FINANCIAL STATEMENTS - STATUTORY BASIS AND SUPPLEMENTAL SCHEDULES

Citizens Property Insurance Corporation

December 31, 2014 and 2013

Citizens Property Insurance Corporation
Financial Statements – Statutory Basis and Supplemental Schedules
Table of Contents
December 31, 2014 and 2013

To the Board of Governors and Management
Citizens Property Insurance Corporation

We have audited the accompanying statutory financial statements of Citizens Property Insurance Corporation (Citizens), which comprise the statutory statements of admitted assets, liabilities and accumulated surplus as of December 31, 2014 and 2013, and the related statutory statements of income, changes in accumulated surplus, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting practices prescribed or permitted by the Florida Office of Insurance Regulation (the Office). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these statutory basis financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described more fully in Notes 2 and 13 to the financial statements, Citizens prepared these financial statements using accounting practices prescribed or permitted by the Office, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these statutory accounting practices and accounting principles generally accepted in the United States of America are described in Note 13, and are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Citizens as of December 31, 2014 and 2013, or changes in financial position and cash flows for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities, and accumulated surplus of Citizens as of December 31, 2014 and 2013, and the changes in financial position and cash flows for the years then ended, on the basis of accounting described in Note 2.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Supplemental Combining Statement of Admitted Assets, Liabilities and Accumulated Surplus by Account - Statutory Basis, Supplemental Combining Statement of Income by Account - Statutory Basis, Summary Investment Schedule and Supplemental Investment Risks Interrogatories as of December 31, 2014 are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Office. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the statutory basis financial statements. The information has been subjected to the auditing procedures applied in the audits of the statutory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the statutory basis financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such schedules are fairly stated in all material respects in relation to the statutory basis financial statements as a whole.

Johnson Lambert LLP

Jacksonville, Florida
May 29, 2015

Citizens Property Insurance Corporation
Statements of Admitted Assets, Liabilities and Accumulated Surplus - Statutory Basis

	December 31 2014	December 31 2013
	(in thousands)	
Admitted assets		
Bonds	$ 12,221,894	$ 12,828,989
Cash, cash equivalents, and short-term investments	1,456,597	1,494,855
Total cash and invested assets	13,678,491	14,323,844
Investment income due and accrued	74,222	81,873
Premiums receivable	117,842	147,567
Reinsurance recoverable on paid losses and LAE	923	2,351
Other receivables under reinsurance contracts	32,654	27,133
Assessment receivable	5,530	176,894
Other admitted assets	4,586	6,945
Total admitted assets	$ 13,914,248	$ 14,766,607
Liabilities and accumulated surplus		
Liabilities:		
Loss reserves	$ 738,068	$ 953,329
Loss adjustment expense reserves	294,920	303,444
Retroactive reinsurance ceded	(1,466)	(1,626)
Unearned premiums	696,086	1,093,992
Unearned assessment income	19,326	43,602
Taxes and fees (receivable) payable	(1,035)	3,143
Provision for reinsurance	556	1,881
Bonds payable	4,420,636	4,995,038
Interest payable	22,540	25,846
Advance premiums and suspended cash	48,961	70,440
Other liabilities	291,628	269,310
Total liabilities	6,530,220	7,758,399
Accumulated surplus:		
Restricted	25,348	15,339
Unrestricted	7,358,680	6,992,869
Total accumulated surplus	7,384,028	7,008,208
Total liabilities and accumulated surplus	$ 13,914,248	$ 14,766,607

See accompanying notes to statutory basis financial statements.

Citizens Property Insurance Corporation

Statements of Income – Statutory Basis

	Years Ended December 31 2014	2013
	(in thousands)	
Premiums earned	$ 1,377,841	$ 1,880,761
Losses incurred	441,155	502,375
Loss adjustment expenses incurred	198,935	248,050
Other underwriting expenses incurred	374,600	461,683
Underwriting income	363,151	668,653
Net interest income	128,535	128,440
Net realized gain on sales	53,501	52,828
Interest expense	(180,835)	(200,711)
Net investment income (expense)	1,201	(19,443)
Assessment (expense) income	(19,020)	26,166
Other income (expense)	5,790	(10,030)
Net income	$ 351,122	$ 665,346

See accompanying notes to statutory basis financial statements.

Citizens Property Insurance Corporation
Statements of Changes in Accumulated Surplus – Statutory Basis
(in thousands)

Balance at January 1, 2013	$ 6,295,157
Net income	665,346
Change in nonadmitted assets	31,296
Change in provision for reinsurance	166
Prior period adjustment - assessment income	15,283
Other	960
Change in accumulated surplus	713,051
Balance at December 31, 2013	7,008,208
Net income	351,122
Change in nonadmitted assets	23,770
Change in provision for reinsurance	1,325
Other	(397)
Change in accumulated surplus	375,820
Balance at December 31, 2014	$ 7,384,028

See accompanying notes to statutory basis financial statements.

Citizens Property Insurance Corporation

Statements of Cash Flows – Statutory Basis

	Years Ended December 31 2014	2013
	(in thousands)	
Operating activities		
Premiums collected, net of reinsurance	$ 972,774	$ 1,674,421
Loss and loss adjustment expenses paid	(862,447)	(919,408)
Underwriting expenses paid	(379,101)	(465,424)
Net investment income received	68,904	60,536
Other income received	10,215	17,033
Net cash (used in) provided by operating activities	(189,655)	367,158
Investing activities		
Proceeds from investments sold, matured or repaid	7,973,070	7,604,897
Investments acquired	(7,453,633)	(7,369,289)
Net cash provided by investing activities	519,437	235,608
Financing and miscellaneous activities		
Borrowed funds repaid	(535,275)	(871,530)
Other cash received	167,235	176,987
Net cash used in financing and miscellaneous activities	(368,040)	(694,543)
Net decrease in cash and short-term investments	(38,258)	(91,777)
Cash, cash equivalents, and short-term investments:		
Beginning of year	1,494,855	1,586,632
End of year	$ 1,456,597	$ 1,494,855

See accompanying notes to statutory basis financial statements.

NOTE 1 – GENERAL

Citizens Property Insurance Corporation (Citizens) was established on August 1, 2002, pursuant to Section 627.351(6), Florida Statutes (the Act), to provide certain residential and non-residential property insurance coverage to qualified risks in the State of Florida under circumstances specified in the Act. The original intent of the legislation was that property insurance be provided through Citizens to applicants who are in good faith entitled to procure insurance through the voluntary market but are unable to do so. Citizens results from a combination of the Florida Residential Property and Casualty Joint Underwriting Association (FRPCJUA) and the Florida Windstorm Underwriting Association (FWUA). The FRPCJUA was renamed Citizens and the FWUA's rights, obligations, assets, liabilities and all insurance policies were transferred to Citizens. Unlike private insurers offering coverage through the admitted market, Citizens is not required to obtain or to hold a certificate of authority issued by the Florida Office of Insurance Regulation (the Office). For purposes of its tax-exempt status, Citizens is considered a political subdivision and an integral part of the State of Florida. As such, Citizens' operations may be affected by the legislative process.

Citizens operates pursuant to a Plan of Operation (the Plan) approved by the Financial Services Commission (the Commission) of the State of Florida. The Commission is composed of the Governor, the Chief Financial Officer, the Attorney General and the Commissioner of Agriculture of the State.

Citizens is supervised by a Board of Governors (the Board) which consists of nine individuals who reside in the State of Florida. The Governor appoints three members, and the Chief Financial Officer, the President of the Senate and the Speaker of the House of Representatives each appoint two members of the Board. At least one of the two members appointed by each appointing officer must have a demonstrated expertise in the insurance industry. The Chief Financial Officer designates one of the appointees as the Board's chair. All Board members serve at the pleasure of their appointing officers.

Citizens' President and Chief Executive Officer (Executive Director) and senior managers are engaged by and serve at the pleasure of the Board. The Executive Director is subject to confirmation by the Florida Senate.

Pursuant to the Act, all revenues, expenses, assets and liabilities of Citizens shall remain divided into three separate accounts: the Personal Lines Account, the Commercial Lines Account and the Coastal Account. A brief history of each account follows:

Personal Lines Account History – The FRPCJUA began operations on January 21, 1993, after Hurricane Andrew, pursuant to Section 627.351(6), Florida Statutes, to provide certain residential property insurance coverage to qualified risks in the State of Florida for applicants who were in good faith entitled to procure insurance through the private market but were unable to do so. Residential property coverage consists of the types of coverage provided to homeowners, mobile homeowners, tenants, condominium unit owners, and similar policies.

