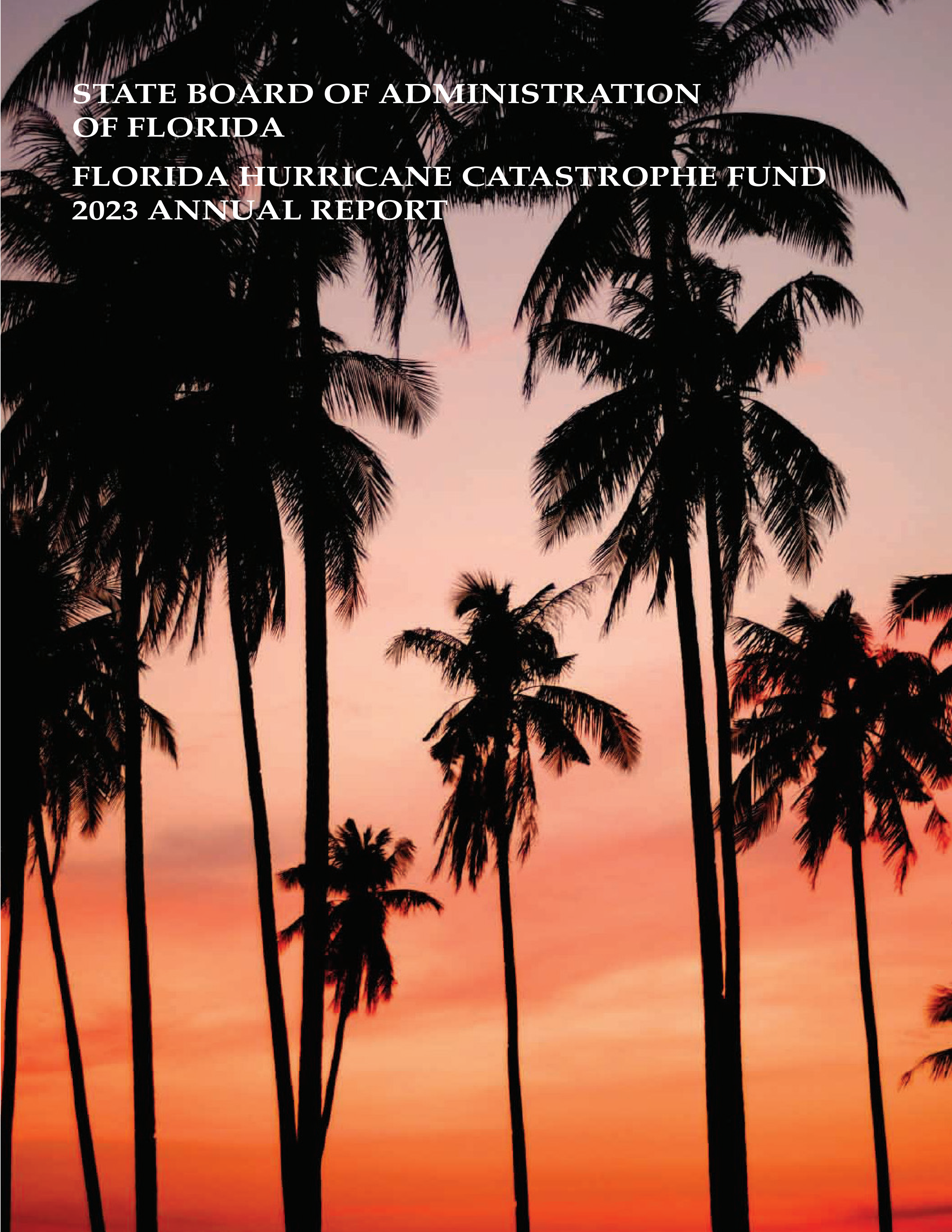
STATE BOARD OF ADMINISTRATION OF FLORIDA

FLORIDA HURRICANE CATASTROPHE FUND 2023 ANNUAL REPORT



EXECUTIVE MESSAGE

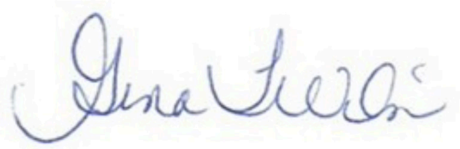
It is my privilege to present the Florida Hurricane Catastrophe Fund (FHCF) annual report for the calendar year ending December 31, 2023. This report provides you with information on the financial status and operational activities of the FHCF during the past year, along with background on the FHCF and its performance over the years.

The 2023 hurricane season was another active year with 20 named storms, three of which were major hurricanes. Hurricane Idalia made landfall in Florida as a Category 3 hurricane and caused significant damage in Levy, Dixie, and Taylor counties. It was the first time a major hurricane made landfall in this area of the state.

The FHCF commuted loss reimbursements for Hurricane Irma this year thus closing out the FHCF's obligations under the 2017 FHCF Reimbursement Contract. The FHCF continues to pay reimbursements to participating insurers for losses resulting from Hurricane Michael (2018) and Hurricane Ian (2022). As of December 31, 2023, our actuaries projected the FHCF's total incurred loss for Hurricane Michael to be $1.45 billion and $10 billion for Hurricane Ian. Despite these losses, the FHCF has been able to perform as designed and continues to meet its obligations.

The FHCF would like to thank the State Board of Administration (SBA) Trustees; Lamar Taylor, Interim Executive Director of the SBA; members of the FHCF Advisory Council; our service providers; and the staff of the FHCF for their support during this year.

We appreciate your interest in the Florida Hurricane Catastrophe Fund and hope the information provided in this report is beneficial.



MISSION

To provide a stable and ongoing source of timely reimbursement to residential property insurers for a portion of their catastrophic hurricane losses for the purpose of protecting and advancing the state's interest in maintaining insurance capacity through the efficient and effective administration of the fund.

CONTRACT YEAR 2023-2024 KEY DATA*

Exposure	$3.3 trillion
Estimated fund balance	$4.3 billion
Number of participating insurers	140
Reimbursement premium	$1.513 billion
Mitigation funding (FY 2023-2024)	$10.0 million
Estimated claims-paying capacity	$17.0 billion
Single-season maximum obligation	$17.0 billion (with excess capacity)
Emergency assessment base	$85.2 billion
Credit ratings for the 2020A Bonds:	
Moody's	Aa3
Standard & Poor's	AA
Fitch	AA

*As of December 31, 2023

Audited Financial Statements

The FHCF's audited financial statements for the fiscal year that ended June 30, 2023, are available on the FHCF's website at https://fhcf.sbafla.com/reports/ The website also includes prior audited financial statements.

