

**Citizens Property Insurance Corporation**  
**High Risk Account (HRA) \$1M Cap**  
**RiskLink Version 5.0**  
**No Demand Surge, No Storm Surge**

|  | <b>100 Year Occurrence (Single-Event) PML</b>      |   |   |   |   |   |
|--|--|---|---|---|---|---|
|  | <b>Base Residential Portfolio</b><br>(In Millions) | <b>Alternative 1 Portfolio</b><br>(In Millions) | <b>Alternative 1 Portfolio Reduction</b><br>(In Millions) | <b>Alternative 1 - Base Residential % Reduction</b> | <b>Alternative 2 Portfolio</b><br>(In Millions) | <b>Alternative 2 Portfolio</b><br>(In Millions) |
| <b>100 Yr. PML (In Millions)</b>         | \$6,450  | \$5,640   | \$809   | (12.5%)   | \$6,392   |   |
|  | <b>Portfolio Summary</b>                           |   |   |   |   |   |
| <b>Insured Value (In Millions)</b>       | \$118,835  | \$102,155                                       | \$16,680  | (14.0%)   | \$112,957                                       |   |
| <b>In Force Premium (In Millions)</b>    | \$672  | \$599   | \$73  | (10.9%)   | \$641   |   |
| <b>Policies In Force</b>                 | 352,933  | 346,502   | 6,431   | (1.8%)  | 352,933   |   |
|  | <b>Average Annual Loss &amp; Ratios</b>            |   |   |   |   |   |
| <b>Average Annual Loss (In Millions)</b> | \$465  | \$414   | \$51  | (11.0%)   | \$463   |   |
| <b>100 Yr. PML:Premium</b>               | 9.6:1  | 9.4:1   |   |   | 10:1  |   |

**Summary of Results:**

Alternative 1: If Citizens does not insure residential properties with values greater than \$1M, Citizens' residential exposure will be reduced by \$16.7 PML will be reduced by \$809M or 12.5%. Citizens' in force premium will also be reduced by \$73M or 10.9%.

Alternative 2: If Citizens only insures the first \$1M of residential properties with values greater than \$1M, Citizens' residential exposure will be reduced by \$58M or 0.9%. Citizens' in force premium will also be reduced by \$31M or 4.6%.

**Observations and Implications:**

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

- The PML to Premium ratio does not increase (9.6 to 9.4)
- Premium and Average Annual Loss show similar reduction (10.9% and 11.0%)

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

Alternative 2 (Citizens only insures the first \$1M of residential properties with values greater than \$1M)

- The PML to Premium ratio does increase (9.6 to 10.0)
- Premium reduction is more than Average Annual Loss reduction (4.6% and 0.5%)

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 \$1M (Homeowners Cov A > \$1M, Condo & Renters Cov C >\$1M)

**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 \$1M Citizens will only insure the first \$1M (Homeowners Cov A > \$1M, Condo & Renters Cov C >\$1M)

**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.