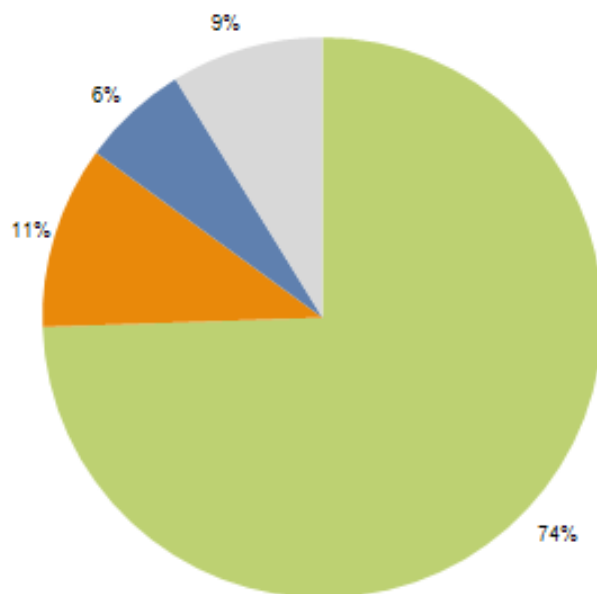
<u>Claims-Paying Resources:</u>			
Accumulated Surplus	\$ 0.728	\$ 1.468	\$ 2.196
FHCF Reimbursements	-	-	-
Private Reinsurance	-	-	-
Citizens Policyholder Surcharges	-	-	-
Regular Assessments	-	-	-
Emergency Assessments	-	-	-
<b>Total</b>	<b>0.728</b>	<b>1.468</b>	<b>2.196</b>

Accumulated Surplus	\$ 1.375	\$ 2.550	\$ 3.925
FHCF Reimbursements	-	0.334	0.334
Private Reinsurance	-	-	-
Citizens Policyholder Surcharges	-	-	-
Regular Assessments	-	-	-
Emergency Assessments	-	-	-
<b>Total</b>	<b>1.375</b>	<b>2.884</b>	<b>4.259</b>

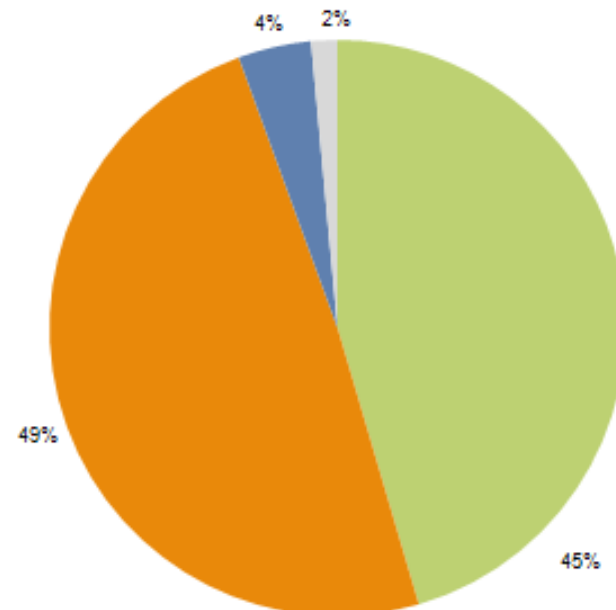
<sup>1</sup> See Notes & Assumptions attached hereto

# Projected Claims Paying Resources - Combined Accounts 2011 Hurricane Season<sup>1</sup>

1-in-10 Yr Event  
1-in-10 Yr Event  
Probability of Both Occurrences = 1%



1-in-5 Yr Event  
1-in-25 Yr Event  
Probability of Both Occurrences = 0.8%



	<i>(in billions)</i>		
	PLA/CLA	Coastal Account	Total
Probable Maximum Loss (see note below)	\$ 2.022	\$ 4.300	\$ 6.322

	<i>(in billions)</i>		
	PLA/CLA	Coastal Account	Total
Probable Maximum Loss (see note below)	\$ 3.143	\$ 6.395	\$ 9.538

Claims-Paying Resources:

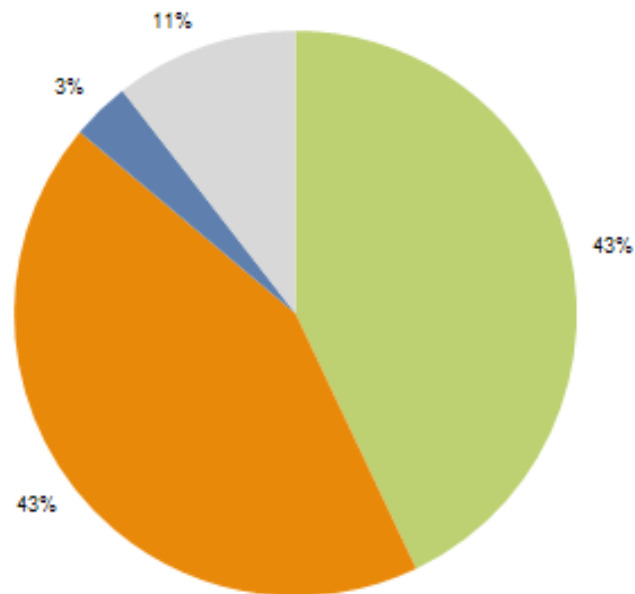
	PLA/CLA	Coastal Account	Total
Accumulated Surplus	\$ 2.022	\$ 2.686	\$ 4.708
FHCf Reimbursements	-	0.667	0.667
Private Reinsurance	-	-	-
Citizens Policyholder Surcharges	-	0.391	0.391
Regular Assessments	-	0.556	0.556
Emergency Assessments	-	-	-
<b>Total</b>	<b>2.022</b>	<b>4.300</b>	<b>6.322</b>

	PLA/CLA	Coastal Account	Total
Accumulated Surplus	\$ 1.649	\$ 2.686	\$ 4.335
FHCf Reimbursements	1.495	3.178	4.672
Private Reinsurance	-	-	-
Citizens Policyholder Surcharges	-	0.391	0.391
Regular Assessments	-	0.141	0.141
Emergency Assessments	-	-	-
<b>Total</b>	<b>3.143</b>	<b>6.395</b>	<b>9.538</b>

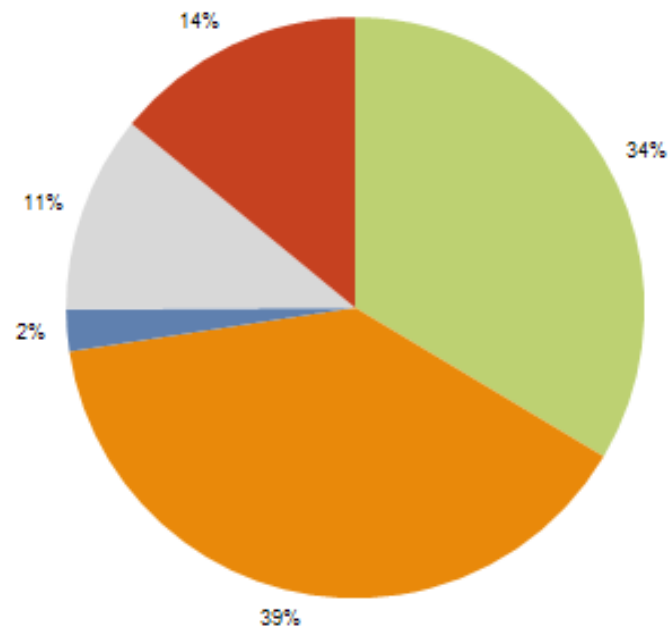
<sup>1</sup> See Notes & Assumptions attached hereto

# Projected Claims Paying Resources - Combined Accounts 2011 Hurricane Season<sup>1</sup>

1-in-10 Yr Event  
1-in-25 Yr Event  
Probability of Both Occurrences = 0.4%



1-in-25 Yr Event  
1-in-25 Yr Event  
Probability of Both Occurrences = 0.16%



	<i>(in billions)</i>		
	PLA/CLA	Coastal Account	Total
Probable Maximum Loss (see note below)	\$ 3.790	\$ 7.811	\$ 11.601

	<i>(in billions)</i>		
	PLA/CLA	Coastal Account	Total
Probable Maximum Loss (see note below)	\$ 5.559	\$ 11.322	\$ 16.881

Claims-Paying Resources:

	PLA/CLA	Coastal Account	Total
Accumulated Surplus	\$ 2.295	\$ 2.686	\$ 4.982
FHCf Reimbursements	1.495	3.511	5.006
Private Reinsurance	-	-	-
Citizens Policyholder Surcharges	-	0.391	0.391
Regular Assessments	-	1.223	1.223
Emergency Assessments	-	-	-
<b>Total</b>	<b>3.790</b>	<b>7.811</b>	<b>11.601</b>

	PLA/CLA	Coastal Account	Total
Accumulated Surplus	\$ 2.978	\$ 2.686	\$ 5.664
FHCf Reimbursements	2.581	4.010	6.591
Private Reinsurance	-	-	-
Citizens Policyholder Surcharges	-	0.391	0.391
Regular Assessments	-	1.860	1.860
Emergency Assessments	-	2.376	2.376
<b>Total</b>	<b>5.559</b>	<b>11.322</b>	<b>16.881</b>