Crowe LLP, the FHCF's independent auditor, has not been engaged to perform and has not performed since the date of its report, any procedures on the financial statements addressed in that report. Crowe LLP also has not performed any procedures relating to this annual report.

WHAT IS THE FLORIDA HURRICANE CATASTROPHE FUND

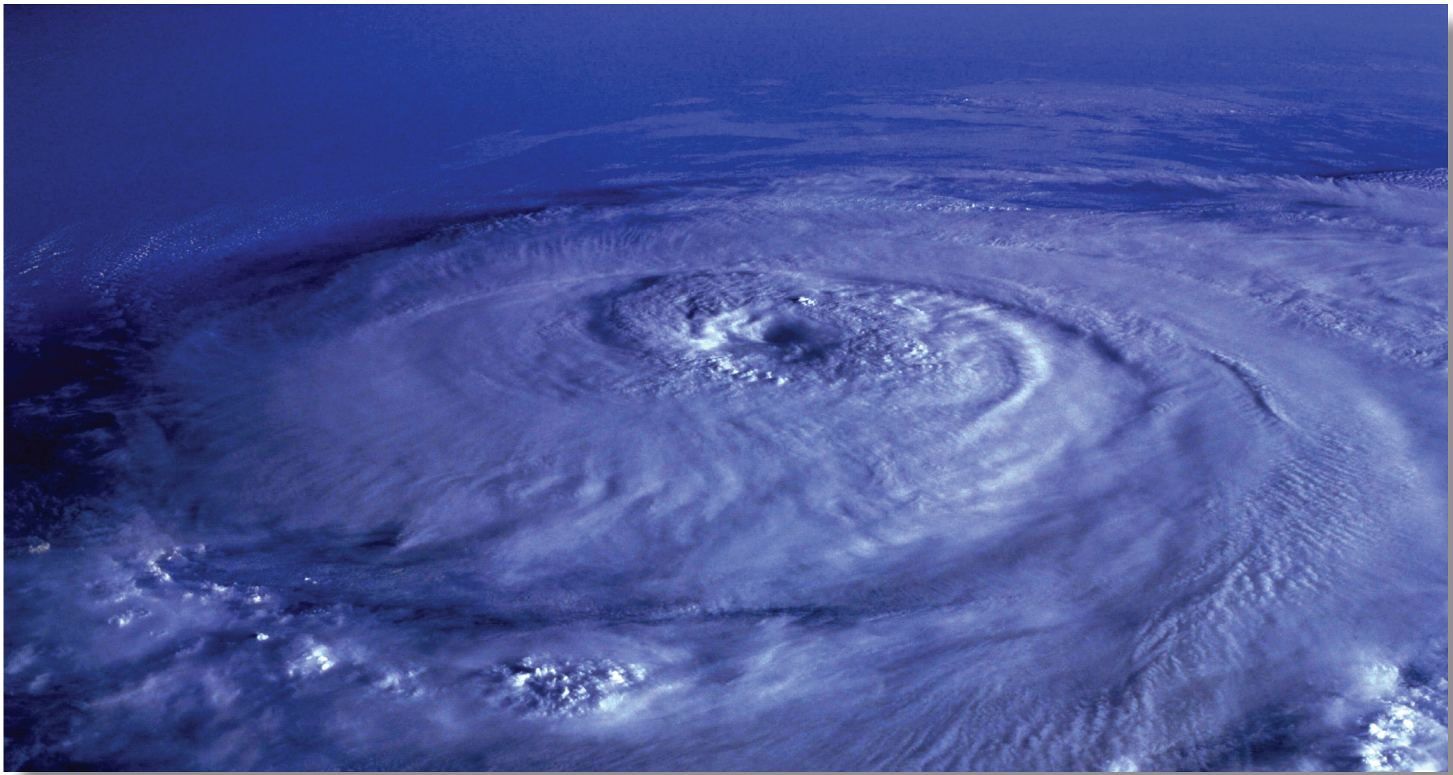
The Florida Hurricane Catastrophe Fund (FHCF) is a state trust fund that provides reimbursement to residential property insurers for a portion of their Florida catastrophic hurricane losses.

In the aftermath of Hurricane Andrew, which struck Florida in August 1992 causing over $15 billion in insured losses and at least 11 insurer insolvencies, the Florida Legislature recognized that an unstable market for property insurance threatened the state's economy. Finding that there was a need for a state program to provide a "stable and ongoing" source of reimbursement to insurers, the Legislature created the FHCF to operate "exclusively for the purpose of protecting and advancing the state's interest in maintaining insurance capacity" in Florida.

The FHCF fulfills its statutory mission by providing reliable, dependable, and predictable coverage that is limited to catastrophic hurricane losses, and by striving to assure that reimbursements are paid promptly and accurately.

The coverage provided by the FHCF is similar to private reinsurance (although there are also a number of significant differences). Historically, the FHCF has generated significant premium savings for Florida policyholders by making FHCF protection available to insurers, typically at a lower cost than the market price for comparable reinsurance.

The FHCF is able to provide coverage at a lower cost than private market prices since it does not include a profit factor or risk load in its rates and since it is exempt from federal taxes.



HOW DOES THE FHCF WORK?

Participation in the FHCF is mandatory for Florida residential property insurers. Except for insurers with Florida exposures below a de *minimis* threshold, each insurer holding a certificate of authority to write residential property insurance is required by law to enter into a FHCF reimbursement contract.

The FHCF is designed to be self-supporting except in extraordinary circumstances. It charges each insurer an actuarially-indicated premium for the coverage provided. When the cash balance of the fund is not sufficient to meet its obligations, the FHCF can rely on the proceeds of revenue bonds backed by assessments on most types of Florida property and casualty insurance premiums. The FHCF also engages in financing and risk-transfer activities intended to improve liquidity and potentially minimize the need for assessments. The FHCF is exempt from federal taxes and is authorized to issue post-event bonds on a tax-exempt basis.