NOTE 1 – GENERAL (CONTINUED)

The policies provide coverage for all perils covered under a standard residential policy, subject to certain underwriting requirements. Such policies may exclude windstorm coverage on property within eligible areas. This portion of the FRPCJUA's activities became the Personal Lines Account (PLA) under Citizens.

Commercial Lines Account History – The Florida Property and Casualty Joint Underwriting Association (FPCJUA) was activated in early 1994 to provide commercial residential coverage (i.e. coverage for condominium associations, apartment buildings and homeowner associations) to organizations unable to obtain such coverage from a private insurer. During 1995, legislation was enacted to transfer all obligations, rights, assets, and liabilities related to commercial residential coverage from the FPCJUA to the FRPCJUA. The legislation required that the premiums, losses, assets and liabilities be accounted for separately from the FRPCJUA's personal residential business. This portion of the FRPCJUA's activities became the Commercial Lines Account (CLA) under Citizens. In 2006, the FPCJUA was re-activated to provide commercial non-residential wind-only coverage. In 2007, legislation was enacted which resulted in the transfer and assumption of the FPCJUA's commercial non-residential policies by Citizens. These policies were added to the CLA.

Coastal Account History – The FWUA, which was a residual market mechanism for windstorm and hail coverage in select areas of the State, was created by an act of the Florida Legislature in 1970 pursuant to Section 627.351(2), Florida Statutes. FWUA was a Florida unincorporated association, the members of which were all property insurance companies holding a certificate of authority to provide property insurance coverage in the State. FWUA provided policies of windstorm insurance for property owners within the eligible areas who were unable to obtain such coverage from private insurers. Insured properties include personal residential, commercial residential and commercial non-residential properties. This portion of the FWUA's activities became the High-Risk Account (HRA) under Citizens. In 2007, Citizens received authority to issue multi-peril policies in the HRA. Pursuant to legislative changes during 2011, the HRA was renamed the Coastal Account.

During the 2013 legislative session, Citizens was authorized to create a Clearinghouse Program to confirm eligibility of new applicants to Citizens and to provide new applicants and existing Citizens policyholders enhanced access to offers of coverage from authorized insurers. Under the program, authorized insurers that have voluntarily agreed to participate in the program are able to make offers of coverage to new applicants and existing Citizens policyholders. The clearinghouse program launched on January 27, 2014, with four authorized carriers participating in the program and with only new applicants seeking HO-3 policies being processed through the clearinghouse. As of the end of 2014, existing HO-3 policies were added to the clearinghouse as well as an additional nine insurers bringing the participating insurer total to thirteen. In 2015 Citizens plans to begin submitting new and existing DP-1 and DP-3 dwelling only policies through the clearinghouse. Citizens also plans to add an additional personal multi-peril line of business to the platform during the 4th quarter of 2015, and is scheduled to add at least two additional insurers as well.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Citizens prepares its statutory basis financial statements in conformity with Florida statutes and accounting rules prescribed by the Office for insurance companies domiciled in the State of Florida. The statutory basis financial statements are prepared in accordance with National Association of Insurance Commissioners' (the NAIC) Accounting Practices and Procedures Manual, subject to any deviations prescribed or permitted by the Office.

Statutory Accounting Principles (SAP) is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America (GAAP). The significant SAP which differ from GAAP are as follows:

a. Certain assets are defined under SAP as "nonadmitted." These include furniture and equipment, leasehold improvements, certain prepaid assets, certain computer software, investments over prescribed limits and receivables in the course of collection with balances more than 90 days past due. The net change in such nonadmitted assets during the year is charged or credited directly to accumulated surplus. GAAP, on the other hand, includes these as assets unless impaired.

b. Investments in debt securities are generally valued at cost and are amortized under the valuation standards of the NAIC. According to GAAP, investments in debt securities are generally reported at fair value.

c. Reserves for losses and loss adjustment expenses and unearned premiums ceded to reinsurers are reported as reductions of the related reserves rather than as assets as required under GAAP.

d. Cash, cash equivalents, and short-term investments in the statement of cash flows represent cash balances and investments with original maturities of one year or less at the date of acquisition. Under GAAP, the corresponding caption of cash and cash equivalents includes cash balances and investments with original maturities of three months or less at the date of acquisition. Also under GAAP, short-term investments are disclosed separately from cash. The statutory statement of cash flows does not classify cash flows consistent with GAAP and a reconciliation of net income to net cash provided by operating activities is not provided.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Differences between Florida prescribed practices and SAP which affect Citizens are prescribed in Florida Statutes 625.305. This statute provides limitations on the admission of invested assets with ratings of 5 and 6 issued by the Securities Valuation Office (SVO) as a percentage of total admitted assets, among other limitations not applicable to Citizens. The effect of the prescribed practice on accumulated surplus is provided below.

		(in thousands)	
Description	**State**	**2014**	**2013**
Policyholders' surplus, state basis	FL	$ 7,384,028	$ 7,008,208
Effect of state prescribed practices			
F.S. 625.305(4) d. Non-Admitted Invested Assets	FL	36,098	61,253
Policyholders' surplus, SAP basis		$ 7,420,126	$ 7,069,461

Bonds

Bonds, which consist solely of debt securities, are recorded at admitted asset values, as prescribed by the NAIC's valuation procedures and are rated in accordance with current NAIC guidelines. Bonds designated highest quality and high quality are reported at amortized cost, with all other bonds reported at the lower of amortized cost or fair value. Debt securities not backed by other loans are stated at amortized cost using the interest method. Loan backed debt securities and structured securities are stated at amortized cost using the interest method and adjusted retrospectively.

When, in the opinion of management, a decline in the estimated fair value of an investment is considered to be other-than-temporary, the investment is written down to its estimated fair value. The determination of an other-than-temporary decline in estimated fair value includes, in addition to other relevant factors, consideration of the nature of the investments, the severity of the impairments, including the number of securities impaired, and the duration of the impairment.

Cash, Cash Equivalents, and Short-term Investments

Cash and cash equivalents consists of highly liquid investments with remaining maturities of three months or less at the date of purchase. Short-term investments are investments with remaining maturities of one year or less at the date of purchase (excluding those investments classified as cash) and are generally recorded at cost. Cash, cash equivalents, and short-term investments include amounts on deposit in excess of insured limits through the Federal Deposit Insurance Corporation. Management does not consider this to represent a significant credit risk to Citizens.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents, and Short-term Investments (Continued)

Short-term investments include amounts invested in the Florida State Board of Administration's Florida Prime (SBA Florida Prime), formerly known as the Florida State Board of Administration's Local Government Investment Pool (LGIP), various money market funds, commercial paper, short-term municipal securities, short-term corporate bonds and U.S. government agency short-term notes.

Net Investment Income (Expense)

Net investment income (expense) includes realized gains and losses on sales of investments that are recognized on the specific identification basis. Net investment income (expense) also includes bond interest, bond expenses and investment expenses.

Furniture, Fixtures and Equipment

Depreciation and amortization expense was $6.7 million and $6.4 million for the years ended December 31, 2014 and 2013, respectively. Furniture, fixtures and equipment are depreciated using the straight-line method over the assets' estimated useful life. The estimated useful lives, by asset class, are as follows:

Electronic data processing (EDP) equipment:	3 years
Capitalized office equipment and automobiles:	5 years
Furniture and equipment:	7 years
Leasehold improvements:	10 years

The cost and accumulated depreciation for EDP equipment and software was $70.5 million and $65.9 million at December 31, 2014, and $68.4 million and $60.8 million at December 31, 2013, respectively.

Loss Reserves and Loss Adjustment Expense Reserves

Liabilities for loss reserves and loss adjustment expense (LAE) reserves are estimated based on claims adjusters' evaluations and on actuarial evaluations, using Citizens' loss experience and industry statistics. While the ultimate amount of losses and loss adjustment expenses incurred is dependent on future development, in management's opinion, the estimated reserves are adequate to cover the expected future payment of losses and LAE. However, the ultimate settlement of losses may vary significantly from the reserves provided. Adjustments to estimates recorded resulting from subsequent actuarial evaluations or ultimate payments will be reflected in operations in the period in which such adjustments are known or estimable. Citizens does not discount liabilities for loss reserves and loss adjustment expense reserves.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Premiums

Premiums written are recorded on the effective date of the policy and earned using the daily pro rata method over the policy period. The portion of premiums not earned at the end of the period are recorded as unearned premiums.

