REPORT PREPARED FOR THE
FLORIDA HURRICANE CATASTROPHE FUND

CLAIMS-PAYING CAPACITY ESTIMATES

MAY 16, 2024

ONCE FINALIZED, THE STATEMENT OF THE FHCF'S ESTIMATED BORROWING CAPACITY, ESTIMATED CLAIMS-PAYING CAPACITY, AND PROJECTED YEAR-END BALANCE REQUIRED UNDER S. 215.555(4)(c)2., F.S., WILL BE PUBLISHED IN THE FLORIDA ADMINISTRATIVE REGISTER AS REQUIRED BY LAW.

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Florida Hurricane Catastrophe Fund

RAYMOND JAMES

Appendix

I. Introduction

The Florida Hurricane Catastrophe Fund ("FHCF") is a tax-exempt trust fund created by the State of Florida in 1993 and is administered by the State Board of Administration of Florida under Section 215.555, Florida Statutes. It was created to operate exclusively for the purpose of protecting and advancing the state's interest in maintaining insurance capacity by providing contractually specified coverage that provides reimbursement for a portion of residential property insurers' hurricane losses. Participation is mandatory for authorized property insurers, subject to limited exceptions.

Participating insurers pay the FHCF annual reimbursement premiums as consideration for this reimbursement coverage. The reimbursement premiums are based on insured values of covered properties, as reported annually to the FHCF. The FHCF statute requires the annual adoption of a reimbursement premium formula that generates actuarially indicated premiums as defined by law. An insurer's premium is proportionate to its coverage selection at a percentage level and its share of the FHCF's total risk exposure.

The annual reimbursement contract provides for reimbursement of a percentage of an insurer's residential hurricane losses in excess of its retention which is determined under a statutory formula. Reimbursement is provided at one of three percentage levels (90%, 75%, or 45%) selected in advance by the insurer.

The FHCF may obtain funds to pay its contractual reimbursement obligations from the following available potential sources:

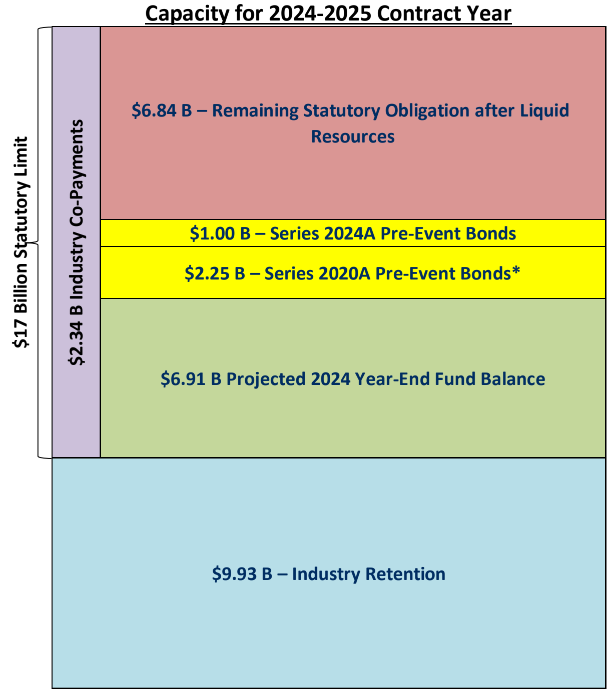
(1) *Accumulated and current year reimbursement premiums*
(2) *Recoveries from reinsurance and other risk-transfer mechanisms, if any*
(3) *Pre-event bond proceeds and other pre-event liquidity resources*
(4) *Proceeds of post-event revenue bonds or bank loans issued under Section 215.555(6), Florida Statutes, and secured by emergency assessments, if needed*
(5) *Investment earnings on accumulated reimbursement premiums and emergency assessments*

Pursuant to Section 215.555(4)(c)(2), Florida Statutes, *"in May and October of the contract year, the board shall publish in the Florida Administrative Register a statement of the fund's estimated borrowing capacity, the fund's estimated claims-paying capacity, and the projected balance of the fund as of December 31."* The purpose of these claims-paying capacity estimate reports is to provide an estimate of the borrowing and claims-paying capacity of the FHCF for the 2024-2025 Contract Year and the preliminary estimate for the following contract year in order to assist the FHCF's participating insurers in determining their reimbursements. Providing estimates at these times of the year is useful since some insurers operate in multiple states and purchase private reinsurance effective January 1st, while many other insurers operate solely in Florida and purchase their private reinsurance prior to June, effective June 1st of each year.

The actual and potential obligations of the FHCF are limited by statute. For the contract year June 1, 2024 – May 31, 2025, the maximum potential liability of the FHCF is $17 billion, with projected available total liquid resources of approximately $10.16 billion, which is comprised of $6.91 billion of projected year-end fund balance, $2.25 billion of the $3.50 billion Series 2020A pre-event bond proceeds ($1.25 billion of the 2020A bonds matures on July 1, 2025 and is therefore not included), and $1 billion of Series 2024A pre-event bond proceeds.

The chart below summarizes the sources of funds for the FHCF's statutory limit and estimated claims-paying capacity for the 2024-2025 Contract Year. The $9.93 billion industry retention is the maximum loss amount retained by the industry below the FHCF coverage layer. The $6.91 billion 2024 year-end projected fund balance is based on assumptions prepared by Paragon, the FHCF's actuary and Raymond James, the FHCF's financial advisor. The approximately $2.34 billion industry co-payment amount is the maximum co-pay for the industry for losses in the FHCF coverage layer based on the projected industry overall coverage selection of 86.87%. The $17 billion of FHCF statutory limit includes an allowance of 10% for loss adjustment expenses. The chart below shows total liquid resources of $10.16 billion, excluding the $1.25 billion of the 2020A Bonds which mature on July 1, 2025, and an estimated borrowing need of approximately $6.84 billion to fund the FHCF statutory limit.

FHCF Statutory Limit and Estimated Claims-Paying Capacity for 2024-2025 Contract Year



Numbers may not add due to rounding. Not drawn to scale

** $1.25 billion of the currently outstanding $3.50 billion 2020A Pre-Event Bonds matures on July 1, 2025. These funds would be available as liquidity if needed but are expected to be used to pay the principal due on July 1, 2025.*

Section 215.555, Florida Statutes, specifies the calculation of the retention multiple for each participating insurer. Each participating insurer has its own loss experience based on its own exposure, retention, limit, and FHCF coverage selection with its own unique probabilities of incurring FHCF layer losses. To more accurately estimate ground up losses and return times for different levels within the FHCF coverage layer, Paragon uses a detailed, company-by-company approach which includes an additional analysis based on model results by ZIP code and type of business and each individual company retention, company limit, and coverage selection. The data shown in the table below is for the approximately 140 participating insurers where each insurer has its own retention and coverage limits based upon its projected market share exposures, and therefore each participating insurer has its own unique probabilities of triggering its FHCF coverage and reaching its FHCF coverage limit.

Layer	FHCF Layer Loss ($ in B)	Ground Up Losses for Average Verisk, RMS Company Retention Limit ($ in B)	Return Times (Yrs) for Aggregate Verisk, RMS Company Retention Limit
$1 Billion FHCF Layer	1.0	9.1	8
$5 Billion FHCF Layer	5.0	16.2	13
Projected Fund Balance Exhausted	6.9	18.9	15
$9.5 Billion FHCF Layer (Ian Level)	9.5	23.2	19
Pre-Event Bonds Exhausted*	10.2	24.6	20
Maximum Statutory Limit	17.0	109.8	250

Source: Paragon Strategic Solutions.
Return times and ground up losses are shown for illustrative purposes only.
** $1.25 billion of the currently outstanding $3.50 billion 2020A Pre-Event Bonds matures on July 1, 2025. These funds would be available as liquidity if needed but are expected to be used to pay the principal due on July 1, 2025, and have been excluded from this calculation.*

II. *The Process*

In order to estimate the FHCF's borrowing capacity for the 2024 and 2025 seasons, we took the following three steps:

> **Raymond James and the FHCF staff utilized the resources of the FHCF's four senior managing underwriters to estimate FHCF borrowing capacity**

(1) Evaluated market conditions for the FHCF using our internal resources. Raymond James & Associates, Inc. ("Raymond James"), a full service broker-dealer with over $25 billion in market capitalization (RJF, www.raymondjames.com), serves as the independent financial advisor to the FHCF. Raymond James also serves as an independent advisor to numerous other governmental catastrophe insurance entities across the country and our experience includes the evaluation and placement of risk transfer programs in both traditional and capital markets, the issuance of pre-event bonds and other liquidity mechanisms, the issuance of post-event bonds, structuring bank loans, and serving as an investment consultant. We rank number one as financial advisor to state-sponsored public insurance entities and are among the top municipal underwriters in the country and participate daily in the market for fixed income securities similar to those the FHCF has issued or would issue to help meet its reimbursement obligations after an event and have served as independent advisor or underwriter on the issuance of over $49 billion of debt and related financial instruments for the FHCF and other governmental catastrophe insurance entities around the country since 2005. Raymond James currently has approximately $1.4 trillion of assets under management.

(2) Solicited formal written feedback from the four current senior managing underwriters of the FHCF's financial services team given certain assumptions. These firms – Bank of America, J.P. Morgan, Morgan Stanley and Wells Fargo – are among the largest financial services firms and municipal underwriters in the world, and each one has extensive experience and expertise with FHCF securities and similar instruments for other municipal issuers. They were also part of the team for the successful execution of the FHCF's Series 2024A pre-event financing. As always, in our written request for feedback, we sought to ensure that the underwriters had a clear understanding of the purpose of asking them to provide such estimates and the uses thereof. A copy of the solicitation and the response of each of the managers is contained in Appendix A.

(3) We evaluated the written feedback and determined a recommended borrowing capacity estimate for inclusion in this report.

III. *Analytical Considerations*

The major constraint, if any in the future, for the FHCF in achieving its maximum reimbursement obligation is potential limitation of market access and capacity, not a lack of assessment capability or credit strength

The FHCF has very strong debt repayment capabilities. From a credit standpoint, the ability to levy emergency assessments on all property and casualty insurance lines except workers' compensation, medical malpractice, federal flood, and accident and health lines is similar to a statewide sales tax on an essential product with an underlying premium base of $85.20 billion[1]. The strength of this pledged revenue stream is the primary reason the four major rating agencies – Moody's, Standard & Poor's, Fitch, and Kroll – rate the FHCF's current debt as Aa3, AA, AA, and AA respectively. To put these ratings in perspective, less than 1% of U.S. corporations have ratings in the "AA" category by any three of the four rating agencies.

While the FHCF statute does limit the amount of assessments that can be levied – 6% for losses attributable to one contract year and 10% for losses attributable to all years – these percentages, when applied to the current assessment base of $85.20 billion, mean the FHCF could levy annual assessments of as much as $5.11 billion for losses from hurricanes occurring in one contract year and as much as $8.52 billion for losses from hurricanes occurring over all contract years. These annual amounts, in conjunction with the other available resources of the FHCF, are estimated to be more than sufficient to support the estimated borrowing capacity for the FHCF. The financial markets are currently constrained as interest rates remain high due to lingering Federal Reserve concerns about persistent inflation and the ability to achieve a "soft landing" amidst fears of a mild recession or "no landing." While absolute rates have increased, credit spreads have marginally tightened due to a flight to quality. Therefore, we have utilized conservative rates of 7% for the initial season and 8% for the subsequent season in the table on page 14, which are "above market" rates.

The FHCF successfully executed the Series 2024A taxable pre-event financing in April 2024. The Series 2024A financing was issued in the amount of $1 billion at a true interest cost of 5.55%. The Series 2024A transaction enabled the FHCF to lock-in $1 billion of additional liquidity for ten years at a spread of 93 basis points above the 10-year Treasury. As evidenced by the increase in interest rates since the FHCF's 2020A financing, interest rate levels can be volatile. Although it is unlikely that market access would be cut off, market capacity and access can never be guaranteed, especially in unpredictable times or after an event or multiple events either in Florida or globally. Therefore, it is critical to understand the risk and potential challenges the FHCF may face after an event.

[1] *See Appendix B for an analysis of the size and growth of the FHCF's assessment base over time.*

In addition, pricing conditions in the global reinsurance markets affect the participating insurers' coverage percentage selections. Hardening market conditions in the global reinsurance markets, especially in the Florida marketplace, began in 2020 and continued into 2023. However, recent tort reforms passed by the Florida Legislature have helped the property and casualty insurance industry in the State. For reinsurance placements this year, many carriers are experiencing an increase in reinsurance capacity, and pricing from global reinsurers appears more stable. As a result, the FHCF's average coverage level decreased marginally for 2024 to 86.87% from 87.36% in 2023.

The chart below illustrates the FHCF's projected $10.16 billion of liquid resources for the 2024-2025 Contract Year, which is $6.84 billion below its maximum statutory obligation of $17 billion. The FHCF's 2024-2025 Contract Year liquidity resources have been adjusted for paid losses and loss reserves in the total amount of approximately $10.83 billion for Hurricanes Michael, Ian and Idalia. At this time, the FHCF's projected ultimate incurred loss estimates are $1.31 billion from Hurricane Michael, $9.50 billion from Hurricane Ian and $20.00 million from Hurricane Idalia.