In general, the FHCF covers a percentage of the insurer's hurricane losses in excess of the insurer's retention, similar to a deductible, up to a maximum payout. An insurer's coverage percentage is 90 percent, 75 percent, or 45 percent, as selected by the insurer, upon execution of its FHCF reimbursement contract. The insurer's retention is based on its share of the FHCF's total retention ($9.5 billion for the 2023-2024 contract year), and the maximum payout is the insurer's share of the statutory coverage limit (currently $17.0 billion).

Premiums, retentions, and coverage limits are based on each insurer's annual reporting of insured values by line of business, construction type, and zip code and on hurricane loss projection models found acceptable by the Florida Commission on Hurricane Loss Projection Methodology.

FHCF Operational Responsibilities

- FHCF staff members are responsible for managing the day-to-day operations of the FHCF while overseeing the work of service providers.
- FHCF staff responsibilities include financial and administrative operations, preparation for internal and external audits, development and management of exposure and claims examination programs, debt financing and related activities, and legal matters.
- The FHCF contracts with service providers for administrative services, actuarial services, financial advisor services, examination of insurers, legal services, and audit services.
- The FHCF relies on staff of the State Board of Administration (SBA) for investment services, information technology services, and other administrative support.
- The FHCF Advisory Council provides advice and information regarding implementation of the FHCF statute. The Advisory Council also reviews and discusses all proposed FHCF rules before they are submitted to the SBA Trustees for approval.

FINANCIAL RESOURCES

By statute, the FHCF's maximum potential obligation is capped at $17 billion for a single season. Reimbursement premiums paid by participating insurers are the primary source of funding to cover the FHCF's reimbursement obligations.

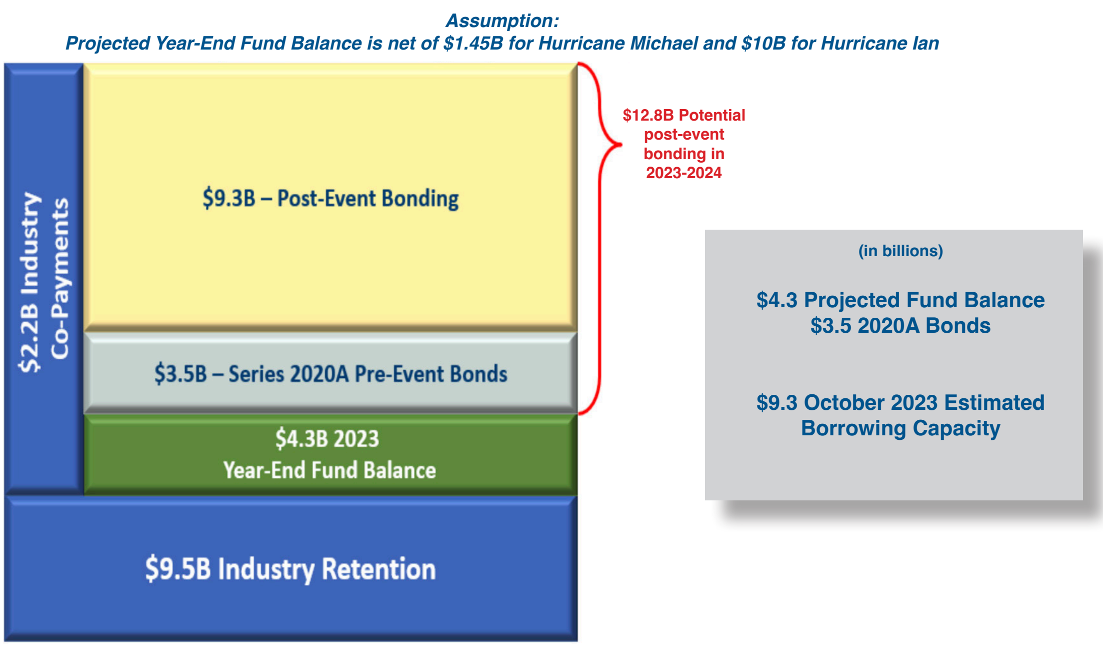
For the 2023-2024 contract year, reimbursement premiums were $1.513 billion. As of December 31, 2023, the FHCF had a fund balance of $4.3 billion.

The year-end 2023 fund balance is net of projected losses from Hurricane Michael (2018) of $1.45 billion and from Hurricane Ian (2022) of $10 billion.

In addition to premiums, other sources of liquidity to pay FHCF claims can include, when applicable, investment income, proceeds from pre-event bonding, recoveries from reinsurance and other risk-transfer transactions, and proceeds from post-event revenue bonds.

The following chart shows the FHCF's estimated claims-paying resources for the 2023-2024 contract year as of December 31, 2023.

Estimated FHCF Coverage for the 2023-2024 Contract Year



* Relevant data is aggregated for all participating insurers. Each participating insurer has its own retention and maximum coverage level. All insurers will need to reach their maximum coverage limits in order to exhaust the last billion of FHCF Coverage. Insurers can trigger coverage below the industry retention.

This chart reflects aggregated information available as of December 31, 2023, and is not drawn to scale.

PARTICIPATION

Under the reimbursement contract, which runs from June 1 of a given year through May 31 of the following year, the FHCF promises to reimburse the insurer:

- For a **percentage** of the insurer's total residential losses from each hurricane.
- In excess of the insurer's **retention**, which is similar to a deductible.
- Plus a **10% allowance** for loss adjustment expense.
- Up to a **limit** that reflects the insurer's share of the FHCF's actual claims-paying capacity, not to exceed the insurer's share of the statutory maximum obligation (currently $17 billion).

Each year, the insurer selects a coverage percentage, which may be 90 percent, 75 percent, or 45 percent. When FHCF post-event revenue bonds are outstanding, the insurer may not decrease its percentage selection from one year to the next.

Aggregate retention for the FHCF is determined according to a statutory formula. **For the 2023-2024 contract year, aggregate industry retention was $9.5 billion.** An insurer's retention is determined by multiplying its FHCF premium by a retention multiple that is calculated under the FHCF premium formula.