If anticipated losses, loss adjustment expenses, commissions and other acquisition costs exceed the Company's recorded unearned premium reserve, a premium deficiency is recognized by recording an additional liability for the deficiency. Citizens anticipates investment income as a factor in the premium deficiency calculation. At December 31, 2014 and 2013, management determined that no premium deficiency reserve was required.

Premiums receivable includes amounts due from policyholders for billed premiums. Billings are calculated using estimated annual premiums for each policy and are paid either through an installment plan offered by Citizens or in their entirety at the inception of the policy.

Guaranty Fund and Other Assessments

Citizens is subject to assessments by the Florida Insurance Guaranty Association (FIGA). For the property lines of insurance, FIGA collects assessments from solvent insurance companies operating in Florida to cover the costs resulting from insolvency or rehabilitation of other insurance companies. Assessments are charged to expense and a liability is accrued when Citizens is notified that an assessment will be levied. After paying the FIGA assessment, Citizens recoups the assessment from its own insureds. Citizens records a receivable and recognizes revenue for the amount of policy surcharges that are expected to be received to recoup any assessment levied by FIGA.

Assessments are also levied by the Florida Hurricane Catastrophe Fund (FHCF), which are in turn payable by Citizens' insureds. Citizens collects the FHCF assessments from its insureds and remits them to the FHCF.

Citizens is also required to assess insurers and insureds in Florida for deficits incurred by Citizens. Assessments made pursuant to the Act and the Plan are recognized as revenue and recorded as receivable in the period approved by the Board of Governors and the Office and levied by Citizens (see Note 14). Assessment receivables are considered to be fully collectible.

Reinsurance

Premiums ceded under reinsurance agreements are recorded as a reduction of earned premiums. Reinsurance recoverables on unpaid losses are recorded as a reduction to loss and LAE reserves. Reinsurance recoverables on paid losses are recorded as receivables. All catastrophe reinsurance payments are recorded as premiums ceded and are amortized over the life of the hurricane season for which the payments apply. Premiums ceded include FHCF, private catastrophe reinsurance purchases and depopulation premiums.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Pursuant to a determination letter received from the Internal Revenue Service, Citizens is exempt from federal income tax as a political subdivision and integral part of the State of Florida, and as such, is liable for income taxes only on business income unrelated to the purpose for which it is exempt. No federal or state income tax was incurred during 2014 or 2013.

Use of Estimates

The preparation of the financial statements in accordance with SAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Instruments

The carrying value of cash and cash equivalents, premiums receivable and other admitted assets approximates fair value given their short-term nature.

Market Risk

Citizens underwrites residential and commercial property insurance policies in the State of Florida. Therefore, adverse economic changes or certain changes in the insurance laws of the State of Florida could have a significant impact on Citizens' future financial position and results of operations. At December 31, 2014, approximately 57.7% of Citizens' insurance coverage exposure lies in the Southeast Florida counties of Miami-Dade, Broward, Monroe and Palm Beach. At December 31, 2014, approximately 12.8% of Citizens' insurance coverage lies in Pinellas and Hillsborough counties. Severe storm activity in any of these counties, or throughout the State of Florida, could have a significant impact on Citizens' future financial position and results of operations. Unlike private insurers that are subject to liquidation in the event of insolvency, Citizens is able (and statutorily required) to levy surcharges and assessments in the event of a deficit in any or all of its accounts. See Note 14 for further information.

Concentration of Credit Risk

Financial instruments that potentially subject Citizens to concentrations of credit risk consist principally of cash and cash equivalents, and investments. Citizens' cash management and investment policies restrict investments by type, credit and issuer, and Citizens performs periodic evaluations of the credit standing of the financial institutions with which it deals. An increased risk of loss occurs as more investments are acquired from one issuer or a group of issuers within one industry which results in a concentration of credit risk. Excluding securities issued by U.S. Government & Agencies, Citizens does not hold any securities from any single issuer that exceeded 5% of the investment portfolio. As of December 31, 2014, management believes Citizens had no significant concentrations of credit risk.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain balances in the 2013 financial statements have been reclassified to conform to the 2014 presentation.

Subsequent Events

Subsequent events have been considered through May 29, 2015, the date of issuance of these statutory financial statements. There were no events, other than he events discussed below, occurring subsequent to the end of the year that merited recognition or disclosure in these statements.

Effective January 27, 2015, Citizens executed a legal defeasance of its 2007A post-event bonds. Authorization for the action was approved by Citizens' Board of Governors at its September 24, 2014 regular meeting. The defeasance, which is contemplated in the bond agreement, was effected by Citizens transferring future principal and interest of approximately $400.5 million to a trusteed escrow account, from which all remaining future principal and interest payments will be made. Citizens is no longer legally obligated to make any future principal and interest payments to the bondholders. The recognition of future interest expenses was accelerated and recognized as a loss on defeasance within the January 2015 financial statements. The net effect on policyholders' surplus, as a result of the defeasance, is an increase of approximately $1.6 million.

Effective March 5, 2015, the Office issued an order terminating the 2005 Emergency Assessment thereby requiring all insurers that are required to collect the 2005 Emergency Assessment (including Citizens) to cease collections by July 1, 2015 on both new and renewal policies. This order was issued following the decision by Citizens' Board of Governors to terminate the assessment in connection with the legal defeasance of Citizens' 2007A post-event bonds.

NOTE 3 – FAIR VALUE MEASUREMENTS

Citizens' estimates of fair value for financial assets and financial liabilities are based on the framework established in the Fair Value Measurements and Disclosures accounting guidance. The framework is based on the inputs used in valuation and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the fair value accounting guidance includes a hierarchy based on whether significant valuation inputs are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect Citizens' significant market assumptions. The three levels of the hierarchy are as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities traded in active markets.

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and market corroborated inputs.

Level 3 – Inputs to the valuation methodology are unobservable for the asset or liability and are significant to the fair value measurement, and includes broker quotes which are non-binding.

At the end of each reporting period, Citizens evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred between Levels 1 and 2. This policy also applies to transfers into or out of Level 3. During the current reporting period, no such transfers occurred.

At December 31, 2014, all bonds held by Citizens are categorized as Level 2. Citizens has no assets that are financial instruments categorized as Level 3 and Citizens has no liability-based financial instruments.

NOTE 4 – INVESTMENTS

Investment Policy and Impairment

Citizens' invested assets are governed by four investment policies, two for taxable operating funds and two for tax-exempt bond proceeds:

- Liquidity Fund (Taxable): generally this policy will govern the investment of funds and surplus that, in addition to internally managed cash, will be the first monies used to pay claims after an event, and that can be used to pay operating expenses on an ongoing basis.

- Liquidity Fund (Tax-exempt): generally this policy will govern the investment of tax-exempt pre-event bond proceeds and other monies required to be invested in tax-exempt instruments. Citizens will use these monies to pay claims after an event or to pay principal and / or interest payments on an as needed basis.

- Claims-Paying Fund (Taxable): generally this policy will govern the investment of funds that will be used to pay post-event claims after Citizens has expended all monies in the Liquidity Fund. Only monies eligible for investment in taxable instruments will be deposited in this fund.

- Claims-Paying Fund (Tax-exempt): generally this policy will govern the investment of tax-exempt pre-event bond proceeds and other monies required to be invested in tax-exempt instruments. Citizens will use these monies to pay claims after an event, typically after all funds in the Liquidity Fund have been expended.

NOTE 4 – INVESTMENTS (CONTINUED)

Investment Policy and Impairment (Continued)

Citizens did not recognize any other-than-temporary impairments for the years ended December 31, 2014 or 2013. Citizens evaluates external indicators, such as issuer credit ratings along with the extent and duration of declines, and internal indicators such as ability and intent with respect to retention of impaired securities in determining whether declines in market value are temporary or other-than-temporary. In addition, Citizens nonadmitted $36.1 million and $61.3 million of invested assets at December 31, 2014 and 2013, respectively, that were rated as 5 or 6 by the SVO, pursuant to Florida statutes (see Note 2).

The investment policy requires any repurchase agreement be collateralized at least 102% with U.S. Government or Agency securities, excluding mortgage-backed securities. Repurchase agreements shall not represent more than 15% of the portfolio's amortized cost and must have a maximum maturity of 30 days or less. Reverse repurchase agreements and securities lending are not permitted investments. Citizens had no investments in agency repurchase agreements as of December 31, 2014 and 2013.