FHCF Obligations and Liquidity Resources – 2024-2025 Contract Year	Amount ($B)
Total Potential FHCF Obligations	**$17.00**
Projected 2024 Year-End Fund Balance	**$6.91**
Series 2020A Pre-Event Bonds Balance*	**$2.25**
Series 2024A Pre-Event Bonds Balance	**$1.00**
Total Liquidity Resources	**$10.16**
Total Liquidity Resources Below Potential Obligations	**$6.84**

Numbers may not add due to rounding.

** $1.25 billion of the currently outstanding $3.50 billion 2020A Pre-Event Bonds matures on July 1, 2025. These funds would be available as liquidity if needed but are expected to be used to pay the principal due on July 1, 2025.*

After an event with losses that are projected to exceed the year-end fund balance, the FHCF could draw on its pre-event bond proceeds to make reimbursements and either repay the pre-event bonds by issuing post-event bonds or by levying assessments. Alternatively, the FHCF could issue post-event bonds and preserve its $3.25 billion of available pre-event bond proceeds for subsequent seasons, depending on the market conditions and interest rates. For this report, we are assuming the FHCF will use the $3.25 billion of available pre-event bond proceeds and repay the bonds by levying assessments, as interest rates are at elevated levels and it would be economically inefficient to refinance the Series 2020A pre-event bonds given the current market conditions. As shown in the next two charts, the largest single issuance since 2021 was $3.52 billion. However, after a hurricane event, the FHCF most likely will not need to do one single large financing since it takes time for losses to develop. It is more likely the FHCF would need to issue two to four series of bonds over a year or multiple years, depending on loss payouts from storms. Accordingly, it is helpful to evaluate which issuers in the municipal market (both taxable and tax-exempt) have issued the most debt over a 12-month period. The charts on page 8 show that the largest cumulative amount issued by a single issuer in a single calendar year since 2021 has ranged from $7.87-$13.74 billion.

Largest 25 Taxable Municipal Issuances By Par Amount Since 2021					
Rank	Issuer Name	State	Year of Sale	Issue Description	Par ($MM)
1	Texas Natural Gas Sec Fin Corp	TX	2023	Customer Rate Relief Bonds	$3,522
2	Louisiana Gov Env Fac & CDA (LCDA)	LA	2022	System Restoration Bonds	$3,194
3	Golden State Tobacco Sec Corp	CA	2021	Tobacco Settle Asset-Backed Bonds	$2,800
4	Massachusetts	MA	2022	Special Obligation Rev Bonds	$2,681
5	Hawaii	HI	2021	GO & Refunding Bonds	$1,883
6	Golden State Tobacco Sec Corp	CA	2021	Enhance Tobacco Settle Bonds	$1,840
7	NYS Dorm Authority	NY	2021	State Personal Income Tax Bonds	$1,826
8	California	CA	2023	Various Purpose GO Bonds	$1,804
9	St Louis Co-Missouri	MO	2023	Industrial Revenue Bonds	$1,800
10	Regents of the University of Michigan	MI	2022	General Revenue Bonds	$1,700
11	California State Univ Trustees	CA	2021	Systemwide Revenue Bonds	$1,664
12	Alabama Fed Aid Highway Fin Auth	AL	2021	Special Obligation Revenue Bonds	$1,496
13	Louisiana Gov Env Fac & CDA (LCDA)	LA	2023	System Restoration Bonds	$1,491
14	Oklahoma Dev Finance Auth	OK	2022	Ratepayer-Backed Bonds	$1,354
15	Dallas & Fort Worth Cities-Texas	TX	2022	Joint Revenue Improvement Bodns	$1,188
16	Regents of the University of California	CA	2022	Medical Ctr Pooled Rev Bonds	$1,100
17	Regents of the Univ of California	CA	2021	General Revenue Bonds	$1,089
18	California Health Facs Fin Auth	CA	2022	Senior Revenue Bonds	$1,050
19	**Florida St Board Admin Fin Corp**	**FL**	**2024**	**Revenue Bonds**	**$1,000**
20	New Jersey Turnpike Authority	NJ	2021	Turnpike Revenue Bonds	$995
21	Mississippi	MI	2021	GO & Refunding Bonds	$965
22	Virginia Small Business Fin Auth	VA	2022	Sub Lien Revenue Ref Notes	$841
23	Texas Public Finance Auth (TPFA)	TX	2021	GO & Refunding Bonds	$832
24	Pennsylvania Econ Dev Fin Auth	PA	2021	Revenue Bonds	$828
25	Mobile Airport Authority	AL	2023	Revenue Bonds	$800

Source: Thomson Financial for long-term negotiated taxable issuances from January 1, 2021 to April 30, 2024.

Largest 25 Tax-Exempt Municipal Issuances By Par Amount Since 2021					
Rank	Issuer Name	State	Year of Sale	Issue Description	Par ($MM)
1	Los Angeles USD	CA	2024	General Obligation Ref Bonds	$2,975
2	NYS Dorm Authority	NY	2024	State Personal Inc Tax Rev Bonds	$2,811
3	California	CA	2024	Various Purpose GO & Ref Bonds	$2,609
4	California	CA	2023	Var Purp GO & Ref Bonds	$2,582
5	California	CA	2023	Various Purpose GO & Ref Bonds	$2,553
6	NYS Dorm Authority	NY	2022	State Personal Inc Tax Rev Bonds	$2,422
7	Illinois	IL	2023	General Obligation & Ref Bonds	$2,311
8	California	CA	2022	Various Purpose GO & Ref Bonds	$2,292
9	Jefferson Co-Alabama	AL	2024	Sewer Revenue Warrants	$2,243
10	California	CA	2021	Various Purp GO & Refunding Bonds	$2,095
11	Regents of the University of California	CA	2022	Medical Ctr Pooled Rev Bonds	$1,900
12	Massachusetts	MA	2024	GO Cons Loan & Ref Bonds	$1,882
13	California	CA	2022	Various Purpose GO & Ref Bonds	$1,879
14	NYS Dorm Authority	NY	2021	State Personal Inc Tax Rev Bonds	$1,871
15	Regents of the University of California	CA	2023	General Revenue Bonds	$1,772
16	California	CA	2021	GO Various Purpose & Ref Bonds	$1,717
17	Illinois	IL	2022	General Obligation & Ref Bonds	$1,638
18	Los Angeles City-California	CA	2022	Tax & Revenue Anticipation Notes	$1,574
19	Triborough Bridge & Tunnel Auth	NY	2024	Sales Tax Rev Bonds	$1,502
20	New York City-New York	NY	2023	General Obligation Bonds	$1,409
21	Golden State Tobacco Sec Corp	NY	2021	Tobacco Settle Asset-Backed CABs	$1,385
22	NYC Municipal Water Fin Auth	NY	2024	Water and Sewer Revenue Bonds	$1,364
23	Massachusetts	MA	2022	GO & Refunding Bonds	$1,338
24	NYS Dorm Authority	NY	2023	State Sales Tax Revenue Bonds	$1,303
25	NYC Municipal Water Fin Auth	NY	2023	Wtr&Swr Sys 2nd Gen Res Rev Bonds	$1,293

Source: Thomson Financial for long-term negotiated tax-exempt issuances from January 1, 2021 to April 30, 2024.

Largest 25 Issuers By Issued Par Amount 2021		
Rank	Issuer Name	Par ($MM)
1	**NYS Dorm Authority**	**$7,863**
2	California	$6,886
3	Golden State Tobacco Sec Corp	$6,462
4	NYC Transitional Finance Auth	$5,494
5	CSCDA Community Imp Auth	$4,140
6	Connecticut	$3,321
7	Triborough Bridge & Tunnel Auth	$3,054
8	NYC Housing Dev Corp	$2,981
9	Regents of the Univ of California	$2,923
10	NYC Municipal Water Fin Auth	$2,870
11	Wisconsin Public Finance Auth	$2,729
12	Washington	$2,661
13	Massachusetts	$2,550
14	NYS Thruway Authority	$2,504
15	Ohio	$2,458
16	Empire State Development Corp	$2,403
17	Miami-Dade Co-Florida	$2,348
18	Indiana Finance Authority	$2,310
19	New York City-New York	$2,300
20	Pennsylvania Turnpike Commission	$2,299
21	Black Belt Energy Gas Dt	$2,288
22	Illinois	$2,151
23	Port Authority of NY & NJ	$2,119
24	Nashville-Davidson Co Metro Govt	$2,084
25	California Housing Finance Agcy	$2,046

Largest 25 Issuers By Issued Par Amount 2022		
Rank	Issuer Name	Par ($MM)
1	**NYC Transitional Finance Auth**	**$13,738**
2	Triborough Bridge & Tunnel Auth	$12,868
3	New York City-New York	$9,072
4	California	$8,935
5	NYS Dorm Authority	$7,976
6	Massachusetts	$6,719
7	Wisconsin Public Finance Auth	$5,623
8	Black Belt Energy Gas Dt	$5,450
9	NYC Municipal Water Fin Auth	$5,224
10	Regents of the University of California	$5,171
11	Washington	$4,917
12	Los Angeles Dept of Airports	$4,897
13	Virginia Small Business Fin Auth	$4,831
14	Oklahoma Dev Finance Auth	$4,402
15	Los Angeles Dept Wtr & Pwr (LADWP)	$4,203
16	Connecticut	$4,188
17	Louisiana Gov Env Fac & CDA (LCDA)	$4,180
18	Denver City and Co-Colorado	$4,109
19	Los Angeles City-California	$3,918
20	Texas Water Development Board	$3,878
21	Main Street Natural Gas Inc	$3,749
22	Illinois	$3,738
23	Colorado Health Facilities Auth	$3,582
24	Port Authority of New York & New Jersey	$3,568
25	NYS Thruway Authority	$3,564

Largest 25 Issuers By Issued Par Amount 2023		
Rank	Issuer Name	Par ($MM)
1	**California**	**$8,570**
2	NYC Transitional Finance Auth	$6,968
3	California Comm Choice Fin Auth	$5,483
4	New York City-New York	$5,420
5	Triborough Bridge & Tunnel Auth	$4,947
6	NYS Dorm Authority	$4,721
7	Main Street Natural Gas Inc	$4,194
8	Washington	$3,700
9	Texas Natural Gas Sec Fin Corp	$3,522
10	Illinois	$3,386
11	Massachusetts	$3,214
12	New York Transportation Development C	$3,013
13	Regents of the University of California	$2,875
14	Los Angeles Dept Wtr & Pwr (LADWP)	$2,858
15	Connecticut	$2,766
16	New Jersey Trans Trust Fund Au	$2,368
17	NYC Municipal Water Fin Auth	$2,186
18	Port Authority of New York & New Jersey	$2,177
19	Wisconsin Public Finance Auth	$2,123
20	Chicago City-Illinois	$2,117
21	Pennsylvania	$2,089
22	San Francisco City/Co Public Util Comm	$2,027
23	Colorado Hsg & Fin Auth (CHFA)	$2,004
24	District of Columbia	$2,004
25	Black Belt Energy Gas Dt	$1,968

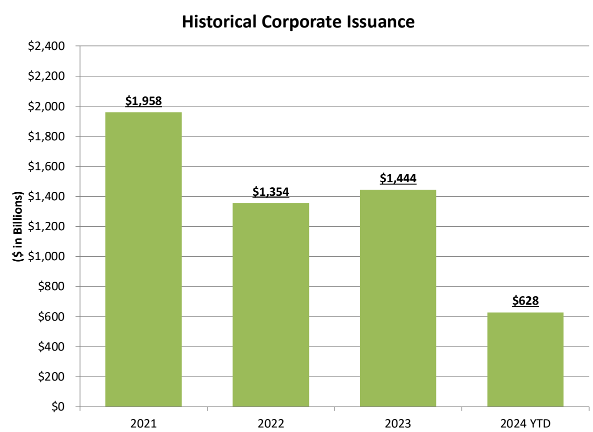
Largest 25 Issuers By Issued Par Amount 2024 YTD		
Rank	Issuer Name	Par ($MM)
1	**Florida Development Fin Corp**	**$4,198**
2	California	$4,094
3	NYS Dorm Authority	$3,867
4	Los Angeles USD	$2,975
5	NYC Municipal Water Fin Auth	$2,870
6	New York City-New York	$2,655
7	Massachusetts	$2,541
8	Regents of the University of California	$2,488
9	Triborough Bridge & Tunnel Auth	$2,249
10	Jefferson Co-Alabama	$2,243
11	Massachusetts Dev Finance Agcy	$2,099
12	Washington	$2,057
13	New Jersey Educational Facs Au	$1,734
14	New Hampshire National Fin Auth	$1,620
15	Main Street Natural Gas Inc	$1,591
16	Southeast Alabama Gas Dt	$1,576
17	California Health Facs Fin Auth	$1,567
18	Metropolitan Transportation Authority	$1,289
19	NYC Transitional Finance Auth	$1,250
20	Univ of Texas Sys Bd of Regents	$1,214
21	California Comm Choice Fin Auth	$1,102
22	Wisconsin	$1,095
23	Texas Transportation Commission	$1,043
24	NYS Thruway Authority	$1,024
25	**Florida St Board Admin Fin Corp**	**$1,000**

Source: Thomson Financial for long-term issuances from January 1, 2021 to April 30, 2024.