The retention multiples for the 2023-2024 contract year were:

Coverage Percentage	2023-2024 Retention Multiple
90%	6.0732
75%	7.2878
45%	12.1464

Similarly, an insurer's coverage limit is determined by multiplying its FHCF premium by a payout multiple calculated under the premium formula. **For the 2023-2024 contract year, the payout multiple was 11.2368 based on the aggregate FHCF premium of $1,512,884,858 billed as of December 31, 2023.**

Example: For an insurer with an FHCF premium of $1 million that selected a 90% coverage level, the retention for Contract Year 2023-2024 would have been $6,073,200 and the maximum payout would have been $11,236,800.

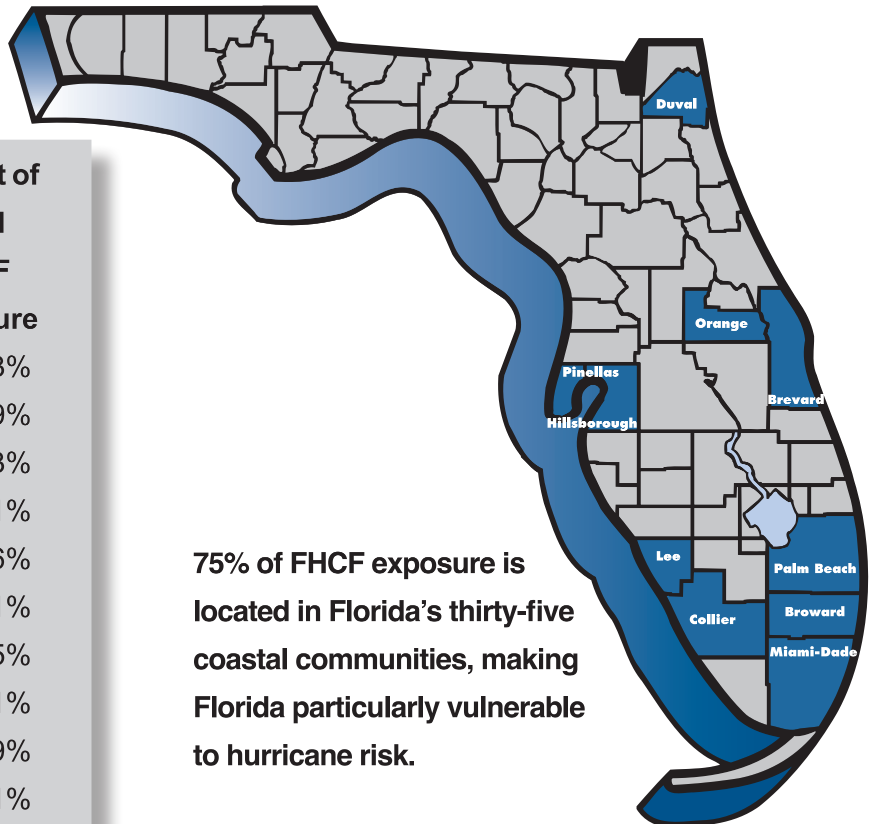
EXPOSURE REPORTING AND EXAMINATION PROGRAMS

In order to determine the FHCF premium for each participating insurer, information necessary for the premium calculation is submitted to the FHCF in an electronic format known as the Data Call file through an on-line system known as WIRE, no later than September 1 each year. The Data Call file, adopted annually by rule, contains insured values under covered policies by zip code for policies written by each insurer as of June 30, along with several rating factors such as line of business, construction type, deductible amounts, and windstorm mitigation features.

Contract Year 2023-2024 Exposure Concentration by County ($ billion)

County	Dollar Amount of FHCF Exposure	Percent of Total FHCF Exposure
Palm Beach	$275.5	8.33%
Miami-Dade	224.4	6.79%
Broward	215.9	6.53%
Hillsborough	208.6	6.31%
Orange	206.9	6.26%
Lee	159.1	4.81%
Duval	140.3	4.25%
Pinellas	135.8	4.11%
Collier	128.8	3.89%
Brevard	103.0	3.11%
All OtherCounties	1,507.6	45.60%
Totals*	**$3,306.8**	**100.00%**

** May not add due to rounding.*



75% of FHCF exposure is located in Florida's thirty-five coastal communities, making Florida particularly vulnerable to hurricane risk.

The FHCF has developed an examination program to review the information submitted in the Data Call file. Examinations are conducted by contracted examiners for the purpose of evaluating the accuracy and completeness of the data. Additionally, the program is intended to assist participating insurers with the preparation of the Data Call file. **For 2023, 83 exposure examinations were conducted.**

In addition to exposure examinations, the FHCF has developed a program to review the information submitted by participating insurers that have received loss reimbursements. The subject of each claims examination is the Proof of Loss Report submitted to the FHCF by the insurers when covered losses are incurred. The Proof of Loss Report, adopted annually by rule, contains loss information related to a specific covered event along with a request for reimbursement for covered losses paid by the insurer.

The purpose of performing claims exams is to review the accuracy of loss data reported and verify that the insurer did not over-report its reimbursable losses to the FHCF. **The FHCF performed 16 claims examinations in 2023.**

RATEMAKING

The FHCF statute provides for annual calculation of a premium formula for the FHCF by an independent actuarial consultant. After review by the FHCF Advisory Council, the premium formula for a particular contract year is submitted to the SBA Trustees for adoption by rule. A unanimous vote of the Trustees is required.

The FHCF statute requires the FHCF to charge an actuarially indicated premium. Under the statute, an actuarially indicated premium is “an amount determined according to the principles of actuarial science to be adequate, but not excessive, to pay current and future obligations and expenses” of the FHCF which “reflect[s] each insurer’s relative exposure to hurricane losses.”

Applying this statutory definition, the FHCF reimbursement premium is based on hurricane risk and FHCF expenses and does not reflect volatile market swings or include a profit-and-contingency factor or risk load.

Insurers annually select a FHCF coverage percentage of 90 percent, 75 percent, or 45 percent. For the 2023-2024 contract year, there was a slight shift in the coverage options selected, and the average coverage percentage increased to 87.401 percent compared to the 2022-2023 contract year average of 85.249 percent. The overall impact to the FHCF rates was an average decrease of 3.71 percent after adjusting for insurer coverage selection changes.