<sup>1</sup> See Notes & Assumptions attached hereto

# Actuarially Sound Rates

- Even if actuarially sound, assessments could be triggered depending on amount of losses in a season (severe single event or multiple events)
- When Citizens' rates are actuarially sound, such rates could still be less than private market due to differences in cost structure
  - No taxes
  - No profit/ return to investors
  - Lower administrative expenses as a governmental entity
  - Less reinsurance than private market
  - Lower commissions, no contingent commissions, profit sharing
  - No advertising



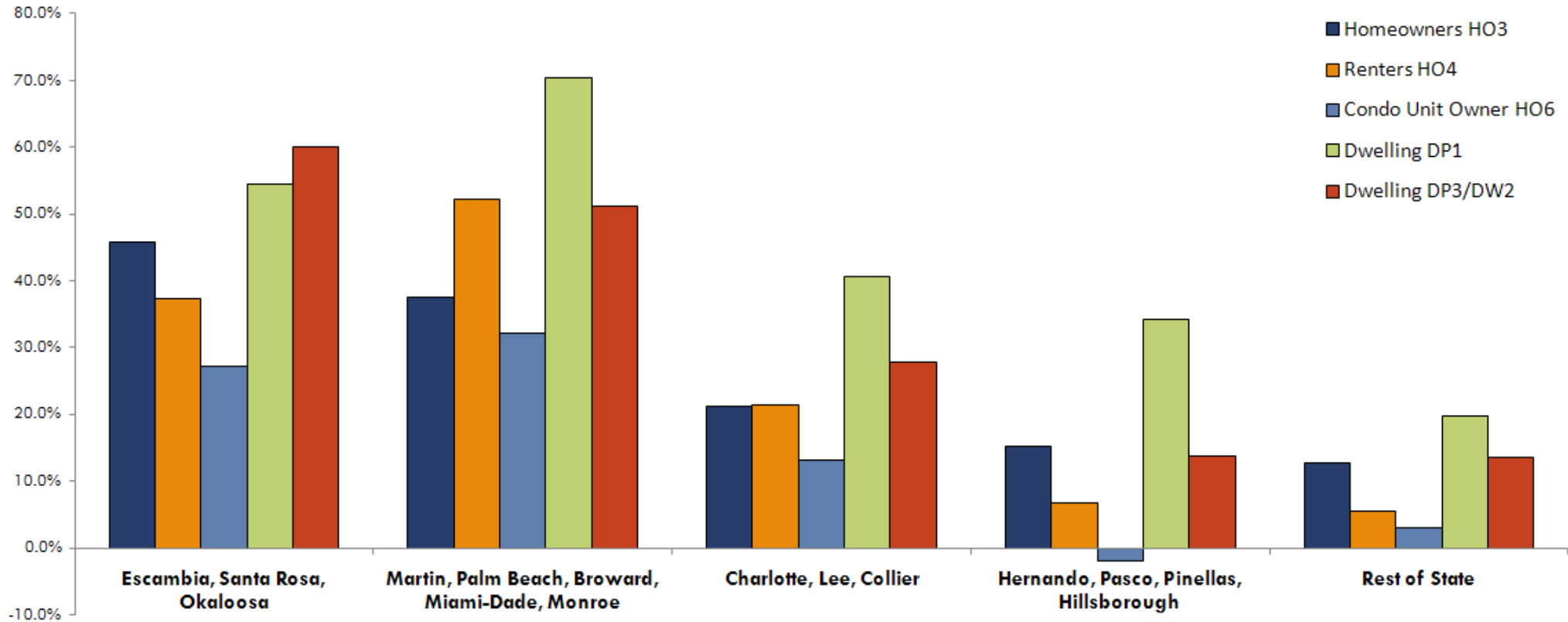
# Summary of Indicated Statewide Rate Changes – Wind and Other Perils