In reviewing this history of large municipal issuers, however, it is important to note that the FHCF has been a relatively infrequent but large issuer of debt. Since 2006, the FHCF has completed nine bond issues totaling $16.6 billion (three tax-exempt issues totaling $2.6 billion and six taxable issues totaling $14 billion), of which $4.5 billion is currently outstanding. By comparison, for example, since 2021, the State of California has completed 33 long-term bond issues totaling over $28 billion, the New York State Dormitory Authority has completed 78 long-term bond issues totaling over $24 billion, the New York City Transitional Finance Authority has completed 60 long-term bond issues totaling over $27 billion, and the Commonwealth of Massachusetts has completed 32 long-term bond issues totaling over $15 billion. The FHCF's debt has always been issued with relatively short maturities ranging from 1-10 years (although it has the authority to issue debt with maturities of up to 30 years). All of the issuers listed above have had final maturities of 30 years or longer.

Analysis of potential market acceptance of large amounts of FHCF debt must include not only relevant historical references, but also an evaluation of current market conditions and cash flow needs. Market conditions in both tax-exempt and taxable municipal markets, as well as in the corporate market, remain volatile, expensive, and are unpredictable.

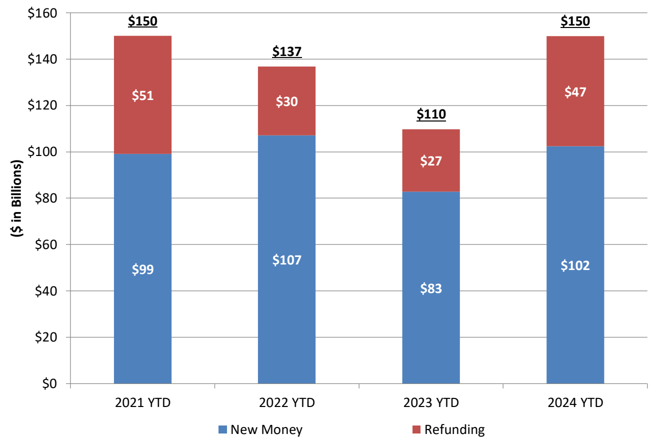
In 2023, corporate issuance was over $1 trillion, which was flat to 2022 issuance of $1 trillion. The corporate bond market has topped $1 trillion each year since 2011 while rates were historically low, but rates are volatile and issuance waned in 2023 due to the higher rate environment, wider credit spreads, and uncertainty in the marketplace. Through March 31, 2024, corporate bond issuance is at $628 billion, or 81% higher than the $347 billion issued over the same time period in 2023, which is primarily due to corporate issuers refinancing debt to take advantage of temporary lower rates in early 2024.



Source: SIFMA, 2024 year-to-date through March 31, 2024

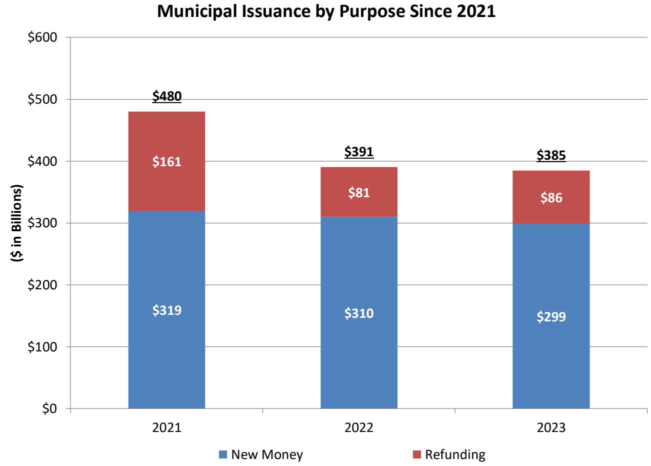
For 2023, municipal long-term issuance was relatively flat as compared to 2022 with $385 billion of issuance. For year-to-date 2024, municipal long-term issuance is $150 billion and is 37% higher compared to the $110 billion issued over the same time period in 2023.

Municipal Issuance by Purpose Since 2021 YTD

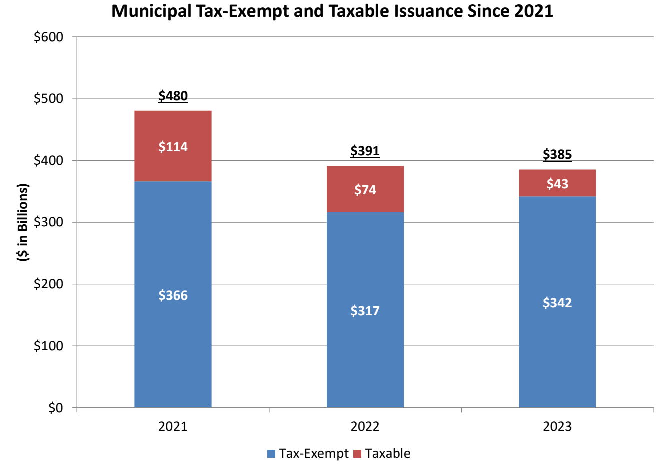


Municipal Tax-Exempt and Taxable Issuance YTD Since 2021

Municipal Issuance by Purpose Since 2021



Municipal Tax-Exempt and Taxable Issuance Since 2021



Source: Thomson Financial for municipal long-term issuances from January 1, 2021 to April 30, 2024.

Although market conditions remain volatile, the FHCF has multiple factors working in its favor, including: (1) the FHCF is a well-regarded, highly-rated credit (AA category), closely associated with (though not guaranteed by) the State of Florida (AAA category), a blue-chip name in the market; (2) in April 2024, the FHCF successfully priced $1 billion of Series 2024A taxable pre-event bonds with a 10-year maturity at a spread to the 10-year Treasury of 93 basis points, which re-established the strength of the FHCF credit in the taxable market and provides liquidity for the FHCF over a 10-year period; and (3) similar to its pre-event financings, any post-event bond issuances of the size the FHCF may need to undertake would also be included in the various benchmark indices market observers use to track market performance, so institutional money managers seeking to at least match indexed returns may have a strong additional incentive to buy FHCF bonds, particularly if they are offered at interest rates marginally higher than those usually associated with typical "AA" rated credits.

Estimating the FHCF's post-event borrowing capacity is an inexact science. To do so requires a consideration of the factors above, an extrapolation about what market conditions might exist after single or multiple hurricanes of various sizes, and an evaluation of the many subjective and substantive considerations surrounding these estimates and the uses thereof. Certainty, especially after a large event, is not a defining characteristic of an exercise like this; nor can the results be responsibly guaranteed. Nevertheless, with the proper experience, market perspective and analysis, we can make estimates suitable for the FHCF's requirements – conservative estimates, not guaranteed to be accurate, but responsibly determined using the best available sources.

One additional note of caution is that financial markets and risk transfer markets can be volatile and uncertain at various times, as seen in today's current macro-economic environment. As such uncertainty is currently present, this may create an additional risk for participating insurers who rely on the FHCF for reimbursements. It is never possible to guarantee financial market conditions for very large issuances or into the future for long-term sustainability of the FHCF. The FHCF's estimated post-event borrowing capacity is subjective and depends heavily on the opinions of its four senior managing underwriters and our evaluation and analysis of their responses to our questions. Based on the FHCF's current and projected resources, the FHCF's potential borrowing need to meet the $17 billion statutory obligation for the 2024-2025 Contract Year is projected to be approximately $6.84 billion. Participating insurers should recognize the significant impact that financial markets can have on the FHCF's claims-paying ability for the 2024-2025 Contract Year and subsequent seasons. The following pages provide current borrowing and claims-paying capacity estimates.

IV. *Borrowing and Claims-Paying Capacity Estimates*

The preliminary estimated borrowing capacity of the FHCF is $7.80 billion for 0-12 months

To estimate the FHCF's borrowing capacity, we used the general process described in Section II and detailed in Appendix A. Below is the capacity question we asked the FHCF's senior managing underwriters:

*"Please provide us with your firm's opinion on the potential tax-exempt and/or taxable post-event market capacity over the next 0-12 **and** 12-24 months at rates that are at or above the current "market" scale, as needed."*[2]

We considered all data elements, and based on cash flow requirement projections from Paragon, input from FHCF staff about potential payout timing, and a desire for prudence to meet the FHCF's statutory limit, we plan to use the borrowing capacity estimates for the first 12 months in formulating the borrowing capacity estimate for the initial season. Based on past payout patterns, the amount of debt that the FHCF can raise as needed within the first 12 or even up to 24 months is integral for the FHCF and its ability to reimburse participating insurers up to its statutory limit.

We are also comfortable including estimates that contain some above-market interest rate capacity in recognition of the significant current market volatility and the Federal Reserve's statement of "higher for longer" along with the fact that the FHCF's strong assessment capability can support its estimated borrowing capacity, even at significantly higher rates. For purposes of calculating the potential assessment impact of the FHCF's bonding needs, we have calculated the assessment rate assuming the FHCF post-event bonds carry interest rates at an "above market" interest rate of 7% for the initial season and 8% for the subsequent season. There is also some overlap between tax-exempt and taxable capacity estimates and therefore the total capacity available could be marginally less than the sum of the tax-exempt and taxable capacity individually. A summary of the senior managers' responses is shown in the table on the following page:

[2] The complete information request and all responses are included in Appendix A.

FHCF Post-Event Estimated Borrowing Capacity					
	Bank of America	J.P. Morgan	Morgan Stanley	Wells Fargo	Average [1]
Borrowing Estimates					
Tax-Exempt:					
0-12 Months	$1.5-$2B	$3-$4B	$3.5-$5B	$3-$4B	$3.3B
12-24 Months	$2-$3B	$3-$4B	$2-$4B	$2-$3B	$2.9B
Total tax-exempt	*$3.5-$5B*	*$6-$8B*	*$5.5-$9B*	*$5-$7B*	*$6.2B*
Taxable:					
0-12 Months	$3-$5B	$4-$5B	$5-$7B	$3-$4B	$4.5B
12-24 Months	$3-$5B	$4-$5B	$3-$5B	$2-$3B	$3.8B
Total taxable	*$6-$10B*	*$8-$10B*	*$8-$12B*	*$5-$7B*	*$8.3B*
Tax-Exempt and Taxable					
0-12 Months Total	**$4.5-$7B**	**$7-$9B**	**$8.5-$12B**	**$6-$8B**	**$7.8B**
12-24 Months Total	$5-$8B	$7-$9B	$5-$9B	$4-$6B	$6.7B
0-24 Months Total	$9.5-$15B	$14-$18B	$13.5-$21B	$10-$14B	$14.5B

[1] Averages are rounded to the nearest hundred million dollars

Issuing debt to fully fund the FHCF's maximum statutory obligation of $17 billion for the 2024-2025 Contract Year would use approximately $6.84 billion of the $7.80 billion of estimated 0-12 month borrowing capacity. As the FHCF's ability to pay additional claims for a subsequent season is also important, the FHCF's remaining borrowing capacity beyond 0-12 months is another important factor for the sustainability of the FHCF. Each of the senior managers believes that the FHCF would have significant additional borrowing capacity in the 12-24 month period after an event[3], in the approximate amounts as shown on the following pages.

Estimated Claims-Paying Capacity

The FHCF's estimated claims-paying capacity is equal to the sum of the projected year-end fund balance plus risk transfer purchased, if any, plus the estimate of borrowing capacity. The FHCF projects that its year-end fund balance for the 2024-2025 Contract Year is approximately $6.91 billion. It also has pre-event liquidity available of $3.25 billion for total available liquidity of $10.16 billion, excluding the $1.25 billion of 2020A Bonds that mature on July 1, 2025. The FHCF has an estimated borrowing capacity of $7.80 billion over 0-12 months and $6.70 billion over 12-24 months.

The table below reflects the FHCF's 2024-2025 Contract Year and 2025-2026 Contract Year claims-paying capacity estimates assuming losses from a single or multiple hurricanes reach the maximum potential obligation of $17 billion and pre-event bond proceeds are used in the initial season. The 2024-2025 Contract Year claims-paying capacity estimate of $17 billion includes the use of $6.91 billion of projected year-end fund balance, $3.25 billion of available pre-event bond proceeds, and approximately $6.84 billion of the $7.80 billion 0-12 month borrowing capacity. Based on current market conditions, the $3.25 billion of available pre-event bond proceeds would likely be repaid by levying emergency

[3] The longer the time frame for estimation purposes, the greater the degree of uncertainty.

assessments. The 2025-2026 Contract Year claims-paying capacity estimate of $9.28 billion includes the use of $1.62 billion of projected year-end fund balance, $6.70 billion of 12-24 month borrowing capacity, and $0.96 billion of unutilized 0-12 month borrowing capacity.

($ in Billions, Totals may not add due to rounding)		**2024-2025 Contract Year**	**2025-2026 Contract Year**
FHCF Potential Coverage Obligation			
FHCF Coverage Obligation	**(A)**	**$17.00**	**$17.00**
FHCF Estimated Funding Sources Available			
Projected FHCF Year-End Fund Balance	(B)	$6.91	$1.62
Risk Transfer	(C)	$0.00	$0.00
Pre-Event Bond Proceeds Available[1]	(D)	$3.25	$0.00
Total Liquid Resources Available	**(B + C + D) = (E)**	**$10.16**	**$1.62**
Additional Funds / Potential Borrowing Need	**(E - A) = (F)**	**($6.84)**	**($15.38)**
FHCF Claims-Paying Capacity			
Total Liquid Resources Available	(E)	$10.16	$1.62
Estimated FHCF Borrowing Capacity (0-12 Months)[1]	(G)	$7.80	$6.70
Unutilized FHCF Borrowing Capacity (0-12 Months)[1]	(H)	$0.00	$0.96
Total Estimated Claims-Paying Capacity	**(E + G + H) = (I)**	**$17.96**	**$9.28**
Total Estimated Claims-Paying Capacity as a % of FHCF Coverage Obligation (I / A) = (J)		**106%**	**55%**
Amount Above / (Below) Coverage Obligation (I - A) = (K)		**$0.96**	**($7.72)**

Totals may not add due to rounding.