In 2009, in an effort to reduce the FHCF’s potential reliance on bonding, the Florida Legislature revised reimbursement premium calculations by adding a cash build-up factor to the base premium. The factor was phased in over a five-year period and has remained at 25 percent since the 2013-2014 contract year.

The FHCF premium structure provides predictability for insurers by avoiding dramatic year-to-year changes and helps stabilize otherwise volatile markets.

CLAIMS-PAYING CAPACITY

The FHCF does not constitute a full-faith-and-credit obligation of the State of Florida. Instead, the FHCF's potential obligation for a particular contract year is limited to its cash balance, risk transfer recoveries, and the amounts it is able to borrow.

The amount of FHCF post-event debt that the markets are willing to accept is therefore a critical factor in determining the FHCF's actual claims-paying capacity. In May and October of each year, in consultation with its financial advisors, the FHCF calculates its claims-paying capacity, including its projected cash balance and projected bonding capacity for the ensuing 12-month and 24-month periods.

It is important to consider the FHCF's capacity for the initial and subsequent season as the ability to provide coverage after a major hurricane season is critical to market stability.

According to the October 2023 claims-paying capacity estimates, the FHCF's projected post-event bonding capacity for the first 12 months after an event is $7.8 billion, with another $6.9 billion of bonding capacity available for the following 12-month period, for a 24-month total estimated bonding capacity of $14.7 billion.

DEBT FINANCING AND RISK TRANSFER

After a hurricane, the FHCF will issue post event bonds when its projected reimbursement payments exceed its cash resources. These bonds can be either taxable or tax-exempt. The primary source of revenue to pay off the bonds is emergency assessments on most property and casualty insurance premiums. Workers' compensation, medical malpractice, accident and health, and federal flood insurance premiums are currently exempt from assessment. The maximum assessment percentage is six percent with respect to losses attributable to any one year and ten percent with respect to losses from multiple years.

As of the end of 2023, the total amount of property/casualty direct written premium potentially subject to assessment (the "assessment base") was $85.2 billion.

The State Board of Administration Finance Corporation is a public benefits corporation created under section 215.555(6)(d), Florida Statutes, to issue bonds on behalf of the FHCF.

Insurers depend on the FHCF for prompt payment of claims to reimburse covered losses. One way the FHCF meets this liquidity need is by issuing "pre-event" debt. Although pre-event debt does not add to the FHCF's actual claims-paying capacity, the added liquidity provided through pre-event financing helps assure prompt payment of covered losses which can minimize market disruption.

The following chart shows the FHCF's current outstanding debt:

Maturity Date	Series 2020A Pre-Event Bonds Principal (%million)
7/1/2025	$1.250
7/1/2027	$1,000
7/1/2030	$1,250
Total	$3,500

Annually, the FHCF evaluates opportunities available in the global risk transfer and capital markets to maximize its claims-paying capacity for initial and subsequent seasons. In prior years, the FHCF chose to participate in a private risk transfer placement; however, considering hardening conditions in the market in 2023, the FHCF chose not to purchase reinsurance.

HURRICANE LOSSES

2023 Hurricane Season

The 2023 hurricane season had 20 named storms; seven were hurricanes, and of those seven, three were major hurricanes. The 2023 Atlantic hurricane season ranks fourth for most-named storms in a hurricane season and ended with above-normal activity.

On August 30, 2023, Hurricane Idalia made landfall near Keaton Beach, Florida, as a category 3 hurricane. It was the first major hurricane to make landfall in this portion of Florida. Hurricane Idalia caused devasting storm surge across the coastal parts of Levy, Dixie and Taylor counties, as well as significant tree damage that extended inland to Georgia.

Loss Projections

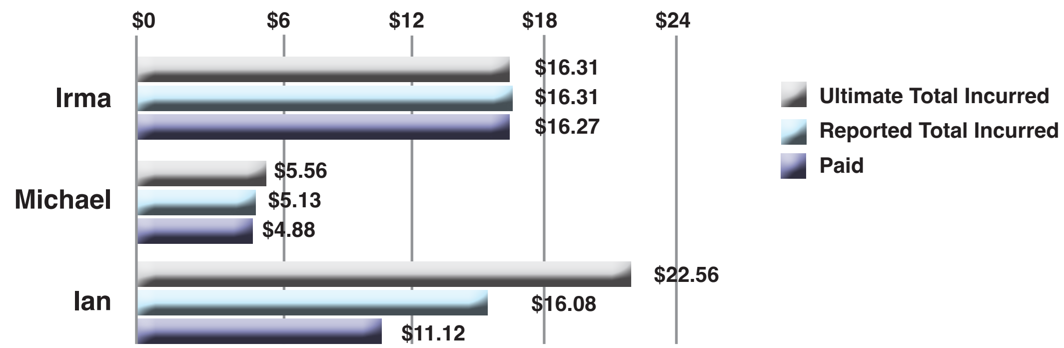
FHCF losses for Hurricane Irma (2017) were commuted in 2023. FHCF actuaries have estimated the FHCF's projected ultimate Hurricane Michael (2018) losses at $1.45 billion. FHCF losses for Hurricane Ian (2022) are estimated at $10 billion as of December 31, 2023.

The $4.3 billion FHCF year-end balance shown on page six is net of these loss projections.

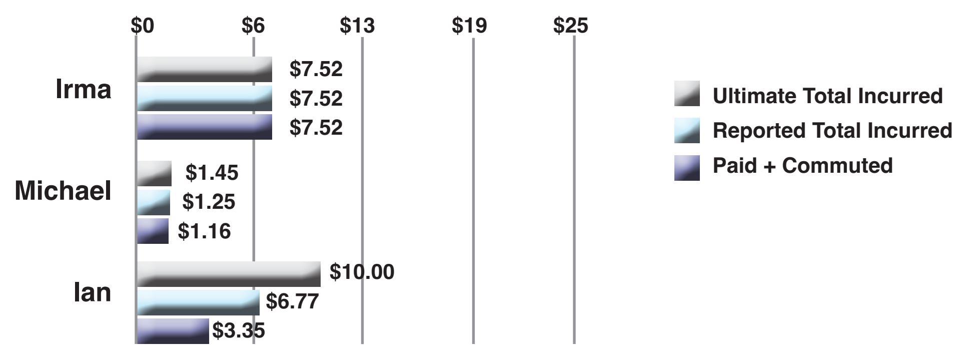
Hurricane Reimbursement History

As of December 31, 2023, the FHCF reimbursed 103 insurers for Hurricane Irma losses, 38 insurers for Hurricane Michael losses, and 61 insurers for Hurricane Ian losses. The following charts reflect industry losses and the amounts paid by the FHCF.