## Personal Lines Excludes Sinkhole

Product Line	Type of Policy	12/31/2010 Total Inforce Premium at Current Rate Level	Indicated Uncapped Rate Change Including a Provision for FHCf Build-Up	12/31/2010 Total Inforce Non-Sinkhole Premium at Current Rate Level	Indicated Uncapped Non-Sinkhole Rate Change	Capped Rate Change Including a Provision for FHCf Build-Up	Capped Rate Change Excluding a Provision for FHCf Build-Up
PRM & PRW	Homeowners - HO3	1,395,919,501	51.4%	1,352,031,891	35.0%	9.4%	8.0%
PRM & PRW	Renters - HO4	6,138,568	16.7%	6,138,568	15.8%	-0.2%	-0.6%
PRM & PRW	Condos Unit Owner - HO6	93,751,667	28.9%	93,751,667	26.8%	4.2%	3.3%
PRM	Dwelling-DP1	32,492,292	59.9%	32,239,058	49.8%	10.9%	9.5%
PRM & PRW	Dwelling-DP3/DW2	363,291,468	48.6%	357,783,934	36.3%	8.8%	7.5%
PRM & PRW	Mobile Home	106,054,609	11.2%	106,054,609	8.8%	4.8%	3.4%
PRM & PRW	Mobile Home Dwelling	66,599,240	8.0%	66,599,240	6.0%	3.2%	2.1%
<b>PRM &amp; PRW</b>	<b>Total</b>	<b>\$ 2,064,247,345</b>	<b>46.5%</b>	<b>\$ 2,014,598,965</b>	<b>32.8%</b>	<b>8.6%</b>	<b>7.2%</b>
CRW	Condo	108,192,970		108,192,970	80.8%	13.5%	9.9%
CRW	Apartment	30,305,576		30,305,576	75.0%	13.7%	10.0%
<b>CRW<sup>1</sup></b>	<b>Total</b>	<b>\$ 138,498,546</b>		<b>\$ 138,498,546</b>	<b>79.5%</b>	<b>13.6%</b>	<b>9.9%</b>
<b>CNRW</b>	<b>Total</b>	<b>\$ 80,107,521</b>		<b>\$ 80,107,521</b>	<b>78.8%</b>	<b>10.0%</b>	<b>10.0%</b>
CRM	Condo	173,985,703		173,985,703	18.3%	5.2%	3.8%
CRM	Apartment	48,258,265		48,258,265	22.6%	11.3%	9.9%
<b>CRM<sup>1</sup></b>	<b>Total</b>	<b>\$ 222,243,968</b>		<b>\$ 222,243,968</b>	<b>19.2%</b>	<b>6.6%</b>	<b>5.1%</b>
<b>Grand Total</b>		<b>\$ 2,505,097,380</b>		<b>\$ 2,455,449,000</b>	<b>35.6%</b>	<b>8.8%</b>	<b>7.3%</b>

<sup>1</sup> Does Not include a-rated, special class, or specifically rated policies

# Personal Residential Regional Average Indicated Rate Change by Policy Type Wind and Other Perils (Excludes Sinkhole)



Counties	Homeowners HO3	Renters HO4	Condo Unit Owner HO6	Dwelling DP1	Dwelling DP3/DW2
Escambia, Santa Rosa, Okaloosa	45.7%	37.2%	27.1%	54.6%	60.1%
Martin, Palm Beach, Broward, Miami-Dade, Monroe	37.4%	52.1%	32.2%	70.4%	51.1%
Charlotte, Lee, Collier	21.2%	21.3%	13.1%	40.5%	27.7%
Hernando, Pasco, Pinellas, Hillsborough	15.1%	6.8%	-1.9%	34.2%	13.8%
Rest of State	12.7%	5.5%	3.1%	19.7%	13.5%

# Indicated Wind and Other Perils Rate Change by Policy Type

## Top Five Territories Based on Average Across all Policy Types (Excludes Sinkhole)

County	Territory	Territory Description	Homeowners HO3	Renters HO4	Condo Unit Owner HO6	Dwelling DP1	Dwelling DP3/DW2	Mobile Home	Mobile Home Dwelling	Average Across all Policy Types
Monroe	90 Wind	Monroe	120.6%	152.2%	135.4%	120.1%	153.7%	43.9%	39.8%	109.4%
	7	Monroe, Key West	15.8%	-9.4%	-28.7%	-9.6%	4.9%	17.4%	-21.2%	-4.4%
	5	Monroe, Excl. Key West	9.3%	-9.4%	-29.7%	-12.1%	-7.4%	-14.4%	-19.9%	-11.9%
Broward	46 Wind	Broward	66.1%	114.7%	113.3%	138.1%	103.8%	108.9%	N/A	107.5%
	47 Wind	Broward	51.7%	105.9%	107.0%	130.8%	80.9%	54.3%	58.3%	84.1%
	45 Wind	Broward	33.0%	65.5%	51.3%	100.7%	79.0%	N/A	26.3%	59.3%
	48 Wind	Broward	28.2%	55.7%	53.4%	93.4%	48.4%	-1.8%	21.0%	42.6%
	37	Broward, Rem. Excl. Ft. L & Hlywd	32.3%	-12.0%	0.5%	40.0%	23.5%	11.1%	9.0%	14.9%
	35	Broward, Hillwd & Ft. Ldrdle	17.4%	-11.7%	-21.6%	38.4%	13.3%	2.7%	6.6%	6.4%
	361	Broward, Coastal	4.6%	-8.6%	-34.6%	-5.4%	-7.7%	N/A	-22.3%	-12.3%
Santa Rosa	92 Wind	Santa Rosa	92.8%	75.7%	86.8%	76.8%	135.0%	N/A	N/A	93.4%
	724	Santa Rosa, Remainder	27.1%	17.1%	-15.5%	58.9%	37.7%	3.4%	-2.3%	18.1%
	607	Santa Rosa, Coastal	20.2%	5.5%	-22.7%	-9.3%	2.2%	N/A	N/A	-0.8%
Escambia	53 Wind	Escambia	135.3%	103.4%	76.7%	102.9%	166.5%	28.3%	13.4%	89.5%
	52 Wind	Escambia	76.5%	75.2%	110.5%	51.9%	116.6%	-0.2%	-8.1%	60.3%
	54 Wind	Escambia	35.4%	81.6%	49.7%	82.1%	62.5%	-6.4%	-14.2%	41.5%
	43	Escambia, Remainder	4.7%	-2.2%	-13.4%	42.8%	5.4%	5.7%	5.2%	6.9%
	602	Escambia, Coastal	12.6%	-9.4%	-33.8%	20.2%	-7.9%	-27.4%	-21.1%	-9.6%
Palm Beach	96 Wind	Palm Beach	63.6%	121.2%	108.2%	161.8%	102.5%	34.6%	27.2%	88.4%
	95 Wind	Palm Beach	56.0%	112.4%	93.1%	155.7%	95.6%	31.6%	31.8%	82.3%
	94 Wind	Palm Beach	40.5%	97.4%	63.9%	87.5%	73.4%	16.0%	14.0%	56.1%
	97 Wind	Palm Beach	36.1%	71.3%	69.5%	76.6%	69.7%	N/A	27.7%	58.5%
	38	Palm Beach, Remainder	12.0%	-9.7%	-5.2%	44.2%	14.3%	0.3%	-8.7%	6.7%
	362	Palm Beach, Coastal	2.2%	-4.2%	-37.7%	-13.7%	-7.6%	0.2%	-25.8%	-12.4%