Short-term Investments

Citizens' short-term investments include shares held in the SBA Florida Prime. At December 31, 2014 and 2013, $0 and $9.4 million, respectively, was invested in the SBA Florida Prime Fund B, which has been frozen from investor withdrawals due to that portfolio's investment in distressed illiquid assets. During 2014 and 2013, Citizens received principal recoveries of $4.7 million and $7.6 million, respectively.

As principal and interest payments are received, Citizens' allocable portion is eligible for withdrawal and such withdrawals have been consistently made. Citizens withdrew $14.1 million and $22.7 million, during 2014 and 2013, respectively.

The following table presents, at December 31, 2014, securities for which an other-than-temporary impairment (OTTI) has been recognized in reporting periods prior to the year ended December 31, 2014, classified on the basis of lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis (*in thousands*).

Amortized Cost *Before* OTTI	OTTI Recognized	Amortized Cost *After* OTTI	Fair Value
$ 366,230	$ 260,573	$ 105,657	$ 157,775

NOTE 4 – INVESTMENTS (CONTINUED)

Bonds (Continued)

The amortized cost (net of nonadmitted securities), gross unrealized gains and losses and fair value of bonds at December 31, 2014, were as follows *(in thousands)*:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Bonds:				
U.S. Treasury and U.S. Government Securities	$ 1,547,514	$ 1,343	$ (1,680)	$ 1,547,177
All Other Government	53,986	242	(78)	54,150
States, Territories and Possessions	817,019	5,125	(502)	821,642
Political Subdivisions of States, Territories and Possessions	864,537	4,718	(485)	868,770
Special Revenue	4,371,161	16,584	(4,559)	4,383,186
Industrial & Miscellaneous	4,318,112	29,557	(6,661)	4,341,008
Mortgage-backed Securities	249,565	1,650	(123)	251,092
Total	**$ 12,221,894**	**$ 59,219**	**$ (14,088)**	**$ 12,267,025**

The amortized cost (net of nonadmitted securities), gross unrealized gains and losses and fair value of bonds at December 31, 2013, were as follows *(in thousands)*:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Bonds:				
U.S. Treasury and U.S. Government Securities	$ 1,472,271	$ 1,988	$ (5,996)	$ 1,468,263
All Other Government	23,775	47	(68)	23,754
States, Territories and Possessions	1,067,801	9,733	(727)	1,076,807
Political Subdivisions of States, Territories and Possessions	992,980	8,601	(606)	1,000,975
Special Revenue	4,876,572	26,746	(8,745)	4,894,573
Industrial & Miscellaneous	4,209,409	46,981	(15,552)	4,240,838
Mortgage-backed Securities	186,181	1,247	(420)	187,008
Total	**$ 12,828,989**	**$ 95,343**	**$ (32,114)**	**$ 12,892,218**

NOTE 4 – INVESTMENTS (CONTINUED)

Bonds (Continued)

The unrealized loss position of bonds at December 31, 2014 was as follows *(in thousands)*:

	Less than 12 months		More than 12 months		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Bonds:						
U.S. Treasury and U.S. Government Securities	$ 646,971	$ (639)	$ 131,522	$ (1,041)	$ 778,493	$ (1,680)
All Other Government	16,246	(78)	-	-	16,246	(78)
States, Territories and Possessions	118,246	(472)	13,948	(30)	132,194	(502)
Political Subdivisions of States, Territories and Possessions	148,774	(481)	1,671	(4)	150,445	(485)
Special Revenue	1,203,673	(3,948)	90,843	(611)	1,294,516	(4,559)
Industrial & Miscellaneous	1,508,886	(4,969)	235,522	(1,692)	1,744,408	(6,661)
Mortgage-backed Securities	54,331	(111)	19,055	(12)	73,386	(123)
Total	**$ 3,697,127**	**$ (10,698)**	**$ 492,561**	**$ (3,390)**	**$ 4,189,688**	**$ (14,088)**

The unrealized loss position of bonds at December 31, 2013 was as follows *(in thousands)*:

	Less than 12 months		More than 12 months		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Bonds:						
U.S. Treasury and U.S. Government Securities	$ 568,102	$ (5,203)	$ 49,003	$ (793)	$ 617,105	$ (5,996)
All Other Government	5,922	(68)	1,017	-	6,939	(68)
States, Territories and Possessions	151,760	(681)	29,709	(46)	181,469	(727)
Political Subdivisions of States, Territories and Possessions	82,921	(373)	57,084	(233)	140,005	(606)
Special Revenue	803,161	(3,444)	465,299	(5,300)	1,268,460	(8,745)
Industrial & Miscellaneous	886,105	(12,203)	382,064	(3,350)	1,268,169	(15,552)
Mortgage-backed Securities	55,687	(342)	29,635	(78)	85,322	(420)
Total	**$ 2,553,658**	**$ (22,314)**	**$ 1,013,811**	**$ (9,800)**	**$ 3,567,469**	**$ (32,114)**

There were 675 and 500 bond holdings in an unrealized loss position at December 31, 2014 and 2013, respectively.

Proceeds from maturities and sales of bonds during 2014 were $8.0 billion with gross realized gains of $35.4 million and gross realized losses of $3.9 million and during 2013 were $7.6 billion with gross realized gains of $36.7 million and gross realized losses of $4.1 million.

NOTE 4 – INVESTMENTS (CONTINUED)

Bonds (Continued)

The amortized cost (net of nonadmitted securities) and fair value of securities at December 31, 2014, by contractual maturity, are shown below *(in thousands)*. Actual maturities may differ from contractual maturities because borrowers may have the right to call or repay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value
Maturity:		
In 2015	$ 1,301,673	$ 1,306,706
2016 - 2019	10,411,634	10,440,709
2020 - 2024	41,707	41,865
After 2024	217,315	226,653
Mortgage-backed Securities	249,565	251,092
Total	$ 12,221,894	$ 12,267,025

Sources and uses of net investment income (expense) for the years ended December 31, 2014 and 2013, were as follows *(in thousands)*:

	2014	2013
Interest income		
Bonds	$ 133,341	$ 132,299
Cash, cash equivalents, and short-term investments	1,687	2,809
Total investment income	**135,028**	**135,108**
Investment expenses	(6,493)	(6,668)
Net interest income	**128,535**	**128,440**
Capital gains		
Bonds	31,514	32,515
Cash, cash equivalents, and short-term investments	21,987	20,313
Net realized gain on sales	**53,501**	**52,828**
Interest expense	**(180,835)**	**(200,711)**
Net investment income (expense)	**$ 1,201**	**$ (19,443)**

NOTE 4 – INVESTMENTS (CONTINUED)

Restricted Assets

Restricted assets (including pledged assets) are summarized as follows by restricted asset category *(in thousands)*:

	Gross Restricted				Percentage	
Restricted Asset Category	**Total from Current Year**	**Total from Prior Year**	**Increase (Decrease)**	**Total Current Year Admitted**	**Gross Restricted to Total Assets**	**Admitted Restricted to Total Admitted Assets**
Pledged as collateral not captured in other categories	$ 1,087,145	$ 707,295	$ 379,850	$1,087,145	7.81%	7.81%
On deposit with state	-	9,381	(9,381)	-	0.00%	0.00%
Other restricted assets	25,348	15,339	10,009	25,348	0.20%	0.20%
Total restricted assets	**$ 1,112,493**	**$ 732,015**	**$ 380,478**	**$1,112,493**	**8.01%**	**8.01%**

Other restricted assets consist of assessments that were over-collected by the Florida Surplus Lines Servicing Office (FSLSO) from surplus lines insureds with respect to the 2004 Plan Year Deficit. Pursuant to a consent order, the Office, FSLSO and Citizens agreed that this cash would be included in Citizens' restricted surplus until such time future regular and emergency assessments would otherwise be payable by surplus lines insureds. As amounts have been approved by FSLSO with respect to regular and emergency assessments for Citizens' 2005 Plan Year deficit, Citizens has transferred these funds to unrestricted surplus.

NOTE 5 – LIABILITY FOR LOSS RESERVES AND LOSS ADJUSTMENT EXPENSE RESERVES

Activity in the liability for loss reserves and LAE reserves for the years ended December 31, 2014 and 2013, was as follows *(in thousands)*:

	2014	2013
Balance at beginning of year	$ 1,256,773	$ 1,419,055
Incurred related to:		
Current accident year	525,725	684,549
Prior accident years	114,365	65,876
	640,090	750,425
Paid related to:		
Current accident year	272,399	352,354
Prior accident years	591,476	560,353
	863,875	912,707
Balance at end of year	$ 1,032,988	$ 1,256,773

NOTE 5 – LIABILITY FOR LOSS RESERVES AND LOSS ADJUSTMENT EXPENSE RESERVES (CONTINUED)

As a result of changes in estimates of insured events in prior years, primarily due to the re-estimation of costs within the PLA relating to accident years 2010 and 2011 litigated sinkhole and water loss claims, the provision for loss and LAE increased by approximately $114.4 million and $65.9 million, net of reinsurance, in 2014 and 2013, respectively. Increases or decreases of this nature occur as a result of claim settlements during the current year, and as additional information is received regarding individual claims, causing changes from the original estimates of the cost of these claims. During 2014 and 2013, ceded loss amounts with respect to reinsurance recoverable on paid losses and LAE was $1.4 million and $6.7 million, respectively.