Industry Losses 12/31/2023 in billions



FHCF Losses 12/31/2023 in billions



LAWS AND RULES

Following are the laws and rules governing the FHCF:

Florida Statutes www.flsenate.gov/Laws/Statutes

- **Section 215.555** is the basic FHCF statute
- **Section 215.557** provides for confidentiality of reports of insured values
- **Section 215.559** describes the Hurricane Loss Mitigation Program in the Division of Emergency Management
- **Section 215.5595** creates the Insurance Capital Build-Up Incentive Program
- **Section 627.0628** creates the Florida Commission on Hurricane Loss Projection Methodology

Florida Administrative Code https://fhcf.sbafla.com

The following rules are revised annually.

- **Rule 19-8.010, Reimbursement Contract**
- **Rule 19-8.028, Reimbursement Premium Formula**
- **Rule 19-8.029, Insurer Reporting Requirements and Responsibilities**

FHCF rules that are not annually revised include:

- **Rule 19-8.012, Procedures to Determine Ineligibility for Participation in the Florida Hurricane**
- **Catastrophe Fund and to Determine Exemption from Participation in the Florida Hurricane Catastrophe Fund due to Limited Exposure**
- **Rule 19-8.013, Revenue Bonds Issued Pursuant to Section 215.555(6), Florida Statutes**

ADVISORY COUNCIL

The FHCF statute requires the SBA Trustees to appoint a nine-member FHCF Advisory Council to "provide the board [SBA] with information and advice in connection with its duties" under the FHCF statute. The Advisory Council is required to include an actuary, a meteorologist, an engineer, a representative of insurers, a representative of insurance agents, a representative of reinsurers, and three consumer representatives.

The practice of the FHCF is to present each proposed rule revision to the Advisory Council prior to bringing the proposal before the SBA Trustees. The Advisory Council also reviews claims-paying capacity reports.

Advisory Council meeting materials and agendas are available on the FHCF website at [https://fhcf.sbafla.com/advisory-council-home.](https://fhcf.sbafla.com/advisory-council-home)

FHCF Advisory Council Members (as of December 31, 2023)	
Donald D. Brown, Chair	Representing reinsurers
Alan B. Edwards, CLU, ChFC, Vice-Chair	Representing Insurance Agents
John F. Auer, CPCU	Representing Insurers
Kurtis R. Gurley, Ph.D.	Engineer
Bryan F. Nelson	Representing Consumers
Patricia A. Conners	Representing Consumers
Kathleen Hurta, FCAS	Actuary
Amy Godsey	Meteorologist
Vacant	Representing Consumers

HISTORICAL INFORMATION

HISTORY OF LEGISLATIVE CHANGES

The Florida Legislature adopted the original FHCF statute, Section 215.555, Florida Statutes, in a November 1993 special Legislative session (refer to Chapter 93-409, Laws of Florida). Since then, the Legislature has amended the FHCF statute many times.

2022

• Definition of “unsound insurer” added and allows authorized insurers to provide coverage for policies of an unsound insurer through an assignment of the unsound insurer’s FHCF reimbursement contract or through an assumption of the unsound insurer’s FHCF covered policies.

• Definition of “Covered Policy” amended to reflect treatment of collateral protection insurance amount. Such changes took effect June 1, 2023.

2019

• Loss adjustment expense (LAE) increased from a 5% allowance to a 10% allowance for contracts and rates effective on or after June 1, 2019.

2017

• Medical malpractice insurance permanently excluded from emergency assessments.

2016

• Medical malpractice insurance excluded from emergency assessments for any covered event through May 31, 2019.

2013

• The name of the Florida Hurricane Catastrophe Fund Finance Corporation changed to the State Board of Administration Finance Corporation.

• Medical malpractice insurance excluded from emergency assessments for any covered event through May 31, 2016.

• Outdated language relating to $10 million additional coverage and Temporary Emergency Additional Coverage Options (TEACO) removed.

• FHCF required to submit to the Legislature and Financial Services Commission an annual Probably Maximum Loss (PML) and financing options report for the upcoming hurricane season.

2011

• Definition of “losses” amended to include all incurred losses, including certain fees, and to add specificity regarding exclusions (losses under liability coverages, losses caused by non-covered perils, losses resulting from a voluntary expansion of coverage, bad-faith awards, punitive damages, amounts in excess of policy limits, and amounts paid as reimbursement for condominium association and similar loss assessments).

2010

• Contract year restored to begin June 1 and end May 31.

• Option to purchase additional FHCF coverage up to $10 million for limited apportionment companies and certain other companies with retention equal to 30% of the insurer’s surplus at a premium of 50% of the coverage selected was extended to expire on May 31, 2012.

• Reimbursement Contract to be adopted by February 1 and executed by March 1 of each contract year.

• FHCF capacity frozen at $17 billion unless there is sufficient capacity for the current contract year and an excess of $17 billion for the subsequent contract years.

• Aggregate retention reset to a base amount of $4.5 billion, subject to annual adjustment based on the change in reported exposure between 2004 and the contract year two years prior to a given contract year.

• SBA must publish by January 1, the maximum capacity for mandatory coverage, the maximum capacity for any optional coverage, and the aggregate fund retention used to calculate the insurer's retention multiples.

• Medical malpractice insurers excluded from emergency assessments for any covered event occurring prior to June 1, 2013.

2009

• Option to purchase additional FHCF coverage up to $10 million for limited apportionment companies and certain other companies with retention equal to 30% of the insurer's surplus at a premium of 50% of the coverage selected extended for two and a half years to 2011.

• 2010 Contract Year set to begin June 1 and end December 31; thereafter, contract years begin January 1 and end December 31.

• Temporary Increase in Coverage Limits (TICL) option reduced $2 billion per year with a phase out over six years, and the TICL premium increased by a factor each year respectively of 2, 3, 4, 5, and 6 by the 2013 Contract Year.