[1] Pre-event bonds are available as a liquidity resource for the 2024-2025 Contract Year in the amount of $3.25 billion, and we are assuming pre-event bonds will be used to pay claims for 2024-2025. $1.25 billion of the currently outstanding $3.50 billion 2020A Pre-Event Bonds matures on July 1, 2025 – these funds would be available as liquidity, if needed, but are expected to be used to pay the principal due on July 1, 2025.

The breakdown of the potential assessments required for the FHCF's potential borrowing needs and repayment of pre-event bond proceeds are shown in footnote 1 of the table below based on an interest rate of 7% for the initial season and 8% for the subsequent season over a 30-year period, for informational purposes only.

($ in Billions)	**2024-2025 Contract Year[1]**	**2025-2026 Contract Year[2]**
Total Potential Borrowing	**$6.84**	**$7.66**
Assessment % over 30 Years if Financed at a Rate of 7% for the Initial Season and 8% for the Subsequent Season	**0.65%**	**0.80%**
Assessment % over 10 Years if Financed at a Rate of 7% for the Initial Season and 8% for the Subsequent Season	**1.14%**	**1.34%**

[1] The potential borrowing for the 2024-2025 Contract Year is shown as the estimated potential borrowing of approximately $6.84 billion. The assessment amount of repaying the pre-event bond proceeds is not included and will depend on the tenor of repayment, which is based on the maturity schedule of the pre-event bonds. If the pre-event bonds were refinanced over a 10-year period, the annual emergency assessment required for the $3.25 billion of pre-event bonds is 0.54%. The total assessment burden for the $10.09 billion of bonding would be 1.68% over a 10-year period.

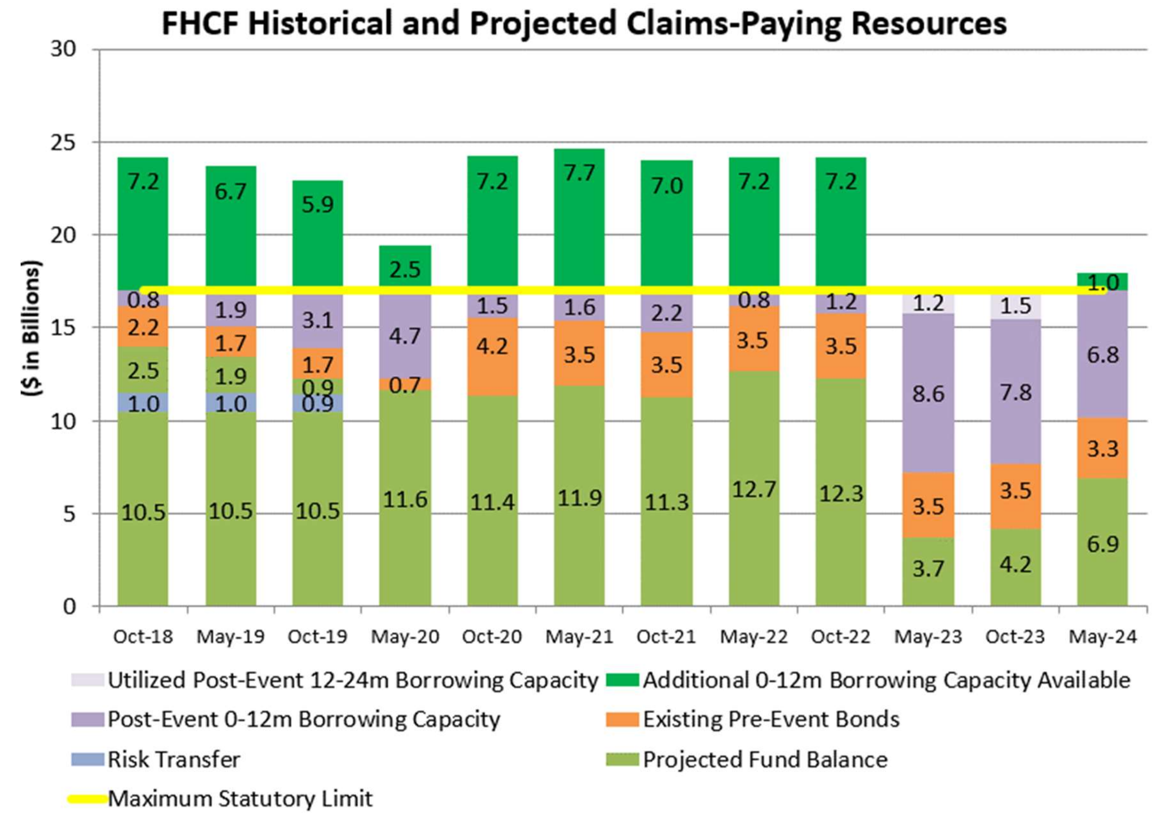
[2] The potential borrowing for the 2025-2026 Contract Year is shown as the 12-24 month estimated borrowing capacity of $6.70 billion plus the unutilized portion of the 0-12 month estimated borrowing capacity of approximately $0.96 billion.

Historical Perspective on Estimated Claims-Paying Capacity

The estimated claims-paying capacity of the FHCF over time is subject to changes in the projected fund balance, risk transfer amount, available pre-event liquidity, and estimates of borrowing capacity. While the projected fund balance climbed steadily from 2006 to 2017 without a major hurricane that triggered the FHCF, Hurricane Irma, Michael, Ian, and Idalia losses have significantly reduced the FHCF's projected fund balance to approximately $6.91 billion available for the 2024-2025 Contract Year. In recent years, the senior managers' estimate ranges of the FHCF's borrowing capacity have remained relatively stable, but due to volatility in the marketplace, the senior managers' estimates have been diverse, reflecting both the big picture fundamental changes to the market described in Section III and the impact of market instability at the time we asked them for estimates. The May 2024 average borrowing capacity estimates for 0-12 months and 12-24 months are $7.80 billion and $6.70 billion, respectively, which is relatively flat as compared to the October 2023 average borrowing estimate for 0-12 months and 12-24 months of $7.80 billion and $6.90 billion, respectively.

The chart on the following page reflects the history of the FHCF's claims-paying resources. The outstanding pre-event bonds, risk transfer, and the projected fund balance are reliable amounts since they are known prior to an event, but the post-event borrowing capacity can vary significantly depending on financial market conditions after a hurricane event. It is important that the FHCF's claims-paying capacity estimates be reasonable and prudent to minimize financial risk for participating insurers for the initial and subsequent seasons as well as for long-term sustainability of the Florida residential property insurance market even under the current volatile market conditions.

The chart on the following page shows the total estimated initial season claims-paying resources of the FHCF since October 2018 with projected fund balance (**light green**), existing pre-event bonds (**orange**), risk transfer (**blue**), post-event 0-12 month borrowing capacity (**purple**), additional 12-24 month borrowing capacity utilized (**light purple**) and maximum statutory limit (**yellow**) with additional 0-12 month borrowing capacity available above (**dark green**).



Numbers may not add due to rounding.
The additional capacity above the maximum statutory limit reflects the estimated borrowing capacity plus any additional funds available. October 2022 projected fund balance is prior to Hurricane Ian's projected loss reserve.

It is interesting to compare the range of the estimates during this time period, which is indicative of the level of uncertainty and variability among the team of senior managers with regard to the FHCF's borrowing capacity. The table below shows the aggregate ranges for each estimate since October 2020.

Post-Event Estimated Borrowing Capacity (Senior Managers' Range)									
($ in Billions)	**Oct-20**	**May-21**	**Oct-21**	**May-22**	**Oct-22**	**May-23**	**Oct-23**	**May-24**	**Oct. 2023 - May 2024 Change**
0-12 Months	$6.5-$11	$5.5-$13	$5.5-$13	$4.5-$13	$4.5-$13	$4.5-$13	**$4.5-$11**	**$4.5-$12**	⟵⋯⟶
12-24 Months	$5-$17	$5-$18	$5-$17	$4-17	$4-$20	$4-$13	**$5-$11**	**$5-$9**	⟵⋯⟶

We believe the process of using a survey of the opinions of the best experts with the most relevant experience and employing a prudent approach to pick among several potential estimates of capacity, provides a reasonable estimate that suits the purposes of the FHCF and the needs of its participating insurers. The FHCF has liquid resources that are below its statutory limit for the subsequent season. A portion of the projected 0-12 month borrowing capacity of $7.80 billion allows for the FHCF to meet its maximum statutory obligation for the current season. This assumes the FHCF would need to issue bonds for approximately 40% of its statutory obligations within 12 months, which is conservative, as the FHCF also has significantly more time for additional borrowing over 12-24 months. The actual borrowing results achieved by the FHCF could vary substantially from this estimate. However, the FHCF has already taken advantage of the capital markets by issuing $1 billion of pre-event bonds to reduce its potential post-event market exposure and augment its available liquidity, which enhances the FHCF's stability and sustainability towards its mission to provide strong reimbursement capacity to the Florida property insurance market for both the initial and subsequent season.

Appendix A – Bonding Capacity Solicitation & Senior Manager Responses

Sasha Stipanovich

From:	Sasha Stipanovich
Sent:	Thursday, April 18, 2024 2:09 PM
Cc:	Kapil Bhatia
Subject:	FHCF Bonding Capacity Estimates

FHCF Senior Manager Team:

First off, thank you for your efforts in the FHCF's successful $1 billion 2024A pre-event bond issuance. Once again, it is that time of year where we need your input in preparation for presenting the bonding capacity estimates at the FHCF Advisory Council Meeting on May 16th at 1:30 PM. ***For the bonding capacity analysis, we would like to know your opinion of the FHCF's <u>tax-exempt</u> and <u>taxable</u> bonding capacity over a <u>0-12 month</u> and <u>12-24 month</u> period and are still comfortable including estimates that contain above-market interest rate capacity estimates in recognition of the fact that the FHCF has ample assessment capability within its statutory limits to issue bonds, even at above market rates, if needed.*** We would like to know if and how the 2024A pre-event bonds and the outstanding 2020A pre-event bonds affects your bonding capacity estimates. Please note that the bonding capacity estimate should only reflect post-event bonding.

In order to prepare the FHCF Bonding Capacity Report for May 2024, we need the following data elements from you by close of business Wednesday, April 24th:

1. Please provide a 30-year tax-exempt scale for the FHCF using the MMD at the close of business Wednesday, April 17th. This scale should be the one that you believe reflects a "market" scale given the FHCF's strong credit with no capacity constraints. Please use serial bonds and 15, 20, 25, and/or 30-year term bonds, as needed, over a 30-year amortization period (7/1/25 - 7/1/54) with par-ish coupons throughout, as needed, when writing the scale. Base your scale on an uninsured financing given the FHCF's strong current underlying ratings of Aa3/AA/AA/AA (Moody's / S&P / Fitch / Kroll).

2. Please provide a 30-year taxable scale using the Treasury curve at the close of business Wednesday, April 17th. This scale should be the one that you believe reflects a "market" scale given the FHCF's strong credit with no capacity constraints. Please use serial bonds and 15, 20, 25, and/or 30-year term bonds, as needed, over a 30-year amortization period (7/1/25 - 7/1/54) with par-ish coupons throughout when writing the scale. Again, base the scale on the FHCF's current underlying ratings of Aa3/AA/AA/AA (Moody's / S&P / Fitch / Kroll).

3. Please provide us with your firm's opinion on the potential tax-exempt and/or taxable post-event conservative market capacity over the next 0-12 **<u>and</u>** 12-24 months at rates that are at or above the current "market" scale, as needed. In addition, please include and describe briefly in your response if there is any overlap in tax-exempt / taxable capacity.

FHCF Post-Event Market Capacity			
Time Period	**Tax-Exempt**	**Taxable**	**Total**
0-12 Months			
12-24 Months			

<u>We would like to have to your responses back by close of business Wednesday, April 24th.</u> Additionally, we would like a representative from your firm (banker and/or underwriter) to dial-in during the meeting to answer any questions. As you are preparing your responses, please let us know if you have any questions or comments – you can call or e-mail Kapil Bhatia (727-415-3267, kapil.bhatia@raymondjames.com) or Sasha Stipanovich (850-544-1117, sasha.stipanovich@raymondjames.com).

Memorandum

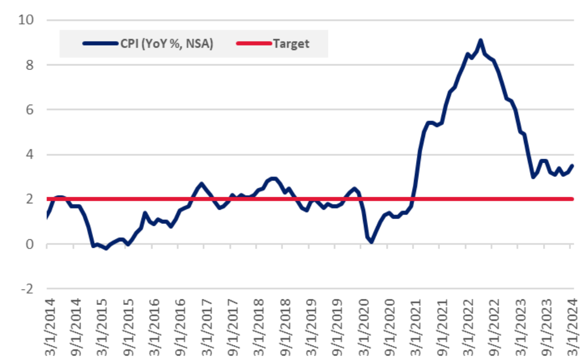
To:	Florida Hurricane Catastrophe Fund
From:	BofA Securities, Inc.
Date:	April 24, 2024
Subject:	Florida Hurricane Catastrophe Fund – May 2024 Bonding Capacity Analysis

BofA Securities, Inc. (“BofA”) is pleased to provide the Florida Hurricane Catastrophe Fund (“FHCF” or the “Fund”) with our firm’s estimates and views of the FHCF’s post-event bonding capacity and current market borrowing costs.