For both catastrophic and non-catastrophic claims, the loss adjusting function is performed by Citizens through its employees and through contracted independent adjusting firms. Citizens compensates independent adjusting firms, depending upon the type or nature of the claims, either on per-day rate or on a graduated fee schedule based on the gross claim amount. Such costs are included as loss adjustment expenses.

NOTE 6 – REINSURANCE AGREEMENTS

Citizens has entered into various contracts with reinsurers for the purpose of reducing its net exposure to qualifying losses should such losses occur. These contracts provide for the recovery of amounts above specified retention levels, subject to contractual limits, under per occurrence and aggregate catastrophe excess of loss arrangements. Reinsurance coverage is purchased separately for the Coastal Account and combined for the PLA and CLA. As required by statute, Citizens participates in the FHCF. Coverage provided by and premium ceded to the FHCF as respects the Coastal Account is considered as a separate participating insurer with its own exposures, reimbursement premium and loss reimbursement. Likewise, the PLA and CLA are considered together as a single, separate participating insurer with its own exposures, reimbursement premium and loss reimbursement. Reinsurance coverage purchased through the FHCF was $2.849 billion and $1.699 billion in the Coastal Account and PLA/CLA, respectively, for 2014, and $3.043 billion and $2.203 billion in the Coastal Account and PLA/CLA, respectively, for 2013. Reinsurance coverage purchased in the Coastal Account through traditional and capital markets totaled $3.269 billion and $1.851 billion for 2014 and 2013, respectively.

The effect of reinsurance on premiums written and earned is as follows *(in thousands)*:

	2014		2013	
	Written	Earned	Written	Earned
Direct premiums	$ 2,083,870	$ 2,374,093	$ 2,761,638	$ 2,954,580
Ceded premiums	(1,103,934)	(996,252)	(1,059,530)	(1,073,819)
Net premiums	$ 979,936	$ 1,377,841	$ 1,702,108	$ 1,880,761

NOTE 6 – REINSURANCE AGREEMENTS (CONTINUED)

Ceded premiums include premiums ceded to companies that assume policies pursuant to a depopulation program (see Note 10), as well as premium ceded under 100% private quota share arrangements. Ceded losses and LAE incurred were ($2.5) million and $2.3 million during 2014 and 2013, respectively.

Amounts recoverable from reinsurers on unpaid losses and loss adjustment expenses are estimated based on the allocation of estimated unpaid losses and loss adjustment expenses among Citizens' coverage lines. Actual amounts recoverable will depend on the ultimate settlement of losses and loss adjustment expenses. Reinsurance contracts do not relieve Citizens from its obligation to policyholders. Citizens remains liable to its policyholders for the portion reinsured to the extent that any reinsurer does not meet the obligations assumed under their reinsurance agreements.

NOTE 7 – BONDS PAYABLE

Citizens has issued multiple Senior Secured Bonds for the purpose of funding losses in the event of a future catastrophe. The bonds are secured by pledged revenues which consist of monies and investments held in accounts established under the trust indenture, proceeds from any surcharges, regular, and emergency assessments, and/or reimbursements received from the FHCF. The following table provides pertinent information regarding each issuance of the Senior Secured Bonds (*in thousands*):

Bond Issue	Issuance Date	Face Value	Carrying Value	Stated Interest Rate	Current Year Principal Paid	Current Year Interest Paid
Series 2007A Senior Secured Refunding Bonds (Post-event HRA)	February 26, 2007	$ 388,930	$ 392,832	3.750% - 5.000%	$ 117,220	$ 20,379
Series 2009A-1 Senior Secured Bonds (Pre-event HRA)	May 7, 2009	746,585	748,244	4.000% - 6.000%	168,055	46,358
Series 2010A-1 Senior Secured Bonds (Pre-event HRA)	April 6, 2010	1,240,000	1,252,182	3.000% - 5.250%	100,000	63,207
Series 2011A-1 Senior Secured Bonds (Pre-event HRA)	July 14, 2011	645,000	654,932	3.000% - 5.000%	-	31,577
Series 2011A-3 Senior Secured Bonds (Pre-event HRA)	July 14, 2011	-	-	SIFMA plus 1.65%	150,000	1,278
Series 2012A-1 Senior Secured Bonds (Pre-event PLA/CLA)	June 21, 2012	1,100,000	1,172,446	3.000% - 5.000%	-	54,779
Series 2012A-3 Senior Secured Bonds (Pre-event PLA/CLA)	June 21, 2012	200,000	200,000	SIFMA plus 1.25%	-	2,606
Total		**$ 4,320,515**	**$ 4,420,636**		**$ 535,275**	**$220,184**

NOTE 7 – BONDS PAYABLE (CONTINUED)

A schedule of bond maturities is as follows *(in thousands)*:

Years Ending December 31	Series 2007 Bonds	Series 2009 Bonds	Series 2010 Bonds	Series 2011 Bonds	Series 2012 Bonds	Total
2015	$ 123,225	$ -	$ 410,000	$ 80,000	$ 275,000	$ 888,225
2016	129,540	403,085	305,000	90,000	125,000	1,052,625
2017	136,165	343,500	525,000	-	130,000	1,134,665
2018	-	-	-	125,000	130,000	255,000
2019	-	-	-	175,000	160,000	335,000
After	-	-	-	175,000	480,000	655,000
	$ 388,930	**$ 746,585**	**$ 1,240,000**	**$ 645,000**	**$ 1,300,000**	**$ 4,320,515**

A schedule of debt service requirements, including principal and interest, is as follows *(in thousands)*:

Years Ending December 31	Principal	Interest	Total
2015	$ 888,225	$ 189,633	$ 1,077,858
2016	1,052,625	141,663	1,194,288
2017	1,134,665	84,491	1,219,156
2018	255,000	54,483	309,483
2019	335,000	39,480	374,480
After	655,000	37,423	692,423
	$ 4,320,515	**$ 547,173**	**$ 4,867,688**

Unamortized premium at December 31, 2014 and 2013 was $100.1 million and $139.2 million, respectively.

NOTE 8 – RETIREMENT PLAN

Citizens sponsors a 457(b)/401(a) defined contribution employee savings plan for qualified employees (the Savings Plan). The Savings Plan qualifies as a deferred salary arrangement under Section 401(a) of the Internal Revenue Code. Under the Savings Plan, participating eligible employees may defer a portion of their pretax earnings up to the Internal Revenue Service annual contribution limit. Citizens matches 100% of each employee's contributions up to a maximum of 8% of the employee's pretax earnings. Citizens' matching contributions to the Savings Plan were $4.2 million and $3.8 million for the years ended December 31, 2014 and 2013, respectively.

NOTE 9 – AGENT COMMISSIONS AND SERVICING COMPANY FEES

Citizens has contracted with various insurance agents licensed in the State of Florida. These agreements provide for commissions to be paid to the agents at rates established by the Board and calculated as a percentage of direct written premiums, net of certain surcharges and assessments. Agent commissions included in other underwriting expenses incurred were $169.8 million and $224.0 million during 2014 and 2013, respectively.

Additionally, Citizens is a party to an agreement with a servicing company to provide underwriting and policy management services. The agreement provides for monthly compensation to the company based on a "Per Transaction Fee" applied to the number of transactions processed in a monthly cycle. These services are for both Citizens' Commercial Lines and Personal Lines business. The amount per transaction ranges from $3.50 to $50.00, depending on the complexity and volume of each transaction. Servicing company fees included in other underwriting expenses incurred were $5.9 million and $8.8 million, during 2014 and 2013, respectively. There were no premiums written by service providers which individually are more than 5% of policyholders' surplus.