• FHCF premiums to include a 5% cash build-up factor to increase by 5% per year until the 2013 Contract Year and 25% thereafter.

• SBA authorization to increase FHCF's optional coverage limits by an additional $4 billion was repealed.

• Provision that allows for situations where the total reimbursement of losses to insurers exceeds the estimated claims-paying capacity of the fund, factors or multiples will be reduced uniformly among all insurers to be reimbursed.

• May and October publications of FHCF estimated borrowing capacity and fund balance to include "estimated claims-paying capacity."

• Authority obtained to require certain documents to be notarized.

2008

• Option to purchase additional FHCF coverage up to $10 million for limited apportionment companies and certain other companies with retention equal to 30% of the insurer's surplus at a premium of 50% of the coverage selected extended for one year.

2007

• Mandatory 25% rapid cash build-up factor for FHCF premiums repealed.

• Option to purchase additional FHCF coverage up to $10 million for limited apportionment companies and certain other companies with retention equal to 30% of the insurer's surplus at a premium of 50% of the coverage selected extended for one year.

• Option to purchase, for the 2007, 2008, and 2009 Contract Years only, additional FHCF coverage below the mandatory FHCF coverage layer; the Temporary Emergency Additional Coverage Options

(TEACO) allowed insurers to choose optional FHCF coverage based upon their share of an industry retention amount of $3 billion, $4 billion, or $5 billion.
• Option to purchase, for the 2007, 2008, and 2009 Contract Years only, additional FHCF coverage above the mandatory FHCF coverage; each insurer could purchase its share of a $12 billion Temporary Increase in Coverage Limits (TICL) option.
• SBA authorized with option to increase FHCF coverage limits by an additional $4 billion.
• Definition of "covered policy" amended to include commercial self-insurance funds that include homeowners' associations, condominium associations, etc. and these entities will be considered insurers for purposes of FHCF emergency assessments.
• Provision allowing Citizens Property Insurance Corporation to choose placement of policies transferred from a liquidated insurer under Citizen's Reimbursement Contract with the FHCF or to accept an assignment of the liquidated insurer's Reimbursement Contract with the FHCF indefinitely extended.
• Medical malpractice insurers excluded from emergency assessments for any covered event occurring prior to June 1, 2010.

2006

• FHCF premiums to include a 25% rapid cash build-up factor.
• Option to purchase, for the 2006 Contract Year only, additional FHCF coverage up to $10 million for limited apportionment companies with retention equal to 30% of the insurer's surplus at a premium of 50% of the coverage selected.

2005

• Insurance industry aggregate retention reset to $4.5 billion and set to grow with exposure growth.
• Full retention required for the insurer's two largest covered events and then only one-third of the full retention required for all other subsequent covered events.

2004

• Capacity expanded by increasing emergency assessment authority sufficient to create $15 billion of capacity and capacity to grow with exposure growth.
• A transitional option was available for those insurers who preferred to base their FHCF coverage on $11 billion overall capacity and an industry retention of $4.9 billion.
• The increase in assessment authority additionally allowed subsequent season capacity to expand to $15 billion.
• Insurance industry aggregate retention reset to $4.5 billion and designed to grow with exposure growth.
• Emergency assessment authority increased to 6% for debt service on storms occurring in one contract year with a 10% aggregate limit for all years.
• Emergency assessment base expanded to include surplus lines with provision for the insurer to collect the assessments from policyholders as premiums are paid.
• Emergency assessments may be used for debt service coverage and may also be used to refinance debt.
• Medical malpractice insurers excluded from emergency assessments for any covered event occurring prior to June 1, 2007.

- Exemption exposure limit increased to $10 million.
- Selection of reinsurers broadened.
- Rulemaking authority added to allow for interest charges on late remittances.
- Rulemaking authority added to allow for the exclusion of certain deductible buy-back and commercial residential excess policies.
- Mitigation appropriations based on the most recent fiscal year-end audited financial statements.
- Allocation of excess recoveries between Citizens Property Insurance Corporation accounts clarified.
- Flexibility provided for ALE coverage.
- Audit requirement language changed to reference “examination” in lieu of “audit.”

2002

- Coverage for additional living expense (ALE) added.
- Coverage for collateral protection insurance policies added under “covered policies” if certain conditions are met.
- Provision established for optional inclusion of a rapid cash build-up factor.

1999

- Subsequent season capacity created.
- Initial season capacity limited to $11 billion.
- Emergency assessments set at 4% for debt service on storms occurring in one contract year and a 6% aggregate limit applied for emergency assessments for all years.
- Insurers’ payout limit except for FRPCJUA and FWUA (now known as Citizens Property Insurance Corporation).
- Authority obtained to examine insurer’s records related to covered policies and losses.
- Coverage for collateral protection insurance policies excluded.

1998

- Advances provided to limited apportionment companies and residual market mechanisms.

1996

- FHCF Finance Corporation created.
- Provisions established for issuance of tax-exempt debt.
- Property and Casualty” defined for purposes of emergency assessments.