# Summary of Indicated Statewide Rate Changes – Sinkhole Only

Product Line	Type of Policy	12/31/2010 Total Inforce Premium at Current Rate Level	Indicated Uncapped Rate Change Including a Provision for FHCF Build-Up <sup>1</sup>	12/31/2010 Total Inforce Sinkhole Premium at Current Rate Level	Indicated Uncapped Rate Change for Sinkhole Only	Proposed Uncapped Rate Change for Sinkhole Only
PRM & PRW	Homeowners - HO3	1,395,919,501	51.4%	43,887,611	443.6%	443.6%
PRM & PRW	Renters - HO4	6,138,568	16.7%	0	n/a	n/a
PRM & PRW	Condos Unit Owner - HO6	93,751,667	28.9%	0	n/a	n/a
PRM	Dwelling-DP1	32,492,292	59.9%	253,234	914.6%	914.6%
PRM & PRW	Dwelling-DP3/DW2	363,291,468	48.6%	5,507,535	649.4%	649.4%
PRM & PRW	Mobile Home	106,054,609	11.2%	0	n/a	n/a
PRM & PRW	Mobile Home Dwelling	66,599,240	8.0%	0	n/a	n/a
<b>PRM &amp; PRW</b>	<b>Total</b>	<b>\$ 2,064,247,345</b>	<b>46.5%</b>	<b>\$ 49,648,380</b>	<b>428.6%</b>	<b>428.6%</b>

<sup>1</sup> Indicated rate change excluding sinkhole

# Characteristics for Potential Take-Out Policies - Location

## PLA - New Policies with Wind Coverage Since January 2010

County	Policy Count	Limit (000s)	% of Total Limit	Premium <sup>1</sup> (000s)	Avg. Prem	AAL <sup>2</sup> (000s)	Cat Loss Ratio <sup>3</sup>
MIAMI-DADE	33,344	9,334,583	17.4%	77,321	2,319	17,851	23.09%
BROWARD	30,789	8,406,439	15.7%	56,775	1,844	14,116	24.86%
PINELLAS	26,363	6,774,729	12.7%	40,292	1,528	15,016	37.27%
HILLSBOROUGH	21,690	5,911,845	11.0%	30,793	1,420	7,259	23.57%
PALM BEACH	18,515	5,241,798	9.8%	32,553	1,758	12,641	38.83%
PASCO	13,683	3,969,970	7.4%	18,297	1,337	4,691	25.64%
All Other	65,592	13,891,036	25.9%	78,149	1,191	21,689	27.75%
<b>Total</b>	<b>209,976</b>	<b>53,530,401</b>	<b>100.0%</b>	<b>334,181</b>	<b>1,592</b>	<b>93,263</b>	<b>27.91%</b>