NOTE 10 – DEPOPULATION

Pursuant to the Act, Citizens is authorized to adopt one or more programs, subject to approval by the Office, for the reduction of both new and renewal writings. Policies may be removed from Citizens at policy renewal or as part of a bulk assumption (Assumption Agreement). In an assumption, the assuming insurer (Takeout Company) is responsible for losses occurring from the assumption date through the expiration of the Citizens' policy period (the assumption period). Subsequent to the assumption period, the Takeout Company will write the policy directly. In January 2007, Florida law was amended to state that assumed policies are the direct insurance of the Takeout Company, for the purpose of clarifying that FIGA is liable for assumption period losses occurring during the assumption period if a Takeout Company were liquidated and unable to meet its obligation to policyholders.

During 2014 and 2013, Citizens ceded $455.0 million and $387.6 million, respectively, in premiums to Takeout Companies pursuant to Assumption Agreements.

Citizens provides policy administration services with respect to the assumed policies. All agreements provide for the Takeout Company to adjust losses. While Citizens is not liable to cover claims after the assumption (unless the assumed insured exercises its option to return to Citizens during the assumption period), Citizens continues to service policies for items such as policyholder endorsements or cancellation refunds. Should Citizens process and provide a refund to policyholders, such amount is subsequently collected from the Takeout Company. At December 31, 2014 and 2013, net assumed premiums receivable in the amount of $32.7 million and $27.1 million, respectively, were due from certain Takeout Companies.

NOTE 11 – OPERATING LEASES

Citizens leases office space and certain office equipment under various operating leases. Rental expense on operating leases amounted to $7.3 million and $8.5 million for the years ended December 31, 2014 and 2013, respectively. There are no contingent rental payments or unusual renewal options, escalation clauses or restrictions and there have been no early terminations of existing leases. Future minimum payments under operating leases are as follows *(in thousands)*:

2015	$ 4,873
2016	2,578
2017	2,035
2018	1,122
2019	935
Total	**$ 11,543**

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Citizens is involved in certain litigation and disputes incidental to its operations. In the opinion of management, after consultation with legal counsel, there are substantial defenses to such litigation and disputes and any ultimate liability, in excess of reserves resulting there from, will not have a material adverse effect on the financial condition or results of operations of Citizens. Citizens is also involved in other potentially significant litigation described below. Due to the preliminary nature of the following litigation, the potential loss, if any, is not determinable at this time.

In September 2013, Citizens received a subpoena from the Securities and Exchange Commission (SEC) requesting information relating to catastrophe bonds issued by Everglades Re Ltd. in 2012 and 2013. Citizens is voluntarily cooperating with the SEC and is of the belief that any action by the SEC will not materially affect the financial condition of Citizens.

A summary of potentially significant litigation follows:

Davis & Hernandez v. Citizens. This is a putative class action. The court has not certified the class. Potential class members are Citizens' policyholders who presented a claim for damage to their residential property from April 2006 to present. At issue is whether Citizens appropriately calculated and paid overhead and profit policy benefits. Citizens responded to Plaintiff's Third Amended Complaint on October 2, 2013 and litigation is moving forward. Following 10 months of inactive record activity, the court signed its Notice of Failure to Prosecute. In response, Plaintiff filed a Motion for Leave to Amend attaching a proposed 4th Amended Complaint. Citizens responded that it had no objection to the 4th amended complaint, but requested that the court order prohibit any further amendments.

NOTE 12 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Risk Management Programs

In addition to claims under the insurance policies it issues, Citizens is potentially exposed to various risks of loss, including those related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. As a state government entity, Citizens has immunity from certain claims. For the years ending December 31, 2014 and 2013, Citizens had insurance protection in place from various commercial insurance carriers covering various exposures, including workers' compensation, property loss, employee liability, general liability, and directors' and officers' liability. Management continuously reviews the limits of coverage and believes that current coverage is adequate. There were no significant reductions in insurance coverage from the previous year.

NOTE 13 – RECONCILIATION OF SAP TO GAAP

A reconciliation of Citizens' 2014 and 2013 statutory basis net income and accumulated surplus to its GAAP basis (as determined by the Governmental Accounting Standards Board) is as follows *(in thousands)*:

	2014	2013
Net income - statutory basis	$ 351,122	$ 665,346
Adjustments:		
Change in allowance for doubtful accounts	(1,359)	1,814
Change in FIGA assessment income	6,250	16,046
Change in net unrealized gain on investments	(26,052)	(68,937)
Change in net position - GAAP basis	$ 329,961	$ 614,269

	2014	2013
Accumulated surplus - statutory basis	$ 7,384,028	$ 7,008,208
Adjustments:		
Nonadmitted assets	49,460	74,590
Provision for reinsurance	556	1,881
FIGA assessment recoverable	(5,463)	(11,714)
Net unrealized gain on investments	77,170	103,222
Net position - GAAP basis	$ 7,505,751	$ 7,176,187

NOTE 14 – ASSESSMENTS

Citizens' enabling legislation and the Plan establish a process by which Citizens is required to levy assessments to recover deficits incurred in a given plan year for any of its three accounts. Deficits are calculated separately, and assessments are accordingly levied separately, for each of the three accounts. The Plan provides for deficits to be determined in accordance with GAAP, adjusted for certain items.

In the event of a Plan Year Deficit in any Account, Citizens must first levy an assessment against the premium of each Citizens policyholder (the Citizens Policyholder Surcharge) in each of Citizens' Accounts, as a uniform percentage of the premium of the policy of up to 15% of such premium. Citizens Policyholder Surcharges are not subject to commissions, fees, or premium taxes; however, failure to pay a Citizens Policyholder Surcharge will be treated as failure to pay premium. If the Citizens Policyholder Surcharge is insufficient to eliminate the deficit in an Account, Citizens would then levy a Regular Assessment on assessable insurers and assessable insureds.

The Regular Assessment is applied as a uniform percentage of the premium of the policy up to 2% of such premium of the Coastal account only.

Regular Assessments are levied on assessable insurers, as defined in Section 627.351(6), Florida Statutes, based upon each assessable insurer's share of direct written premium for the subject lines of business in the State of Florida for the calendar year preceding the year in which the deficit occurred. Regular Assessments on assessable insurers, collectively, are based on the ratio of the amount being assessed for the Coastal Account to the aggregate statewide direct written premiums for the subject lines of business for the preceding year.

If the deficit in any year in any account is greater than the amount that may be recovered through Citizens' Policyholder Surcharges and Regular Assessments, Citizens is required to levy any remaining Plan Year Deficit as an Emergency Assessment. An Emergency Assessment is to be collected by all assessable insurers, Surplus Lines Agents, and Citizens from policyholders upon the issuance or renewal of policies for Subject Lines of Business for as many years as necessary to cover the Plan Year Deficit in the account. The primary difference between the assessment base for Regular Assessments and Emergency Assessments is the inclusion of Citizens' direct written premium in the assessment base for Emergency Assessments.

For purposes of Regular Assessments and Emergency Assessments, the "Subject Lines of Business" are all lines of property and casualty insurance, including automobile lines, but excluding accident and health, workers' compensation, and medical malpractice insurance, and also excluding insurance under the National Flood and Federal Crop insurance programs.

In November 2012, Citizens received notice of an assessment from the Florida Insurance Guaranty Association (FIGA) totaling $27.8 million. Amounts recouped from policyholders relating to this assessment were $6.3 million and $16.1 million during 2014 and 2013, respectively.

NOTE 14 – ASSESSMENTS (CONTINUED)

Effective March 5, 2015, the 2005 Emergency Assessment was terminated for all policies with effective dates on or after July 1, 2015 (see Note 2). The 2005 Emergency Assessment was anticipated to be collected over a ten year period commencing July 1, 2007. However, as of December 31, 2014, Citizens collected approximately \$38.2 million in excess of the original Emergency Assessment receivable. Any current or remaining excess collections have been categorized as "Reserve for future assessments" and are included within Other liabilities on the statutory basis statements of admitted assets, liabilities and accumulated surplus until such time as Citizens' Board of Governors approves a change to direct these excess collections to be used for any lawful purpose available within Citizens' Plan of Operation.

NOTE 15 – RECONCILIATION TO ANNUAL STATEMENT

The following table reconciles net income and accumulated surplus as reported in these audited financial statements to the corresponding figures reported in Citizens' annual statement as of and for the year ended December 31, 2014 (*in thousands*):

	Net income	Accumulated surplus
Per NAIC annual statement	\$ 386,959	\$ 7,384,028
Reclassification adjustment	(35,837)	-
Per audited financial statements	\$ 351,122	\$ 7,384,028

The adjustment noted above related to a reclassification of changes reported to the 2005 emergency assessment receivable from a direct adjustment to surplus to assessment expense within the statement of income. The adjustment had no effect on accumulated surplus.

