

Citizens Property Insurance Corporation
High Risk Account (HRA) \$500K Cap
RiskLink Version 5.0
No Demand Surge, No Storm Surge

	100 Year Occurrence (Single-Event) PML					
	Base Residential Portfolio (In Millions)	Alternative 1 Portfolio (In Millions)	Alternative 1 Portfolio Reduction (In Millions)	Alternative 1 - Base Residential % Reduction	Alternative 2 Portfolio (In Millions)	Alternative 2 Portfolio (In Millions)
100 Yr. PML (In Millions)	\$6,450	\$4,418	\$2,031	(31.5%)	\$6,095	
	Portfolio Summary					
Insured Value (In Millions)	\$118,835	\$80,122	\$38,714	(32.6%)	\$103,570	
In Force Premium (In Millions)	\$672	\$481	\$191	(28.5%)	\$588	
Policies In Force	352,933	325,010	27,923	(7.9%)	352,933	
	Average Annual Loss & Ratios					
Average Annual Loss (In Millions)	\$465	\$326	\$139	(29.9%)	\$449	
100 Yr. PML:Premium	9.6:1	9.2:1			10.4:1	

Summary of Results:

Alternative 1: If Citizens does not insure residential properties with values greater than \$500K, Citizens' residential exposure will be reduced by \$3B. PML will be reduced by \$2B or 31.5%. Citizens' in force premium will also be reduced by \$191M or 28.5%.

Alternative 2: If Citizens only insures the first \$500K of residential properties with values greater than \$500K, Citizens' residential exposure will be reduced by \$3.5B. residential PML will be reduced by \$355M or 5.5%. Citizens' in force premium will also be reduced by \$84M or 12.5%.

Observations and Implications:

Alternative 1 (Citizens does not insure residential properties with values greater than \$500K)

- The PML to Premium ratio does not increase (9.6 to 9.2)
- Premium and Average Annual Loss show similar reduction (28.5% and 29.9%)

The HRA account is not likely to be in a worse financial position

Alternative 2 (Citizens only insures the first \$500K of residential properties with values greater than \$500K)

- The PML to Premium ratio does increase (9.6 to 10.4)
- Premium reduction is more than Average Annual Loss reduction (12.5% and 3.5%)

The HRA account is likely to be in a worse financial position

Notes:

Base Residential Portfolio

Includes only HRA residential policies as of 12/20/2005. Lines of business include homeowners, builders risk, condo owners and renters.

Alternative 1 Portfolio

Includes only HRA residential policies as of 12/20/2005. Lines of business include homeowners, builders risk, condo owners and renters. Assumes that Citizens does not insure properties with values greater than \$500K (Homeowners Cov A > \$500K, Condo & Renters Cov C >\$500K)

Alternative 2 Portfolio

Includes only HRA residential policies as of 12/20/2005. Lines of business include homeowners, builders risk, condo owners and renters. Assumes that for properties with values greater than \$500K, Citizens will only insure the first \$500K (Homeowners Cov A > \$500K, Condo & Renters Cov C >\$500K)

In Force Premiums

Premium includes tax and reinsurance surcharges

Premium amounts do not reflect Amount of Insurance factors being implemented 3-1-2006

Occurrence PML

Measures the probability that a single occurrence will exceed a certain threshold.