## PLA - All Policies with Wind Coverage

County	Policy Count	Limit (000s)	% of Total Limit	Premium <sup>[1]</sup> (000s)	Avg. Prem	AAL <sup>[2]</sup> (000s)	Cat Loss Ratio <sup>[3]</sup>
MIAMI-DADE	139,751	38,365,036	21.4%	330,839	2,367	85,305	25.78%
BROWARD	98,023	24,596,140	13.7%	182,159	1,858	47,661	26.16%
PINELLAS	106,231	24,286,404	13.6%	157,991	1,487	62,259	39.41%
PASCO	61,783	15,316,866	8.5%	74,120	1,200	21,988	29.67%
HILLSBOROUGH	57,710	14,120,997	7.9%	78,429	1,359	19,565	24.95%
PALM BEACH	53,170	13,736,489	7.7%	92,758	1,745	38,914	41.95%
All Other	271,346	48,754,008	27.2%	319,569	1,178	96,046	30.06%
<b>Total</b>	<b>788,014</b>	<b>179,175,939</b>	<b>100.0%</b>	<b>1,235,865</b>	<b>1,568</b>	<b>371,737</b>	<b>30.08%</b>

### Notes:

[1] Premium accounts for mitigation credits and excludes surcharges.

[2] AAL is based on AIR CLASIC/2, v12.0.4 Using Long-Term Hurricane Frequency and Including Loss Amplification.

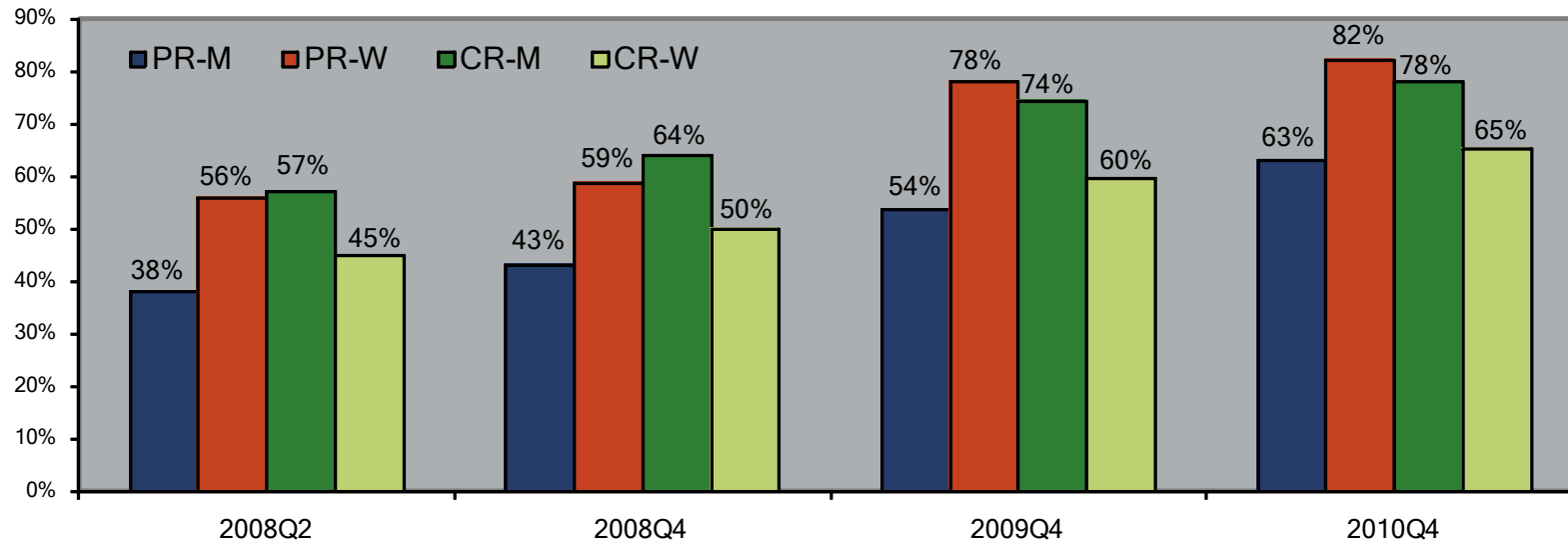
[3] Loss Ratio equals AAL / Premium and does not account for non-hurricane losses.

Based on Citizens' data as of December 31, 2010 excluding policies eligible for take-out.