Citizens Property Insurance Corporation
Supplemental Combining Statement of Admitted Assets, Liabilities and Accumulated Surplus by Account – Statutory Basis

	December 31, 2014			
	Combined	Personal Lines Account	Commercial Lines Account	Coastal Account
		(in thousands)		
Admitted assets				
Cash and invested assets:				
Bonds	$ 12,221,894	$ 4,371,407	$ 1,754,671	$ 6,095,816
Cash and short-term investments	1,456,597	159,208	190,916	1,106,473
Total cash and invested assets	13,678,491	4,530,615	1,945,587	7,202,289
Investment income due and accrued	74,222	22,948	6,812	44,462
Premiums receivable	117,842	38,234	5,789	73,819
Reinsurance recoverable on paid losses and LAE	923	556	-	367
Other receivables under reinsurance contracts	32,654	19,622	4,878	8,154
Assessment receivable	5,530	4,212	753	565
Other admitted assets	4,586	4,441	16	129
Inter-account receivable (payable)	-	213,500	(36,757)	(176,743)
Total admitted assets	$ 13,914,248	$ 4,834,128	$ 1,927,078	$ 7,153,042
Liabilities and accumulated surplus				
Liabilities:				
Loss reserves	$ 738,068	$ 531,764	$ 114,201	$ 92,103
Loss adjustment expense reserves	294,920	212,232	32,115	50,573
Retroactive reinsurance ceded	(1,466)	(1,366)	-	(100)
Unearned premiums	696,086	295,854	46,888	353,344
Unearned assessment income	19,326	-	-	19,326
Taxes and fees (receivable) payable	(1,035)	366	217	(1,618)
Provision for reinsurance	556	537	-	19
Bonds payable	4,420,636	1,206,793	165,654	3,048,189
Interest payable	22,540	4,207	577	17,756
Advance premiums and suspended cash	48,961	19,625	4,222	25,114
Other liabilities	291,628	76,553	3,770	211,305
Total liabilities	6,530,220	2,346,565	367,644	3,816,011
Accumulated surplus	7,384,028	2,487,563	1,559,434	3,337,031
Total liabilities and accumulated surplus	$ 13,914,248	$ 4,834,128	$ 1,927,078	$ 7,153,042

See independent auditors report on supplementary information

Citizens Property Insurance Corporation
Supplemental Combining Statement of Income by Account – Statutory Basis

	Year Ended December 31, 2014			
	Combined	Personal Lines Account	Commercial Lines Account	Coastal Account
	(in thousands)			
Premiums earned	$ 1,377,841	$ 772,059	$ 129,546	$ 476,236
Losses incurred	441,155	344,094	22,159	74,902
Loss adjustment expenses incurred	198,935	141,948	8,198	48,789
Other underwriting expenses incurred	374,600	169,751	31,951	172,898
Underwriting income	363,151	116,266	67,238	179,647
Net interest income	128,535	44,279	17,417	66,839
Net realized gain on sales	53,501	15,980	7,994	29,527
Interest expense	(180,835)	(33,665)	(4,621)	(142,549)
Net investment income (expense)	1,201	26,594	20,790	(46,183)
Assessment expense	(19,020)	-	-	(19,020)
Other income	5,790	3,033	259	2,498
Net income	$ 351,122	$ 145,893	$ 88,287	$ 116,942

See independent auditors report on supplementary information

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1 Amount	2 Percentage	3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3+4) Amount	6 Percentage
1. Bonds:						
1.1 U.S. treasury securities	1,519,626,416	11.010	1,519,626,416		1,519,626,416	11.010
1.2 U.S. government agency obligations (excluding mortgage-backed securities):						
1.21 Issued by U.S. government agencies	27,887,317	0.202	27,887,317		27,887,317	0.202
1.22 Issued by U.S. government sponsored agencies	1,867,018,630	13.527	1,867,018,630		1,867,018,630	13.527
1.3 Non-U.S. government (including Canada, excluding mortgage-backed securities)	53,986,312	0.391	53,986,312		53,986,312	0.391
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:						
1.41 States, territories and possessions general obligations	817,019,315	5.920	817,019,315		817,019,315	5.920
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	864,537,311	6.264	864,537,311		864,537,311	6.264
1.43 Revenue and assessment obligations	2,504,142,130	18.144	2,504,142,130		2,504,142,130	18.144
1.44 Industrial development and similar obligations						
1.5 Mortgage-backed securities (includes residential and commercial MBS):						
1.51 Pass-through securities:						
1.511 Issued or guaranteed by GNMA	353,979	0.003	353,979		353,979	0.003
1.512 Issued or guaranteed by FNMA and FHLMC	94,671,238	0.686	94,671,238		94,671,238	0.686
1.513 All other						
1.52 CMOs and REMICs:						
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	154,539,601	1.120	154,539,601		154,539,601	1.120
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521						
1.523 All other						
2. Other debt and other fixed income securities (excluding short term):						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	3,138,213,489	22.882	3,135,252,184		3,135,252,184	22.921
2.2 Unaffiliated non-U.S. securities (including Canada)	1,182,859,140	8.625	1,182,859,140		1,182,859,140	8.648
2.3 Affiliated securities						
3. Equity interests:						
3.1 Investments in mutual funds						
3.2 Preferred stocks:						
3.21 Affiliated						
3.22 Unaffiliated						
3.3 Publicly traded equity securities (excluding preferred stocks):						
3.31 Affiliated						
3.32 Unaffiliated						
3.4 Other equity securities:						
3.41 Affiliated						
3.42 Unaffiliated						
3.5 Other equity interests including tangible personal property under lease:						
3.51 Affiliated						
3.52 Unaffiliated						
4. Mortgage loans:						
4.1 Construction and land development						
4.2 Agricultural						
4.3 Single family residential properties						
4.4 Multifamily residential properties						
4.5 Commercial loans						
4.6 Mezzanine real estate loans						
5. Real estate investments:						
5.1 Property occupied by company						
5.2 Property held for production of income (including $ ____ of property acquired in satisfaction of debt)						
5.3 Property held for sale (including $ ____ property acquired in satisfaction of debt)						
6. Contract loans						
7. Derivatives						
8. Receivables for securities						
9. Securities Lending (Line 10, Asset Page reinvested collateral)				XXX	XXX	XXX
10. Cash, cash equivalents and short-term investments	1,489,733,846	10.862	1,456,597,060		1,456,597,060	10.649
11. Other invested assets						
12. Total invested assets	13,714,588,724	100.000	13,678,490,633		13,678,490,633	100.000

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2014

(To Be Filed by April 1)

Of The Citizens Property Insurance Corporation

Address (City, State and Zip Code) Tallahassee, FL 32309-3524

NAIC Group Code 00000 NAIC Company Code 10064 Employer's ID Number 59-3164851

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following interrogatories by reporting the applicable U. S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. $ 13,914,246,792

2. Ten largest exposures to a single issuer/borrower/investment.

	1 Issuer	2 Description of Exposure	3 Amount	4 Percentage of Total Admitted Assets
2.01	CITY OF NEW YORK NY	Bonds	$ 239,584,037	1.7 %
2.02	STATE OF CALIFORNIA	Bonds	$ 223,518,698	1.6 %
2.03	STATE OF NEW JERSEY	Bonds	$ 204,705,456	1.5 %
2.04	STATE OF NEW YORK	Bonds	$ 181,855,858	1.3 %
2.05	JPMORGAN CHASE & CO	Bonds	$ 133,404,969	1.0 %
2.06	STATE OF ILLINOIS	Bonds	$ 126,688,983	0.9 %
2.07	STATE OF OHIO	Bonds	$ 125,414,611	0.9 %
2.08	WELLS FARGO & CO	Bonds	$ 112,595,725	0.8 %
2.09	AMERICAN EXPRESS	Bonds	$ 108,356,795	0.8 %
2.10	COMMONWEALTH OF PENNSYLVANIA	Bonds	$ 108,080,311	0.8 %

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC designation.

	Bonds	1	2		Preferred Stocks	3	4
3.01	NAIC 1	$ 13,446,392,704	96.6 %	3.07	P/RP-1	$	0.0 %
3.02	NAIC 2	$ 213,949,518	1.5 %	3.08	P/RP-2	$	0.0 %
3.03	NAIC 3	$ 0	0.0 %	3.09	P/RP-3	$	0.0 %
3.04	NAIC 4	$ 0	0.0 %	3.10	P/RP-4	$	0.0 %
3.05	NAIC 5	$ 0	0.0 %	3.11	P/RP-5	$	0.0 %
3.06	NAIC 6	$ 105,657,085	0.8 %	3.12	P/RP-6	$	0.0 %

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? Yes [ ] No [X]

If response to 4.01 above is yes, responses are not required for interrogatories 5 – 10.