First off, we congratulate FHCF on its’ very successful recent transaction! Despite significant headwinds as a result of economic data, FHCF’s transaction priced through syndicate price views and $1.0 billion of additional pre-event funding will be added to the Fund’s liquidity stack. As FHCF is aware, this transaction was by design structured to take advantage of prevailing market conditions and allow the Fund to take an opportunistic approach in achieving its overall financing objectives. We are very pleased to have had the opportunity to serve FHCF as part of the syndicate and support this important transaction in the capital markets. Below and on the following pages, we have highlighted current market conditions, BofA’s rates forecast, and relevant market intelligence derived from this most recent transaction to inform our pricing expectations and bonding capacity estimates.

Market Commentary. The municipal market experienced a strong rally beginning in November 2023, as a result of the Fed telegraphing a more dovish tone and the potential for rate cuts beginning in 2024. However, leading up to the pricing, the market experienced a significant sell off following the release of the recent CPI data. This was most evident in the taxable market, with the 10 year UST yield increasing 26 basis points over the past several weeks.

Inflation: “Stubborn and Sticky”



Source of CPI Data: data.bls.gov

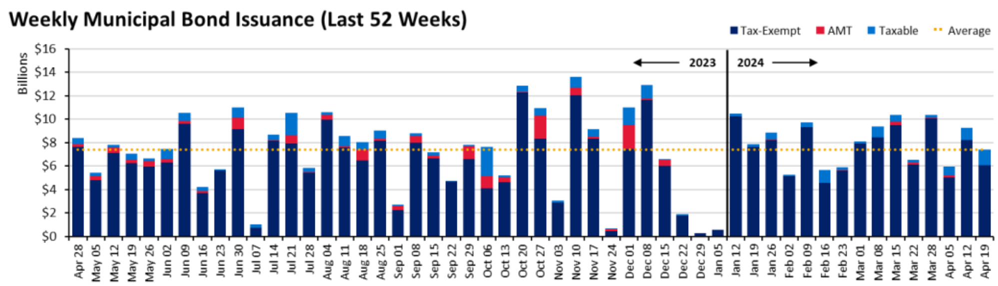
While recent commentary from Fed Chair Powell highlighted the progress the Fed has made in taming inflation, it also confirmed for market participants that policy rates will stay higher for longer given the overall strength of the U.S. economy, sticky inflation and implications of continued geopolitical risks. Overall consumer prices rose 0.4% on the month and the 12-month CPI inflation rate increased to 3.5% from 3.2% in February. BofA expects the advance print of 1Q US GDP to come in at 2.5% q/q seasonally adjusted annual rate after finalizing at 3.4% in 4Q as a result of the overall positive tone of the economy. Incoming data continues to point to ongoing economic resilience in an environment of higher rates, with consumer spending continuing to remain strong.

Rates Forecast. Based on recent economic data and Fed commentary, our research analysts now expect the Fed to start cutting interest rates in December with a quarterly cadence. This revision removed two cuts entirely from this year, which raised the terminal rate by 50 bps to 3.5%-3.75%. The higher forecast for the terminal rate reflects the risk that inflation remains above target. This would not only raise the neutral rate but also warrant a restrictive stance relative to that rate. Secondly, fiscal policy looks to be structurally easy. The federal deficit has ballooned since the start of the pandemic. BofA research analyst expect the

BOFA SECURITIES FORECAST

Metric	4/19/24	2024Q2	2024Q3	2024Q4	2025Q1
Fed Fund Rate	5.50%	5.50%	5.50%	5.25%	5.00%
2YR T-Note	4.97%	4.85%	4.70%	4.50%	4.25%
5YR T-Note	4.66%	4.50%	4.45%	4.35%	4.25%
10YR T-Note	4.62%	4.30%	4.25%	4.25%	4.25%
30YR T-Bond	4.72%	4.65%	4.65%	4.75%	4.75%

deficit to be 5.6% and 5.8% of GDP in Fiscal Year 2025 and 2026, respectively. For comparison, the deficit averaged 3.5% of GDP between Fiscal Year 2012 and 2019. The Fed may respond to structurally easy fiscal policy with moderately tight monetary policy. Finally, supply expansion could have raised the real rate. Fed Chair Powell has leaned on the idea that a positive labor supply shock – from stronger-than-expected labor force participation and immigration – allowed for substantial disinflation last year even as the economy grew by more than 3%. Supply expansion is consistent with higher potential growth and neutral real rate, and therefore, also a higher terminal policy rate. With these factors, the Fed may wish to save some "dry powder" for the next downturn.



Source: LSEG SDC.

In terms of municipal supply, year-to-date issuance through April 17 totals $124bn, up 31% y/y, with approximately 93% tax-exempt, 6% taxable and 1% AMT. With the material decrease of interest rates since November 2023, refundings have return, representing 31% of issuance volume (69% new money). BofA's forecast 2024 issuance to total $460bn ($325bn new money and $135bn of refundings). With 2024 principal redemption to total $416bn and coupon payments of $158bn, we expect positive supply/demand dynamic for the overall market.

Series 2024 Transaction Insights. As noted earlier, FHCF's recent transaction presents an invaluable opportunity to extract market intelligence. FHCF's very successful 2024 transaction demonstrated the strong market reception and depth of institutional interest in the Fund's bonds. The pricing levels and order book for the 2024 Bonds were a major component in informing our view of a potential future offering. By utilizing only the intermediate portion of the curve (and in fact only one maturity) FHCF was able to generate robust order volume while also offering bonds at the tightest spreads FHCF has received, despite the higher rate environment (2020: +150 to the 10 year UST, or 2.154%; 2024: +93 to the 10 year UST, or 5.526%). In addition to a strong order flow, FHCF benefited from interest and ultimately orders from many institutional investors that that already held sizable positions in the outstanding 2020 Bonds. PIMCO, Income Re, GSAM, Alliance Bernstein, Northwest Mutual, WAMCO and many others saw the 2024 offering as an opportunity to expand their holdings by indicating their participation during pre-pricing discussions in a meaningful way.

Three key areas to highlight are 1) FHCF's strong credit story, 2) market capacity for large transactions, and 3) appropriate pricing levels. Investors have become very familiar with FHCF's credit story. The Series 2024 transaction continued the dialogue with many investors that began during the Series 2020 transaction, where 95 unique investors placed orders (with 48 new investors that did not previously hold FHCF bonds). While 24 investors requested 1x1 calls with FHCF in 2020, only 14 investors had calls for this transaction. We view this as a positive indication of broad investor familiarity with the credit story and overall level of comfort with FHCF. The overall order book significantly exceeded the $1 billion offering size, demonstrating FHCF's expected ability to complete a large financing should it need to raise proceeds following a storm event (especially in the context of investor appetite as noted earlier). Lastly, despite significant headwind in the market, the Series 2024 transaction was well-received and generated a strong orderbook (~2x, 83 unique orders) that allowed spreads to be tighten by 7 bps. We believe the transaction results highlight investor comfort with FHCF's special assessment credit and FHCF's ability to access the capital markets. That being said, as we have noted in the past, a transaction or series of transactions by the FHCF and possibly other insurance-related entities in the State (e.g. Citizens, FIGA) after a hurricane event have been generally untested and may significantly impact market dynamics for a specific transaction. In the pages that follow, we provide BofA's conservative estimate of a "market" scale given the FHCF's strong credit with no capacity constraints, as well as our view on the FHCF's potential tax-exempt and/or taxable post-event conservative market capacity over the next 0-12 and 12-24 months at rates that are at or above the current "market" scale. If you have any questions, please contact the BofA team.

1. Please provide a 30-year tax-exempt scale for the FHCF using the MMD at the close of business Wednesday, April 17th. This scale should be the one that you believe reflects a "market" scale given the FHCF's strong credit with no capacity constraints. Please use serial bonds and 15, 20, 25, and/or 30-year term bonds, as needed, over a 30-year amortization period (7/1/25 - 7/1/54) with par-ish coupons throughout, as needed, when writing the scale. Base your scale on an uninsured financing given the FHCF's strong current underlying ratings of Aa3/AA/AA/AA (Moody's / S&P / Fitch / Kroll).

Below, we have provided a 30-year tax-exempt scale reflecting our view of the FHCF's estimated current market borrowing costs based on an uninsured financing, Aa3/AA/AA/AA ratings from Moody's, S&P, Fitch, and Kroll, respectively, and no capacity constraints.

Tax-Exempt Scale

Term	Maturity (July 1)	Premium Coupon	MMD	Spread	Yield
1	2025	5.000%	3.310%	30 bps	3.610%
2	2026	5.000%	3.140%	35 bps	3.490%
3	2027	5.000%	2.950%	40 bps	3.350%
4	2028	5.000%	2.830%	43 bps	3.260%
5	2029	5.000%	2.780%	45 bps	3.230%
6	2030	5.000%	2.750%	47 bps	3.220%
7	2031	5.000%	2.720%	50 bps	3.220%
8	2032	5.000%	2.730%	52 bps	3.250%
9	2033	5.000%	2.740%	53 bps	3.270%
10	2034	5.000%	2.760%	55 bps	3.310%
11	2035	5.000%	2.840%	57 bps	3.410%
12	2036	5.000%	2.910%	60 bps	3.510%
13	2037	5.000%	3.050%	62 bps	3.670%
14	2038	5.000%	3.110%	63 bps	3.740%
15	2039	5.000%	3.190%	65 bps	3.840%
16	2040	5.000%	3.300%	67 bps	3.970%
17	2041	5.000%	3.400%	68 bps	4.080%
18	2042	5.000%	3.450%	70 bps	4.150%
19	2043	5.000%	3.510%	70 bps	4.210%
20	2044	5.000%	3.570%	70 bps	4.270%
21	2045		3.620%		
22	2046		3.670%		
23	2047		3.720%		
24	2048		3.770%		
25	2049	5.250%	3.820%	73 bps	4.550%
26	2050		3.840%		
27	2051		3.850%		
28	2052		3.880%		
29	2053		3.890%		
30	2054	5.250%	3.900%	75 bps	4.650%

2. Please provide a 30-year taxable scale using the Treasury curve at the close of business Wednesday, April 17th. This scale should be the one that you believe reflects a "market" scale given the FHCF's strong credit with no capacity constraints. Please use serial bonds and 15, 20, 25, and/or 30-year term bonds, as needed, over a 30-year amortization period (7/1/25 - 7/1/54) with par-ish coupons throughout when writing the scale. Again, base the scale on the FHCF's current underlying ratings of Aa3/AA/AA/AA (Moody's / S&P / Fitch / Kroll).

Below, we have provided a 30-year taxable scale reflecting our view of the FHCF's estimated current market borrowing costs based on an uninsured financing, Aa3/AA/AA/AA ratings from Moody's, S&P, Fitch, and Kroll, respectively, and no capacity constraints.

Taxable Scale

Term	Maturity (July 1)	Coupon	UST	Spread	Yield
1	2025	5.430%	4.930%	50 bps	5.430%
2	2026	5.530%	4.930%	60 bps	5.530%
3	2027	5.420%	4.770%	65 bps	5.420%
4	2028	5.320%	4.620%	70 bps	5.320%
5	2029	5.370%	4.620%	75 bps	5.370%
6	2030	5.410%	4.610%	80 bps	5.410%
7	2031	5.460%	4.610%	85 bps	5.460%
8	2032	5.490%	4.590%	90 bps	5.490%
9	2033	5.540%	4.590%	95 bps	5.540%
10	2034	5.590%	4.590%	100 bps	5.590%
11	2035	5.640%	4.590%	105 bps	5.640%
12	2036	5.690%	4.590%	110 bps	5.690%
13	2037	5.740%	4.590%	115 bps	5.740%
14	2038	5.790%	4.590%	120 bps	5.790%
15	2039	5.840%	4.590%	125 bps	5.840%
16	2040				
17	2041				
18	2042				
19	2043				
20	2044	5.960%	4.710%	125 bps	5.960%
21	2045				
22	2046				
23	2047				
24	2048				
25	2049	5.990%	4.710%	128 bps	5.990%
26	2050				
27	2051				
28	2052				
29	2053				
30	2054	6.010%	4.710%	130 bps	6.010%

3. Please provide us with your firm's opinion on the potential tax-exempt and/or taxable post-event conservative market capacity over the next 0-12 and 12-24 months at rates that are at or above the current "market" scale, as needed. In addition, please include and describe briefly in your response if there is any overlap in tax-exempt / taxable capacity.

In the table below, we have provided our current tax-exempt and taxable FHCF capacity estimates at rates that are at or above the current "market" scale, as needed. We believe that sufficient demand exists at these capacity levels to complete a transaction of the sizes provided below. In the current market, there has been very little crossover participation and believe there is low probability of cannibalization between tax-exempt/taxable capacity.

FLORIDA HURRICANE CATASTROPHE FUND POST-EVENT MARKET CAPACITY ($ BILLION)			
Time Period	**Tax-Exempt**	**Taxable**	**Total**
0-12 Months	$1.5-2.0	$3.0-5.0	$4.5-7.0
12-24 Months	$2.0-3.0	$3.0-5.0	$5.0-8.0
0-24 Months	**$3.5-5.0**	**$6.0-10.0**	**$9.5-15.0**

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J.P.Morgan

To:	Florida Hurricane Catastrophe Fund
From:	J.P. Morgan
Date:	April 24, 2024
Subject:	FHCF Estimated Bonding Capacity and Pricing

Please find below J.P. Morgan's estimate of the Florida Hurricane Catastrophe Fund's ("FHCF") potential bonding capacity over the next 0-12 and 12-24 months, based on current market conditions. In addition, we have provided indicative pricing for tax-exempt and taxable offerings, as requested.