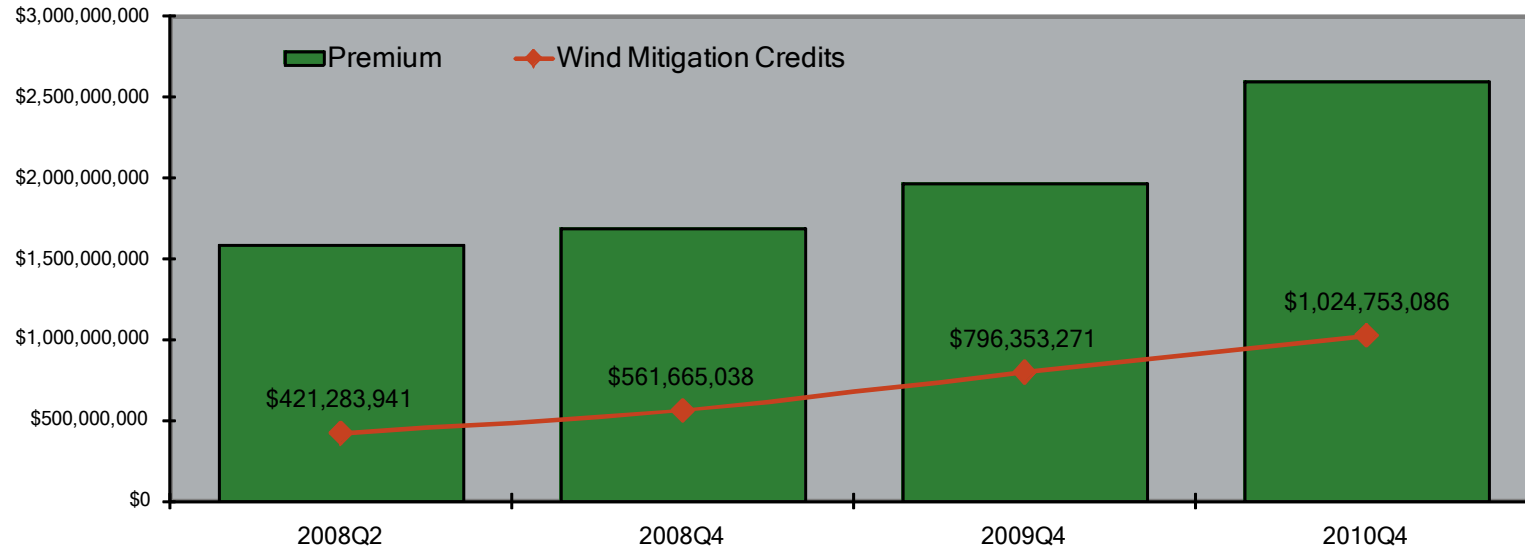
# Wind Mitigation Credits Trend Analysis

