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FOR IMMEDIATE RELEASE

DATE: May 24, 2016

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Citizens Board Approves 2016 Risk Transfer Package

TALLAHASSEE, FL – Citizens Property Insurance Corporation’s Board of Governors on Tuesday approved a \$2.46 billion risk transfer program that will provide prudent protection for Citizens policyholders heading into the 2016 hurricane season.

By unanimous vote, Citizens Board approved a package that includes traditional reinsurance and capital market risk transfer to protect policyholders and eliminate the risk of assessment on all Florida policyholders in the event of a catastrophic storm or series of events.

Combined with Citizens \$7.4 billion surplus and protection from the Florida Hurricane Catastrophe Fund, Citizens has assets available to handle a 1-100 year storm along the coast and still have the financial stability to handle a second 1-16 year storm.

“Citizens has had the good fortune of 11 years with no storms to strengthen its infrastructure and build its surplus,” said Chris Gardner, Chairman of Citizens Board of Governors. “It is critical that we take steps now to preserve and protect that surplus so we are ready to help our policyholders when they need us most.”

Responding to Citizens’ smaller footprint, the 2016 risk transfer program shifts multi-year coverage down from higher levels and lowers the threshold at which the coverage would be tapped. The program also provides coverage for commercial non-residential properties not covered under the Florida Cat Fund. Citizens now insures 490,000 policyholders, down nearly 20 percent from 590,000 policyholders it covered in June 2015.

The board authorized Citizens staff to spend up to \$204 million for the 2016 risk transfer program, down from \$283 million spent in 2015 for \$3.9 billion in risk transfer coverage.

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In 2002, the Florida Legislature created Citizens Property Insurance Corporation (Citizens), a not-for-profit alternative insurer, whose public purpose is to provide insurance to, and serve the needs of, property owners who cannot find coverage in the private insurance market.

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