Market Update

- U.S. Treasury yields continued their upward trajectory last week amid strong economic data and hawkish Fed commentary
  - U.S. February retail sales were revised higher, while March figures beat expectations across the board highlighting strong economic growth amidst ongoing concerns about prolonged inflation
  - Fed Chair Powell cemented the message that the Fed needs more conclusive inflation data before they reach a level of confidence to lower rates stating it's likely going to take "longer than expected"
- Tax-exempt yields also increased last week amid heavy fund outflows and will be tested again this week as the muni market faces one of the largest issuance weeks of the year
  - LSEG Lipper reported municipal bond fund outflows of $1.5bn, with ETF outflows of $815mm and open-end fund outflows of $658mm, more than 3x higher than the weekly YTD average flows of $380mm
- Tax-exempt supply this week is expected to be the highest of this year, totaling just under $12.9bn, or 204% of the 5-year average

Potential Market Capacity

Based on market conditions as of close of business April 17, 2024, J.P. Morgan estimates that FHCF could sell $3-4 billion of tax-exempt bonds and $4-5 billion of taxable bonds over the next 0-12 months at the market rate assumptions provided. Over the following 12-24 month period, FHCF could sell an additional $3-4 billion of tax-exempt bonds and $4-5 billion of taxable bonds. This would provide FHCF a total post-event market capacity of $6-8 billion tax-exempt and $8-10 billion taxable, for a total of $14-18 billion.

Indicative Post-Event Market Capacity as of 4/17/2024

Time Period	Tax-Exempt	Taxable	Total
0-12 Months	$3-4 billion	$4-5 billion	$7-9 billion
12-24 Months	$3-4 billion	$4-5 billion	$7-9 billion
Total	**$6-8 billion**	**$8-10 billion**	**$14-18 billion**

In order to accomplish an issuance of maximum size, FHCF would likely want to access both the tax-exempt and taxable markets across one or more offerings. Although the post-event bonds would qualify for tax-exemption, the taxable markets may provide additional depth of institutional buyers. By issuing taxable bonds in addition to tax-exempt bonds, FHCF would access certain investors that do not typically participate in tax-exempt offerings, and are not able to use the tax-exemption of municipal bonds. FHCF would likely see a significant increase in capacity by offering both a tax-exempt and taxable series as part of the same issuance, with the ultimate goal being to maximize the tax-exempt issuance. The capacity estimates above do consider the capacity overlap from investors that participate in both the tax-exempt and taxable markets, while prioritizing tax-exempt capacity over taxable.

On the following pages, please find J.P. Morgan's estimated 30-year tax-exempt and taxable scales assuming market conditions as of the close of business April 17, 2024. The scales assume FHCF's current underlying ratings of Aa3/AA/AA and $3 billion transaction size.

J.P.Morgan

Florida Hurricane Catastrophe Fund - Tax-Exempt Scale						
Year	**Maturity**	**Sinker/Term**	**Int. MMD**	**Spread**	**Coupon**	**Stated Yield**
1	7/1/2025		3.31%	35	5.00%	3.66%
2	7/1/2026		3.14%	37	5.00%	3.51%
3	7/1/2027		2.95%	40	5.00%	3.35%
4	7/1/2028		2.83%	44	5.00%	3.27%
5	7/1/2029		2.78%	46	5.00%	3.24%
6	7/1/2030		2.75%	48	5.00%	3.23%
7	7/1/2031		2.72%	50	5.00%	3.22%
8	7/1/2032		2.73%	53	5.00%	3.26%
9	7/1/2033		2.74%	55	5.00%	3.29%
10	7/1/2034		2.76%	55	5.00%	3.31%
11	7/1/2035		2.84%	55	5.00%	3.39%
12	7/1/2036		2.91%	55	5.00%	3.46%
13	7/1/2037		3.05%	55	5.00%	3.60%
14	7/1/2038		3.11%	55	5.00%	3.66%
15	7/1/2039		3.19%	55	5.00%	3.74%
16	7/1/2040		3.30%	57	5.00%	3.87%
17	7/1/2041		3.40%	58	5.00%	3.98%
18	7/1/2042		3.45%	60	5.00%	4.05%
19	7/1/2043		3.51%	60	5.00%	4.11%
20	7/1/2044		3.57%	60	5.00%	4.17%
21	7/1/2045	*				
22	7/1/2046	*				
23	7/1/2047	*				
24	7/1/2048	*				
25	7/1/2049	T	3.82%	63	5.00%	4.45%
26	7/1/2050	*				
27	7/1/2051	*				
28	7/1/2052	*				
29	7/1/2053	*				
30	7/1/2054	T	3.90%	65	5.00%	4.55%

Assumes MMD as of close of business April 17, 2024, an optional redemption date of 7/1/2034 at par and $3 billion transaction size.

Florida Hurricane Catastrophe Fund - Taxable Scale

Year	Maturity	Sinker/Term	UST	Spread	Coupon	Stated Yield
1	7/1/2025		4.93%	80	5.73%	5.73%
2	7/1/2026		4.93%	65	5.58%	5.58%
3	7/1/2027		4.76%	75	5.51%	5.51%
4	7/1/2028		4.62%	80	5.42%	5.42%
5	7/1/2029		4.62%	80	5.42%	5.42%
6	7/1/2030		4.60%	85	5.45%	5.45%
7	7/1/2031		4.60%	90	5.50%	5.50%
8	7/1/2032		4.58%	95	5.53%	5.53%
9	7/1/2033		4.58%	100	5.58%	5.58%
10	7/1/2034		4.58%	105	5.63%	5.63%
11	7/1/2035		4.58%	110	5.68%	5.68%
12	7/1/2036		4.58%	115	5.73%	5.73%
13	7/1/2037		4.58%	120	5.78%	5.78%
14	7/1/2038		4.58%	125	5.83%	5.83%
15	7/1/2039		4.58%	130	5.88%	5.88%
16	7/1/2040	*				
17	7/1/2041	*				
18	7/1/2042	*				
19	7/1/2043	*				
20	7/1/2044	T	4.83%	110	5.93%	5.93%
21	7/1/2045	*				
22	7/1/2046	*				
23	7/1/2047	*				
24	7/1/2048	*				
25	7/1/2049	*				
26	7/1/2050	*				
27	7/1/2051	*				
28	7/1/2052	*				
29	7/1/2053	*				
30	7/1/2054	T	4.70%	125	5.95%	5.95%

Assumes UST as of close of business April 17, 2024, a make-whole call and $3 billion transaction size.

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Morgan Stanley

Memorandum

To:	Florida Hurricane Catastrophe Fund	Date: April 24, 2024
From:	Morgan Stanley	
Subject:	FHCF May 2024 Semi-Annual Bonding Capacity Analysis	

Morgan Stanley is pleased to provide the Florida Hurricane Catastrophe Fund ("FHCF") with our Firm's Semi-Annual Bonding Capacity Analysis. On the following pages, please find our current market tax-exempt and taxable scales along with our estimate of post-event bonding capacity over 0-12 and 12-24 month periods.

Case Study for 2024A Pre-Event Financing. On April 17, 2024, Morgan Stanley served as senior manager for FHCF's $1 billion Series 2024A Pre-Event financing. As part of a broad marketing effort, the State posted a slides-only investor roadshow viewed by 224 investors and hosted 14 1x1 investor calls. The bonds were met with a strong reception from investors, ultimately receiving $1.9 billion of orders from 85 different accounts. These results demonstrate the continued breadth of the market for FHCF bonds following the 2020A issuance.

Current Macroeconomic Themes. Remarks from global central bankers show divergent policy paths ahead. In the U.S., Fed Chair Powell last Tuesday stated that "more recent data" has not given the Fed the greater confidence it needs to ease the restrictiveness of policy and that it will "likely take longer than expected to achieve that confidence." This commentary, coupled with hawkish commentary from several Fed members, creates more uncertainty around the rate cut path moving forward. Bank of Canada Governor Macklem commented that while countries work towards similar objectives they "gear monetary policy decisions to our own domestic circumstances" and "they may progress at different speeds." European Central Bank ("ECB") President Lagarde commented that the ECB is heading towards moderating restrictive monetary policy as the ECB is "observing as disinflationary process that is moving according to expectations."

Morgan Stanley Rate Forecast. Morgan Stanley Research expects monetary policy to flatten with 75 bps of rate cuts this year, starting in July and subsequently in November and December (down from Morgan Stanley's forecast of four rate cuts entering 2024). Although inflation data has largely tracked in line with the Fed's median forecast, significant volatility over the last 3 months in the data has made it difficult for the Fed to extract signal from noise. By July three more inflation prints should provide a clear enough view to start cutting rates. In 2025, we expect four more cuts in the first half of the year, however rapid economic growth and some inflation pickup will cause the Fed to stop cutting mid-year at 3.625%.

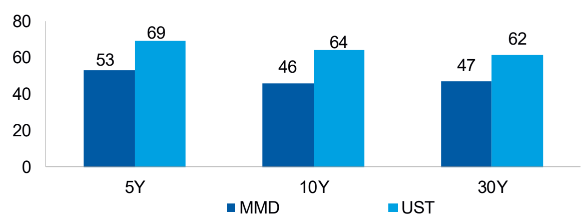
Market Dynamics.

Tax-Exempt and Taxable Rates. MMD and UST rates have increased year-to-date on strong economic data indicating inflation has not cooled as expected. As of April 17, 2024, 10-year and 30-year MMD were up 50 and 71 bps on the year, respectively, to 2.74% and 3.90%. 10-year and 30-year US Treasury rates are up 71 and 67 bps, respectively, to 4.59% and 4.70%. However, since our last update in September, taxable rates are virtually unchanged. while tax-exempt rates have actually decreased by 71 and 44 bps in 10- and 30-years, respectively.

Technicals. Current new issue municipal supply totals $126 billion which is up 25% vs. 2023 year-to-date supply and virtually unchanged vs. 2022 year-to-date supply. This uptick in supply has been well absorbed by the municipal market, helped in part by muni mutual funds that have seen net inflows of $3.2 billion year-to-date. In the corporate space, IG corporate bond funds have seen sixteen straight weeks of inflows to start 2024 totaling $33 billion.

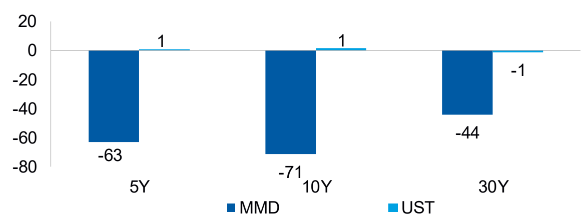
MMD and UST Movement YTD

bps; January 2, 2024 - April 17, 2024



MMD and UST Movement Since Last Update

bps; September 19, 2023 - April 17, 2024



Morgan Stanley

Pricing Views. On the following pages, we have provided our estimate of current pricing levels and bonding capacity over a 0-12 month and 12-24 month period.

1. Please provide a 30-year tax-exempt scale for the FHCF using the MMD at the close of business Wednesday, April 17th. This scale should be the one that you believe reflects a "market" scale given the FHCF's strong credit with no capacity constraints. Please use serial bonds and 15, 20, 25, and/or 30-year term bonds, as needed, over a 30-year amortization period (7/1/25 - 7/1/54) with par-ish coupons throughout, as needed, when writing the scale. Base your scale on an uninsured financing given the FHCF's strong current underlying ratings of Aa3/AA/AA/AA (Moody's / S&P / Fitch / Kroll).

FHCF Pricing Views: 30-Year Tax-Exempt Scale[1]

Year	Maturity	MMD (4/17/2024)[(1)]	Spread (bps)	Coupon	Yield
1	2025	3.31%	14	5.00%	3.45%
2	2026	3.14%	16	5.00%	3.30%
3	2027	2.95%	18	5.00%	3.13%
4	2028	2.83%	20	5.00%	3.03%
5	2029	2.78%	22	5.00%	3.00%
6	2030	2.75%	24	5.00%	2.99%
7	2031	2.72%	26	5.00%	2.98%
8	2032	2.73%	28	5.00%	3.01%
9	2033	2.74%	30	5.00%	3.04%
10	2034	2.76%	32	5.00%	3.08%
11	2035	2.84%	35	5.00%	3.19%
12	2036	2.91%	38	5.00%	3.29%
13	2037	3.05%	40	5.00%	3.45%
14	2038	3.11%	40	5.00%	3.51%
15	2039	3.19%	40	5.00%	3.59%
16	2040	3.30%	40	5.00%	3.70%
17	2041	3.40%	40	5.00%	3.80%
18	2042	3.45%	40	5.00%	3.85%
19	2043	3.51%	40	5.00%	3.91%
20	2044	3.57%	40	5.00%	3.97%
21	2045				
22	2046				
23	2047				
24	2048				
25	2049	3.82%	45	5.00%	4.27%
26	2050				
27	2051				
28	2052				
29	2053				
30	2054	3.90%	45	5.00%	4.35%

Notes:
(1) Assumes 10-year par call on 7/1/2034

(2) Based on July Interpolated MMD on 4/17/2024

2. Please provide a 30-year taxable scale using the Treasury curve at the close of business Wednesday, April 17th. This scale should be the one that you believe reflects a "market" scale given the FHCF's strong credit with no capacity constraints. Please use serial bonds and 15, 20, 25, and/or 30-year term bonds, as needed, over a 30-year amortization period (7/1/25 - 7/1/54) with par-ish coupons throughout when writing the scale. Again, base the scale on an uninsured financing given again the FHCF's current underlying ratings of Aa3/AA/AA/AA (Moody's / S&P / Fitch / Kroll).