4.02	Total admitted assets held in foreign investments	$ 925,259,417	6.6 %
4.03	Foreign-currency-denominated investments	$	0.0 %
4.04	Insurance liabilities denominated in that same foreign currency	$	0.0 %

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)

5. Aggregate foreign investment exposure categorized by NAIC sovereign designation:

		1	2
5.01	Countries designated NAIC 1	$ 875,085,197	6.3 %
5.02	Countries designated NAIC 2	$ 31,463,170	0.2 %
5.03	Countries designated NAIC 3 or below	$ 18,711,049	0.1 %

6. Largest foreign investment exposures by country, categorized by the country's NAIC sovereign designation:

		1	2
	Countries designated NAIC 1:		
6.01	Country 1: UNITED KINGDOM	$ 221,754,480	1.6 %
6.02	Country 2: FRANCE	$ 188,142,812	1.4 %
	Countries designated NAIC 2:		
6.03	Country 1: MEXICO	$ 26,544,843	0.2 %
6.04	Country 2: PANAMA	$ 4,918,327	0.0 %
	Countries designated NAIC 3 or below:		
6.05	Country 1: BRITISH VIRGIN ISLANDS	$ 9,293,385	0.1 %
6.06	Country 2: UKRAINE	$ 1,600,000	0.0 %

	1	2
7. Aggregate unhedged foreign currency exposure	$	0.0 %

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation:

		1	2
8.01	Countries designated NAIC 1	$	0.0 %
8.02	Countries designated NAIC 2	$	0.0 %
8.03	Countries designated NAIC 3 or below	$	0.0 %

9. Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign designation:

		1	2
	Countries designated NAIC 1:		
9.01	Country 1:	$	0.0 %
9.02	Country 2:	$	0.0 %
	Countries designated NAIC 2:		
9.03	Country 1:	$	0.0 %
9.04	Country 2:	$	0.0 %
	Countries designated NAIC 3 or below:		
9.05	Country 1:	$	0.0 %
9.06	Country 2:	$	0.0 %

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

	1 Issuer	2 NAIC Designation	3	4
10.01	TOTAL CAPITAL INTERNATIONAL SA	1	$ 73,153,697	0.5 %
10.02	SVENSKA HANDELSBANKEN AB	1	$ 50,111,913	0.4 %
10.03	STATOIL ASA	1	$ 48,485,362	0.3 %
10.04	BP CAPITAL MARKETS PLC	1	$ 47,324,806	0.3 %
10.05	BNP PARIBAS SA	1	$ 47,304,902	0.3 %
10.06	CREDIT SUISSE	1	$ 47,031,622	0.3 %
10.07	WESTPAC BANKING CORP	1	$ 43,958,589	0.3 %
10.08	GLAXOSMITHKLINE CAPITAL PLC	1	$ 39,553,506	0.3 %
10.09	COOPERATIEVE CENTRALE RAIFFEISEN	1	$ 31,946,070	0.2 %
10.10	DEUTSCHE BANK AG/LONDON	1	$ 30,129,073	0.2 %

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 11.01 is yes, detail is not required for the remainder of Interrogatory 11.

		1	2
11.02	Total admitted assets held in Canadian investments	$	0.0 %
11.03	Canadian-currency-denominated investments	$	0.0 %
11.04	Canadian-denominated insurance liabilities	$	0.0 %
11.05	Unhedged Canadian currency exposure	$	0.0 %

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions.

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets? Yes [ ] No [ ]

If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.

	1	2	3
12.02	Aggregate statement value of investments with contractual sales restrictions	$	0.0 %
	Largest three investments with contractual sales restrictions:		
12.03		$	0.0 %
12.04		$	0.0 %
12.05		$	0.0 %

13. Amounts and percentages of admitted assets held in the ten largest equity interests:

13.01 Are assets held in equity interest less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 13.01 is yes, responses are not required for the remainder of Interrogatory 13.

	1 Issuer	2	3
13.02		$	0.0 %
13.03		$	0.0 %
13.04		$	0.0 %
13.05		$	0.0 %
13.06		$	0.0 %
13.07		$	0.0 %
13.08		$	0.0 %
13.09		$	0.0 %
13.10		$	0.0 %
13.11		$	0.0 %

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? Yes [ ] No [ ]

If response to 14.01 above is yes, responses are not required for the remainder of Interrogatory 14.

	1	2	3
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities	$	0.0 %
	Largest three investments held in nonaffiliated, privately placed equities:		
14.03		$	0.0 %
14.04		$	0.0 %
14.05		$	0.0 %

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? Yes [ ] No [ ]

If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.

	1	2	3
15.02	Aggregate statement value of investments held in general partnership interests	$	0.0 %
	Largest three investments in general partnership interests:		
15.03		$	0.0 %
15.04		$	0.0 %
15.05		$	0.0 %

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? Yes [ ] No [ ]

If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

	1 Type (Residential, Commercial, Agricultural)	2	3
16.02		$	0.0 %
16.03		$	0.0 %
16.04		$	0.0 %
16.05		$	0.0 %
16.06		$	0.0 %
16.07		$	0.0 %
16.08		$	0.0 %
16.09		$	0.0 %
16.10		$	0.0 %
16.11		$	0.0 %

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)

16. Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

		Loans	
16.12	Construction loans	$	0.0 %
16.13	Mortgage loans over 90 days past due	$	0.0 %
16.14	Mortgage loans in the process of foreclosure	$	0.0 %
16.15	Mortgage loans foreclosed	$	0.0 %
16.16	Restructured mortgage loans	$	0.0 %

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

Loan-to-Value		Residential		Commercial		Agricultural	
		1	2	3	4	5	6
17.01	above 95%	$	0.0 %	$	0.0 %	$	0.0 %
17.02	91% to 95%	$	0.0 %	$	0.0 %	$	0.0 %
17.03	81% to 90%	$	0.0 %	$	0.0 %	$	0.0 %
17.04	71% to 80%	$	0.0 %	$	0.0 %	$	0.0 %
17.05	below 70%	$	0.0 %	$	0.0 %	$	0.0 %

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets? Yes [ ] No [ ]

If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

Largest five investments in any one parcel or group of contiguous parcels of real estate.

	Description 1	2	3
18.02		$	0.0 %
18.03		$	0.0 %
18.04		$	0.0 %
18.05		$	0.0 %
18.06		$	0.0 %

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans:

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's total admitted assets? Yes [ ] No [ ]

If response to 19.01 is yes, responses are not required for the remainder of Interrogatory 19.

	1	2	3
19.02	Aggregate statement value of investments held in mezzanine real estate loans:	$	0.0 %

Largest three investments held in mezzanine real estate loans:

19.03		$	0.0 %
19.04		$	0.0 %
19.05		$	0.0 %

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

	At Year-end		At End of Each Quarter		
			1st Qtr	2nd Qtr	3rd Qtr
	1	2	3	4	5
20.01 Securities lending agreements (do not include assets held as collateral for such transactions)	$	0.0 %	$	$	$
20.02 Repurchase agreements	$	0.0 %	$	$	$
20.03 Reverse repurchase agreements	$	0.0 %	$	$	$
20.04 Dollar repurchase agreements	$	0.0 %	$	$	$
20.05 Dollar reverse repurchase agreements	$	0.0 %	$	$	$

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floors:

	Owned		Written	
	1	2	3	4
21.01 Hedging	$	0.0 %	$	0.0 %
21.02 Income generation	$	0.0 %	$	0.0 %
21.03 Other	$	0.0 %	$	0.0 %

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

	At Year-end		At End of Each Quarter		
			1st Qtr	2nd Qtr	3rd Qtr
	1	2	3	4	5
22.01 Hedging	$	0.0 %	$	$	$
22.02 Income generation	$	0.0 %	$	$	$
22.03 Replications	$	0.0 %	$	$	$
22.04 Other	$	0.0 %	$	$	$

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

	At Year-end		At End of Each Quarter		
			1st Qtr	2nd Qtr	3rd Qtr
	1	2	3	4	5
23.01 Hedging	$	0.0 %	$	$	$
23.02 Income generation	$	0.0 %	$	$	$
23.03 Replications	$	0.0 %	$	$	$
23.04 Other	$	0.0 %	$	$	$