## As of December 31, 2010

**Percentage of Policies Including Wind with WMC**



**Premium for Buildings with WMC versus Total WMC**

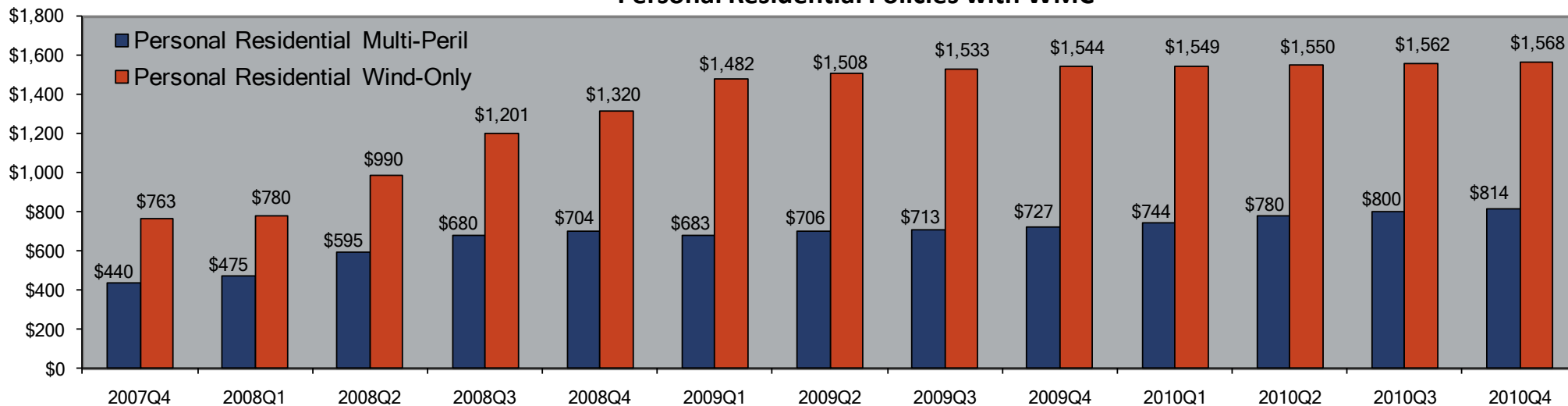


**Note:** Premium is provided only for those buildings with wind mitigation credits. Premium is calculated as follows:  

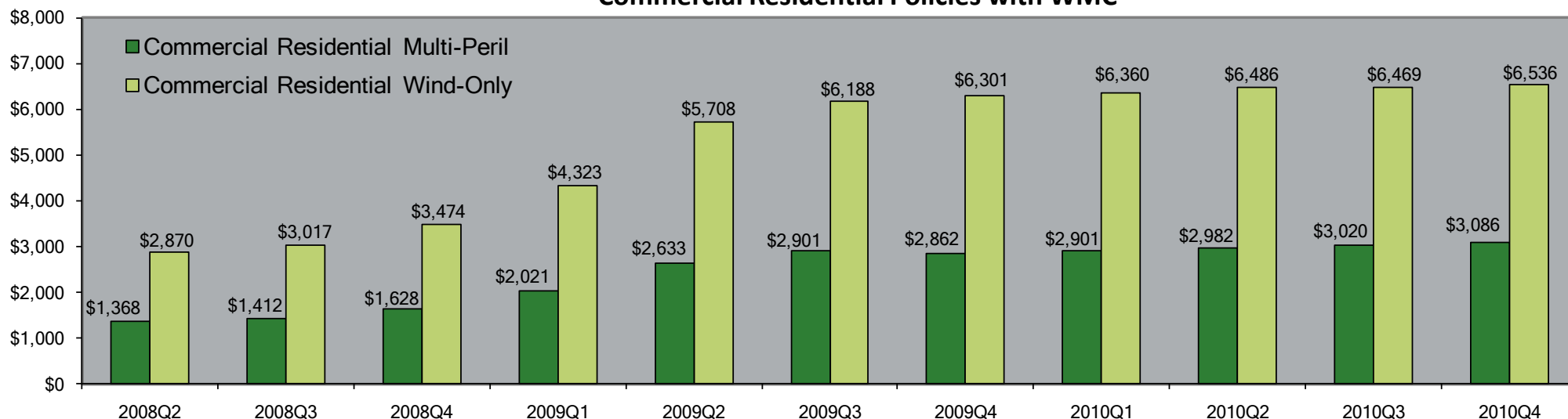
$$\text{Premium} = \text{Total Premium including Surcharges} - \text{Total Surcharges} + \text{Total Wind Mitigation Credits}.$$

# Average Wind Mitigation Credits As of December 31, 2010

### Personal Residential Policies with WMC



### Commercial Residential Policies with WMC



# Inspection Program

- 32,628 personal residential and commercial lines inspections have been fully processed as of May 31, 2011
  - The estimated increase in premium as a result of these inspections is \$15,535,192
- Future plans for the program:
  - Expand the scope to include new business
  - Commercial multiple building inspections
  - Retail inspections
  - Allow for additional inspection types such as four point, general condition, and mobile home tie down



# Appendix

# Projected Claims-Paying Resources – Notes & Assumptions

**NOTES** - The charts attempt to show total projected claims-paying resources needed for various storm events. However, the charts reflect approximations and are not perfect. Some significant observations are as follows:

- ☼ Timing - The charts show estimates of ultimate resources needed, not liquidity needs on a timed basis. An account with sufficient ultimate claims-paying resources could still require liquidity facilities as some resources could potentially be unavailable following a major event.
- ☼ Return Times - 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 weighted 1/3<sup>rd</sup> Standard Sea-Surface Temperature (Long-Term) and 2/3<sup>rds</sup> Warm Sea-Surface Temperature (Near-Term), are based on Single-Event Occurrences and **include a provision of 10% for the adjustment of claims (LAE)**. PML estimates were modeled using AIR Clasic/2, Version 12.0.4, including Loss Amplification, excluding Storm Surge, on exposures as of December 31, 2010.
- ☼ Account Combination - Each account is accounted for separately as required by Florida Statutes. However, the PLA and the CLA are evaluated together for reinsurance and credit purposes. Therefore, the charts illustrate the effect of the PLA and the CLA aggregated, not combined as one account.
- ☼ Commercial Non-Residential Exposure - Commercial Non-Residential ("CNR") exposures in the CLA and the Coastal Account are not reinsured by the Florida Hurricane Catastrophe Fund ("FHCF"). The charts include a provisional estimate for CNR losses in the Coastal Account for all return times (see assumption below). Historically, CNR losses in the CLA have been negligible and therefore a separate provision (for non-reimbursement from the FHCF) is not considered in the charts.
- ☼ Projected Surplus - The charts use Accumulated Surplus budgeted as of December 31, 2011, determined in accordance with Statutory Accounting Principles ("SAP"). However, actual assessments are based on adjusted surplus determined in accordance with accounting principles generally accepted in the United States of America (GAAP), which varies from SAP.

## ASSUMPTIONS:

▶ Maximum Citizens Policyholder Surcharge Percentage	15% per account
▶ Projected Regular Assessment Base	\$31.00 Billion
▶ Maximum Regular Assessment Percentage	6% per account
▶ Projected Emergency Assessment Base	\$33.60 Billion
▶ Maximum Emergency Assessment Percentage	10% per account
▶ Estimated CNR (Not covered by the FHCF) for the Coastal Account	10% for all event Return Times
▶ Exposure Measurement Date	December 31, 2010
▶ Projected Accumulated Surplus	\$5.744 billion at December 31, 2011
	--> \$3.056 billion in the PLA/CLA
	--> \$2.688 billion in the Coastal Account