FHCF Pricing Views: 30-Year Taxable Scale[1]					
Year	Maturity	UST (4/17/2024)	Spread (bps)	Coupon	Yield
1	2025	4.93%	55	5.48%	5.48%
2	2026	4.93%	45	5.38%	5.38%
3	2027	4.76%	55	5.31%	5.31%
4	2028	4.61%	70	5.31%	5.31%
5	2029	4.61%	75	5.36%	5.36%
6	2030	4.60%	80	5.40%	5.40%
7	2031	4.60%	85	5.45%	5.45%
8	2032	4.58%	85	5.43%	5.43%
9	2033	4.58%	90	5.48%	5.48%
10	2034	4.58%	95	5.53%	5.53%
11	2035	4.58%	100	5.58%	5.58%
12	2036	4.58%	103	5.61%	5.61%
13	2037	4.58%	106	5.64%	5.64%
14	2038	4.58%	109	5.67%	5.67%
15	2039	4.58%	112	5.70%	5.70%
16	2040				
17	2041				
18	2042				
19	2043				
20	2044	4.70%	100	5.70%	5.70%
21	2045				
22	2046				
23	2047				
24	2048				
25	2049				
26	2050				
27	2051				
28	2052				
29	2053				
30	2054	4.70%	110	5.80%	5.80%

Notes:
(1) Assumes Make-Whole Call

3. Please provide us with your firm's opinion on the potential tax-exempt and/or taxable post-event conservative market capacity over the next 0-12 and 12-24 months at rates that are at or above the current "market" scale, as needed. In addition, please include and describe briefly in your response if there is any overlap in tax-exempt / taxable capacity.

FHCF Post-Event Market Capacity ($ in Billions)			
Time Period	Tax-Exempt	Taxable	Total
0-12 Months	3.5 to 5.0	5.0 to 7.0	8.5 to 12.0
12-24 Months	2.0 to 4.0	3.0 to 5.0	5.0 to 9.0

Notes:

- There is no overlap in tax-exempt and taxable capacity
- This assumes a range of maturities structured to meet market demand and capacity
- These estimates are in addition to currently outstanding pre-event bonds of the FHCF

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WELLS FARGO

To: Florida Hurricane Catastrophe Fund

From: Wells Fargo Corporate and Investment Banking

Date: April 24, 2023

Re: Florida Hurricane Catastrophe Fund Bonding Capacity Estimate for April 2024

Wells Fargo Corporate and Investment Banking ("Wells Fargo") is pleased to provide the Florida Hurricane Catastrophe Fund ("FHCF") with our estimate of FHCF's bonding capacity for April 2024. On the following pages, please find our estimate of current market tax-exempt and taxable scales and spreads along with our estimate of bonding capacity for the 0-12 and 12-24 month periods. Feel free to contact any member of the Wells Fargo team if we can provide additional information or address any questions regarding these estimates.

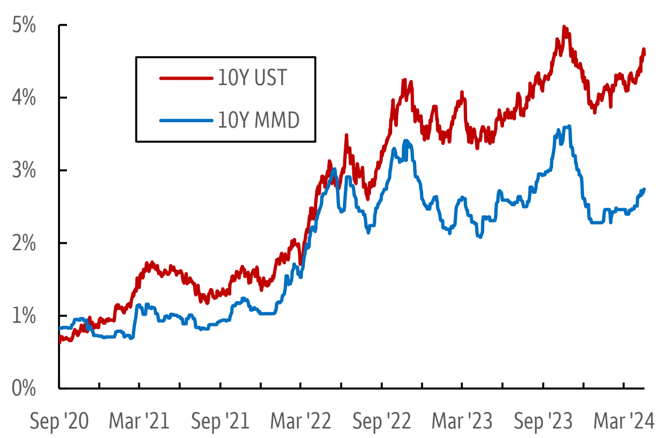
We estimate that FHCF could issue between $10.0 and $14.0 billion in combined tax-exempt and taxable bonds over a 24-month time horizon. The scales that we include on the following pages for taxable and tax-exempt FHCF bonds reflect market conditions as of April 17, 2024 and assume a $3 billion issuance amortized in discrete $100 million amounts over 30 years. We believe this level of issuance falls well within the market's current capacity for FHCF's debt.

Wells Fargo appreciates the opportunity to present our estimate of FHCF's current bonding capacity. We will continue to monitor market conditions and keep you apprised of market developments that may impact FHCF's bonding capacity.

FHCF's Series 2024A Taxable Pricing. Last week, the FHCF issued a $1 billion transaction of pre-event taxable financing bonds, and our scale reflects this recent market confirmation of FHCF pricing levels.

Tax Exempt Market Changes since the FHCF's Series 2020A. Since the FHCF's Series 2020A bonds priced September 2, 2020, 10-year and 30-year MMD rates have risen 191 bps and 233 bps respectively.[1] As shown in the chart to the right, MMD has continued its turbulent rise over the past four years. As expectations of a rate cut in the coming months have diminished, the market has reacted with rates working their way back towards the four-year highs of last Fall. This includes a particularly sharp increase over the last week after the CPI release and Fed Minutes.

Historical 10Y UST and MMD Since September 2020[1]



Municipal Fund Flows. Offering insight into investor sentiment regarding the tax-exempt space, municipal funds have seen a smaller $7.9 billion net inflow of investor assets year-to-date, compared to the $14.8 billion of net outflows observed in 2023.[2]

[1] Sources: US Treasury and Thomson Reuters TM3, from September 2, 2020 to April 17, 2024.
[2] Source: Lipper, A Thomson Reuters Company, as of September 27, 2023.

WELLS FARGO

1. ***Please provide a 30-year tax-exempt scale for the FHCF using the MMD at the close of business Wednesday, April 17th. This scale should be the one that you believe reflects a "market" scale given the FHCF's strong credit with no capacity constraints. Please use serial bonds and 15, 20, 25, and/or 30-year term bonds, as needed, over a 30-year amortization period (7/1/25 - 7/1/54) with par-ish coupons throughout, as needed, when writing the scale. Base your scale on an uninsured financing given the FHCF's strong current underlying ratings of Aa3/AA/AA/AA (Moody's / S&P / Fitch / Kroll).***

Please note that the tax-exempt scale shown below assumes that the bonds would be issued with a 10-year par call option. Bond prices shown in the table assume a delivery date of June 4th, 2024 and term bond maturities in 2049 and 2054.

Florida Hurricane Catastrophe Fund Indicative Tax-Exempt Scale Market Rates as of COB April 17, 2024						
Maturity	I-MMD Index	Spread (bps)	Coupon	Yield-to-Worst	Price ($)	Yield-to-Maturity
7/1/2025	3.31%	0.40	5.00%	3.71%	101.344	-
7/1/2026	3.14%	0.43	5.00%	3.57%	102.832	-
7/1/2027	2.95%	0.45	5.00%	3.40%	104.631	-
7/1/2028	2.83%	0.47	5.00%	3.30%	106.429	-
7/1/2029	2.78%	0.49	5.00%	3.27%	108.027	-
7/1/2030	2.75%	0.51	5.00%	3.26%	109.517	-
7/1/2031	2.72%	0.53	5.00%	3.25%	110.979	-
7/1/2032	2.73%	0.55	5.00%	3.28%	112.112	-
7/1/2033	2.74%	0.57	5.00%	3.31%	113.151	-
7/1/2034	2.76%	0.60	5.00%	3.36%	113.916	-
7/1/2035	2.84%	0.64	5.00%	3.48%	112.821	3.59%
7/1/2036	2.91%	0.68	5.00%	3.59%	111.829	3.77%
7/1/2037	3.05%	0.70	5.00%	3.75%	110.405	3.97%
7/1/2038	3.11%	0.72	5.00%	3.83%	109.700	4.09%
7/1/2039	3.19%	0.74	5.00%	3.93%	108.828	4.20%
7/1/2040	3.30%	0.76	5.00%	4.06%	107.706	4.33%
7/1/2041	3.40%	0.78	5.00%	4.18%	106.683	4.44%
7/1/2042	3.45%	0.80	5.25%	4.25%	108.123	4.58%
7/1/2043	3.51%	0.80	5.25%	4.31%	107.613	4.64%
7/1/2044	3.57%	0.80	5.25%	4.37%	107.106	4.70%
7/1/2045	3.62%		-	-	-	-
7/1/2046	3.67%		-	-	-	-
7/1/2047	3.72%		-	-	-	-
7/1/2048	3.77%		-	-	-	-
7/1/2049	3.82%	0.85	5.50%	4.67%	106.606	5.03%
7/1/2050	3.84%		-	-	-	-
7/1/2051	3.85%		-	-	-	-
7/1/2052	3.88%		-	-	-	-
7/1/2053	3.89%		-	-	-	-
7/1/2054	3.90%	0.85	5.50%	4.75%	105.946	5.11%

WELLS FARGO

2. ***Please provide a 30-year taxable scale using the Treasury curve at the close of business Wednesday, April 17th. This scale should be the one that you believe reflects a "market" scale given the FHCF's strong credit with no capacity constraints. Please use serial bonds and 15, 20, 25, and/or 30-year term bonds, as needed, over a 30-year amortization period (7/1/25 - 7/1/54) with par-ish coupons throughout when writing the scale. Again, base the scale on the FHCF's current underlying ratings of Aa3/AA/AA/AA (Moody's / S&P / Fitch / Kroll).***

Please note that the indicative taxable scale shown below assumes that the bonds would be issued with a 10-year par call option. Bond prices shown in the table assume a delivery date of June 4, 2024.

Florida Hurricane Catastrophe Fund Indicative Taxable Scale Market Rates as of COB April 17, 2024						
Maturity	UST	Spread (bps)	Coupon	Yield	Price ($)	Yield-to-Maturity
7/1/2025	4.961%	-	-	-	-	--
7/1/2026	4.961%	-	-	-	-	--
7/1/2027	4.796%	-	-	-	-	--
7/1/2028	4.654%	-	-	-	-	--
7/1/2029	4.654%	0.70	5.354%	5.354%	100.000	--
7/1/2030	4.641%	-	-	-	-	--
7/1/2031	4.641%	0.85	5.491%	5.491%	100.000	--
7/1/2032	4.619%	-	-	-	-	--
7/1/2033	4.619%	-	-	-	-	--
7/1/2034	4.619%	0.95	5.569%	5.569%	100.000	--
7/1/2035	4.619%	-	-	-	-	--
7/1/2036	4.619%	-	-	-	-	--
7/1/2037	4.619%	-	-	-	-	--
7/1/2038	4.619%	-	-	-	-	--
7/1/2039	4.619%	-	-	-	-	--
7/1/2040	4.726%	-	-	-	-	--
7/1/2041	4.726%	-	-	-	-	--
7/1/2042	4.726%	-	-	-	-	--
7/1/2043	4.726%	-	-	-	-	--
7/1/2044	4.726%	0.90	5.626%	5.626%	100.000	--
7/1/2045	4.726%	-	-	-	-	--
7/1/2046	4.726%	-	-	-	-	--
7/1/2047	4.726%	-	-	-	-	--
7/1/2048	4.726%	-	-	-	-	--
7/1/2049	4.726%	-	-	-	-	--
7/1/2050	4.726%	-	-	-	-	--
7/1/2051	4.726%	-	-	-	-	--
7/1/2052	4.726%	-	-	-	-	--
7/1/2053	4.726%	-	-	-	-	--
7/1/2054	4.726%	0.95	5.676%	5.676%	100.000	--

3. ***Please provide us with your firm's opinion on the potential tax-exempt and/or taxable post-event conservative market capacity over the next 0-12 and 12-24 months at rates that are at or above the current "market" scale, as needed. In addition, please include and describe briefly in your response if there is any overlap in tax-exempt / taxable capacity.***

The capacity estimates shown in the table below assume FCHF would issue debt at higher interest rates than the current "market" tax-exempt and taxable scales that we have provided in our response to questions 1 and 2.

FHCF Post-Event Market Capacity			
Time Period	**Tax-Exempt**	**Taxable**	**Total**
0-12 Months	$3.0 - $4.0 billion	$3.0 - $4.0 billion	$6.0 - $8.0 billion
12-24 Months	$2.0 - $3.0 billion	$2.0 - $3.0 billion	$4.0 - $6.0 billion

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If you have any questions or concerns about the disclosures presented herein, you should make those questions or concerns known immediately to Wells Fargo.

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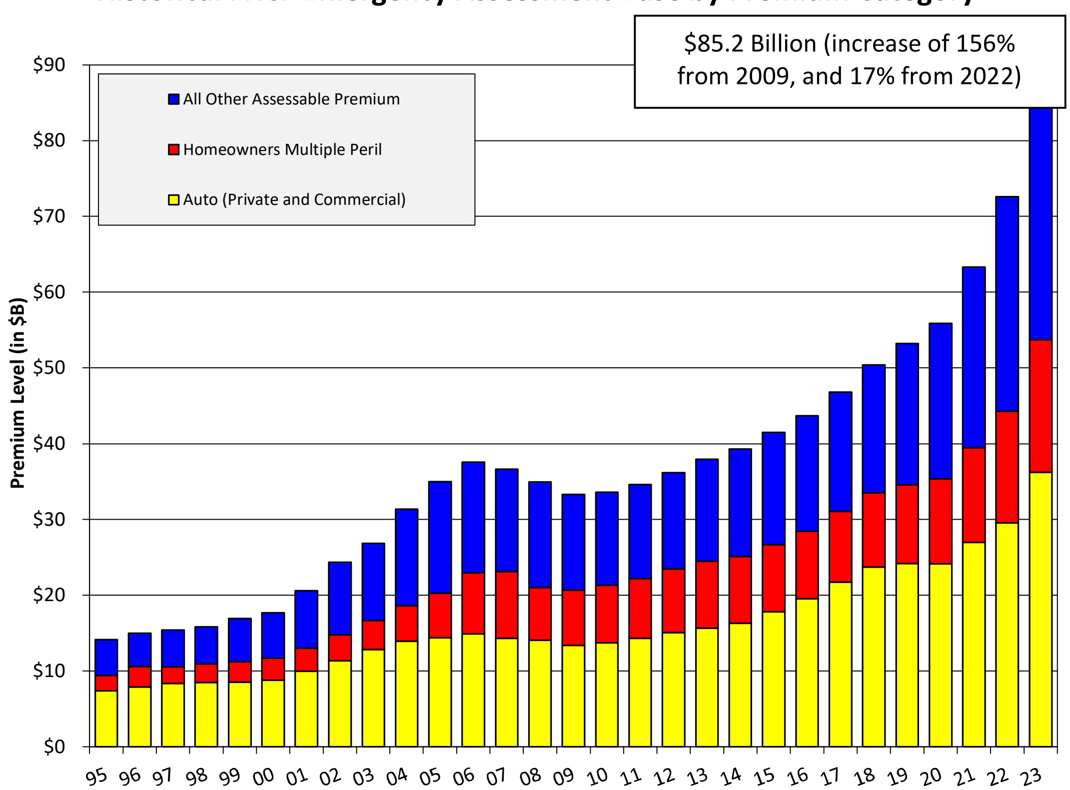
Appendix B – The FHCF's Emergency Assessment Base

According to Section 215.555(6)(b)1., Florida Statutes, *"(i)f the board determines that the amount of revenue produced under subsection (5) is insufficient to fund the obligations, costs, and expenses of the fund and the corporation, including repayment of revenue bonds and that portion of the debt service coverage not met by reimbursement premiums, the board shall direct the Office of Insurance Regulation to levy, by order, an* ***emergency assessment on direct premiums for all property and casualty lines of business in this state, including property and casualty business of surplus lines insurers regulated under part VIII of chapter 626, but not including any workers' compensation premiums or medical malpractice premiums. As used in this subsection, the term "property and casualty business" includes all lines of business identified on Form 2, Exhibit of Premiums and Losses, in the annual statement required of authorized insurers by s. 624.424 and any rule adopted under this section, except for those lines identified as accident and health insurance and except for policies written under the National Flood Insurance Program****."*

In numerical terms, this gives the FHCF an ability to assess against a base which, as of the end of 2023 (the last official measurement date), totaled approximately $85.2 billion. The chart below and table on the following page show the evolution of the FHCF's assessment base over time, both by type of coverage and admitted market and surplus lines.

Historical FHCF Emergency Assessment Base by Premium Category



Historical FHCF Emergency Assessment Base ($MM)

Admitted Market, Surplus Lines, and the dollar value of a 6% emergency assessment

Calendar Year	Admitted Lines DWP*	Surplus Lines and NIMA Clearinghouse DWP	Total Aggregate Premium	6% Emergency Assessment	% Premium Change from Prior Year
1995	$13,783	-	$13,783	-	
1996	$14,994	-	$14,994	-	8.79%
1997	$15,402	-	$15,402	-	2.72%
1998	$15,817	-	$15,817	-	2.70%
1999	$16,036	-	$16,036	-	1.38%
2000	$16,780	-	$16,780	-	4.64%
2001	$19,195	-	$19,195	-	14.39%
2002	$22,150	-	$22,150	-	15.39%
2003	$24,411	$2,435	$26,845	$1,611	21.20%
2004	$28,649	$2,695	$31,344	$1,881	16.76%
2005	$31,714	$3,275	$34,989	$2,099	11.63%
2006	$33,346	$4,208	$37,554	$2,253	7.33%
2007	$32,545	$4,101	$36,646	$2,199	-2.42%
2008	$30,830	$4,095	$34,926	$2,096	-4.69%
2009	$29,454	$3,859	$33,313	$1,999	-4.62%
2010	$29,888	$3,715	$33,603	$2,016	0.87%
2011	$30,943	$3,696	$34,640	$2,078	3.09%
2012	$32,323	$3,862	$36,185	$2,171	4.46%
2013	$33,726	$4,206	$37,933	$2,276	4.83%
2014	$35,085	$4,216	$39,302	$2,358	3.61%
2015	$36,957	$4,550	$41,507	$2,490	5.61%
2016	$39,069	$4,623	$43,693	$2,622	5.26%
2017	$41,844	$4,973	$46,817	$2,809	7.15%
2018	$44,858	$5,547	$50,405	$3,024	7.66%
2019	$47,033	$6,205	$53,238	$3,194	5.62%
2020	$48,827	$7,066	$55,892	$3,354	4.99%
2021	$54,253	$9,065	$63,318	$3,799	13.29%
2022	$61,027	$11,568	$72,595	$4,356	14.65%
2023	$70,287	$14,917	$85,204	$5,112	17.37%

Source: Office of Insurance Regulation ("OIR") and Florida Surplus Lines Service Office ("FSLSO")
DWP is as of 12/31 and is based on companies reporting to the OIR on behalf of the FHCF and is subject to change as company/agent adjustments are reported. In 2004, the Florida legislature excluded medical malpractice for 3 years and included surplus lines. Medical malpractice has since been permanently exempted.
2011-2016 DWP numbers have been adjusted to reflect unassessable premiums written in assessable lines of business. However, beginning in 2017, this allowed adjustment figure is unavailable. The average reduction to DWP related to these adjustments was approximately 0.90%.
Average direct written premium increase (geometric mean) from 2000-2023 is 7.21%.

2023 Admitted Market Lines Premiums ($MM)

Line of Business	2023 Total Assessable Premium
Fire	$1,174.9
Allied Lines	$4,298.3
Multiple Peril Crop	$232.5
Private crop	$0.5
Farmowners Multiple Peril	$135.0
Homeowners Multiple Peril	$24.3
Commercial multiple peril (liability portion)	$16,497.3
Commercial multiple peril (non-liability portion)	$1,377.6
Mortgage Guaranty	$890.7
Ocean Marine	$444.3
Inland Marine	$608.9
Financial Guaranty	$2,283.3
Earthquake	$9.5
Other liability - occurrence	$8.4
Other liability - claims-made	$2,996.5
Products Liability	$1,070.7
Private Flood	$142.0
Private passenger auto no-fault (personal injury protection)	$2.6
Other Private Passenger Auto Liability	$5,860.7
Commercial auto no-fault (personal injury protection)	$15,287.5
Other Commercial Auto Liability	$162.8
Private Passenger Auto Physical Damage	$4,722.6
Commercial Auto Physical Damage	$9,287.9
Aircraft (All Perils)	$693.9
Fidelity	$236.6
Surety	$74.5
Burglary and Theft	$646.6
Boiler and Machinery	$23.7
Credit	$90.2
Warranty	$165.6
Aggregate write-ins for other lines of business	$837.1
Totals	**$70,287.1**

Source: Florida Office of Insurance Regulation, Market Research Unit

2023 Surplus Lines Premiums ($MM)

Coverage Code		2023 Surplus Lines Premiums ($MM)
1000	Commercial Property	$5,968.7
1001	Builders Risk - Commercial	$358.6
1002	Business Income	$1.3
1003	Apartments - Commercial	$7.6
1004	Boiler and Machinery	$6.8
1005	Commercial Package	$845.7
1006	Condominium Package - Commercial	$162.4
1007	Crop Hail	$0.0
1008	Difference In Conditions	$36.1
1009	Earthquake	$1.2
1010	Flood - Commercial	$51.4
1011	Glass - Commercial	$0.0
1012	Mortgage Impairment	$2.4
1013	Windstorm and/or Hail - Commercial	$426.0
1014	Mold Coverage - Commercial	$1.5
1015	Sinkhole Coverage - Commercial	$0.0
1016	Excess Flood - Commercial	$28.7
1017	Collateral Protection (Force Placed Coverage)	$55.2
1100	Bankers Blanket Bond	$3.3
1101	Blanket Crime Policy	$0.7
1102	Employee Dishonesty	$0.1
1103	Identity Theft	$0.0
1104	Deposit Forgery	$0.0
1105	Miscellaneous Crime	$2.9
1200	Accident & Health	$0.0
1201	Credit Insurance	$17.2
1202	Animal Mortality	$0.1
1203	Mortgage Guaranty	$0.9
1204	Worker's Compensation-Excess Only	$0.0
1205	Product Recall	$10.2
1206	Kidnap/Ransom	$0.1
1207	Surety	$17.7
1208	Weather Insurance	$1.5
1209	Prize Indemnification	$1.7
1210	Travel Accident	$0.0
1211	Terrorism	$29.0
1212	Fidelity	$2.6
1213	Deductible Buyback – Property	$67.8
1214	Parametric or Index-Based - Commercial	$1.8
1215	Parametric or Index-Based - Personal	$0.1
2000	Homeowners-HO-1	$29.6
2001	Homeowners-HO-2	$2.2
2002	Homeowners-HO-3	$574.7
2003	Homeowners-HO-4 - Tenant	$29.1
2004	Homeowners-HO-5	$141.8
2005	Homeowners-HO-6 - Condo Unit Owners	$173.9
2006	Homeowners-HO-8	$25.8
2007	Builders Risk - Residential	$42.8
2008	Flood - Personal	$112.1
2009	Dwelling Property	$146.8
2010	Farmowners Multi-Peril	$2.4
2011	Mobile Homeowners	$31.8
2012	Windstorm - Residential	$65.3
2013	Mold Coverage - Residential	$0.0
2014	Sinkhole Coverage - Residential	$0.0
2015	Excess Flood - Personal	$34.9
3000	Marina Operators Legal Liability	$2.8
3001	Marine Liabilities Package	$23.2
3002	Ocean Marine-Hull and/or Protection & Indemnit	$34.1
3003	Ocean Cargo Policy	$53.3

Coverage Code		2023 Surplus Lines Premiums ($MM)
3004	Ship Repairers Legal Liability	$51.6
3005	Stevedores Legal Liability	$2.0
3006	Personal & Pleasure Boats & Yachts	$0.0
3007	Ocean Marine Builders Risk	$0.0
3008	Longshoremen (Jones Act)	$0.0
4000	Inland Marine - Commercial	$56.2
4001	Inland Marine - Personal	$10.5
4002	Motor Truck Cargo	$35.0
4003	Jewelers Block	$5.7
4004	Furriers Block	$0.0
4005	Contractors Equipment	$4.5
4006	Electronic Data Processing	$1.0
5000	Commercial General Liability	$1,711.2
5001	Commercial Umbrella Liability	$161.3
5002	Directors & Officers Liability - Profit	$99.2
5003	Directors & Officers Liability - Non-Profit	$10.3
5004	Educator Legal Liability	$1.6
5005	Employment Practices Liability	$21.2
5006	Excess Commercial General Liability	$846.6
5007	Excess Personal Liability	$15.6
5008	Liquor Liability	$10.3
5009	Owners & Contractors Protective Liability	$8.4
5010	Personal Umbrella	$13.1
5011	Personal Liability	$31.1
5012	Pollution & Environment Liability	$93.2
5013	Product & Completed Operations Liability	$25.6
5014	Public Officials Liability	$10.1
5015	Police Professional Liability	$2.3
5016	Media Liability	$2.2
5017	Railroad Protective Liability	$8.3
5018	Asbestos Removal & Abatement	$0.0
5019	Guard Service Liability	$0.2
5020	Special Events Liability	$12.3
5021	Miscellaneous Liability	$201.2
5022	Cyber Liability	$268.1
6000	Hospital Professional Liability	$0.0
6001	Miscellaneous Medical Professionals	$0.0
6002	Nursing Home Professional Liability	$0.0
6003	Physician/Surgeon, Dentist Professional Liability	$0.0
7000	Architects & Engineers Liability	$28.7
7001	Insurance Agents & Brokers E&O	$18.1
7002	Lawyers Professional Liability	$59.3
7003	Miscellaneous E&O Liability	$269.1
7004	Real Estate Agents E&O	$6.4
7005	Software Design Computer E&O	$7.2
8000	Commercial Auto Liability	$173.2
8001	Commercial Auto Excess Liability	$20.9
8002	Commercial Auto Physical Damage	$53.3
8003	Dealers Open Lot	$30.5
8004	Garage Liability	$52.1
8005	Garage Keepers Legal	$1.2
8006	Private Passenger Auto-Physical Damage Only	$0.9
8007	Personal Excess Auto Liability	$0.7
9000	Commercial Aircraft Hull and/or Liability	$34.4
9001	Airport Liability	$3.1
9002	Aviation Cargo	$5.3
9003	Aviation Product Liability	$27.1
9004	Hangarkeepers Legal Liability	$0.1
9005	Personal & Pleasure Aircraft	$0.2
	Totals	**$14,150**

Source: FSLSO
Based on policies with a submitted (filed) date from 1/1/23 to 12/31/23.