1995

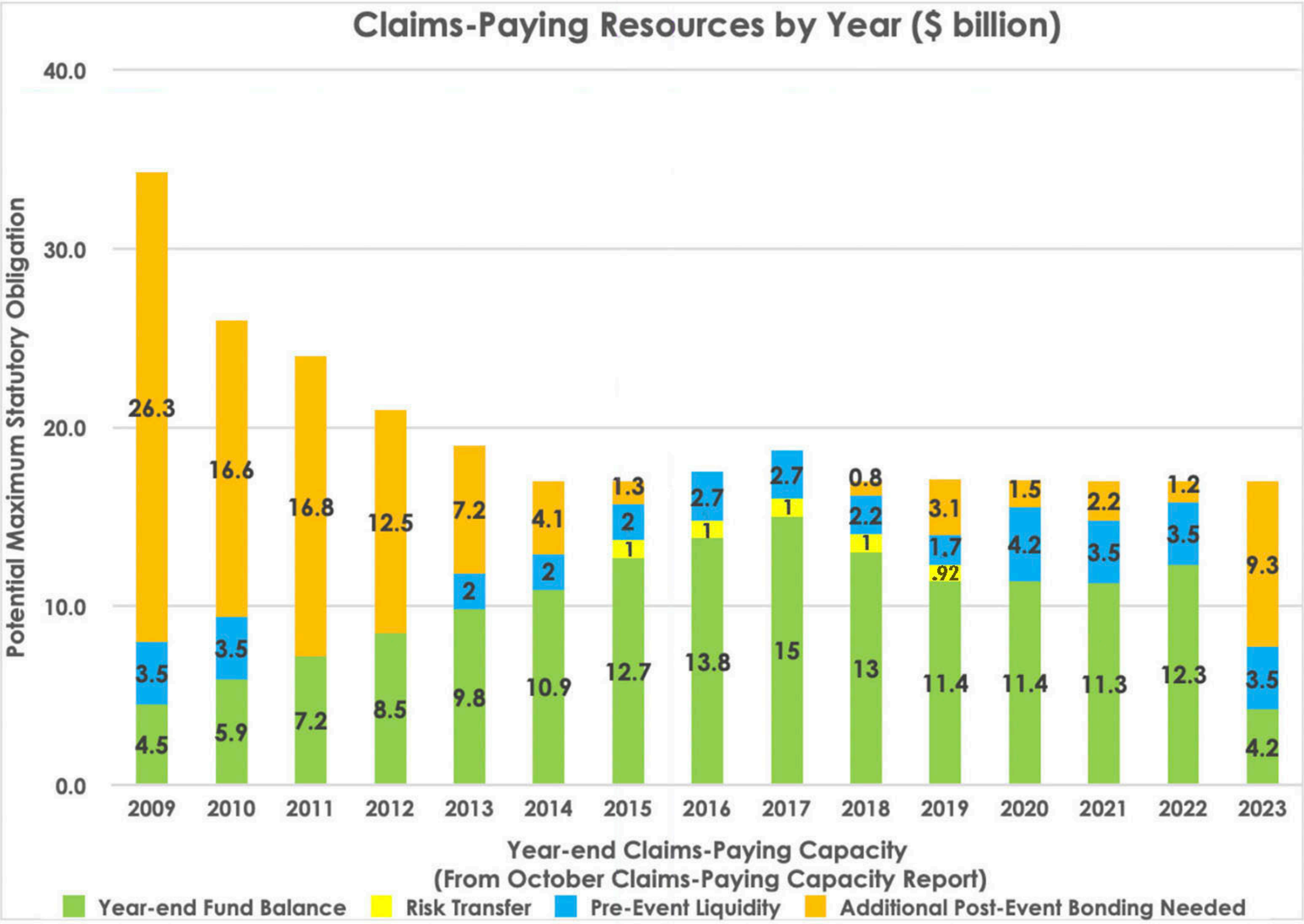
- Tax-exempt status granted to FHCF.
- Retention and Payout Multiple created.
- Three coverage options established – 45%, 75%, and 90%.
- Non-residential commercial property insurance excluded.
- Exposure reporting date moved to September 1 for exposures existing as of June 30.
- Loss reimbursement references provided to limited apportionment companies.

GENERAL STATISTICAL SUMMARY THROUGH DECEMBER 31, 2023 ($ BILLION)

Contract Year	Number of Participating Insurers	Exposure	Reimbursement Premium	Projected Year-End Balance	Aggregate Retention	Maximum FHCF Obligation (Statutory Limit plus Optional Coverages as Selected by Insurers)
1995-1996	290	747.3	0.4	0.9	3.1	N/A
1996-1997	292	754.4	0.4	1.4	2.9	N/A
1997-1998	307	760.4	0.5	2.0	3.1	N/A
1998-1999	304	770.5	0.4	2.5	2.9	N/A
1999-2000	288	798.8	0.4	3.1	3.1	11.0
2000-2001	289	881.3	0.4	3.7	3.3	11.0
2001-2002	279	922.1	0.5	4.3	3.4	11.0
2002-2003	262	1,100.1	0.5	4.9	4.1	11.0
2003-2004	240	1,192.5	0.5	5.5	4.4	11.0
2004-2005a	49	49.8	0.6	6.1	4.6	11.0
2004-2005b	187	1,270.8				15.0
2005-2006	214	1,526.9	0.7	3.1	4.7	15.0
2006-2007	213	1,791.7	1.1	1.0	5.6	15.5
2007-2008	212	2,022.8	1.3	2.1	5.8	17.9
2008-2009	200	2,115.5	1.3	2.8	6.4	27.8
2009-2010	188	2,166.2	1.5	4.5	7.2	23.1
2010-2011	175	2,164.5	1.3	5.9	6.9	18.8
2011-2012	172	2,117.4	1.3	7.2	7.1	18.4
2012-2013	170	2,076.2	1.3	8.5	7.1	17.0
2013-2014	161	2,024.1	1.3	9.8	6.9	17.0
2014-2015	161	2,046.0	1.3	11.0	7.1	17.0
2015-2016	157	2,061.7	1.2	12.7	6.6	17.0
2016-2017	158	2,129.6	1.1	13.8	6.9	17.0
2017-2018	160	2,176.5	1.1	15.0	6.8	17.0
2018-2019	165	2,275.2	1.1	13.0	7.2	17.0
2019-2020	165	2,361.3	1.1	11.4	7.4	17.0
2020-2021	157	2,499.3	1.2	11.4	7.7	17.0
2021-2022	155	2,661.2	1.2	11.3	8.2	17.0
2022-2023	150	2,911.0	1.3	12.3	8.7	17.0
2023-2024	150	3,305.8	1.5	4.2	9.1	17.0

NOTES: The projected year-end fund balance is based on the claims-paying capacity estimate immediately prior to December 31 of the contract year and does not reflect subsequent adjustments. The premiums shown are as of December 31 of the contract year and do not reflect subsequent adjustments, except that premiums for the first three contract years are as of December 31, 2003. Premiums for contract years 2007-2008 through 2013-2014 include basic ("mandatory") FHCF coverage as well as optional coverages. No optional coverages have been available for the 2014-2015 contract year or subsequent contract years. Data for the 2004-2005 contract year are split to reflect legislative changes that gave insurers a one-time choice between the coverage limit under the prior version of the statute and the amended version of the statute. The information for 2023-2024 is based on the October 24, 2023, claims-paying capacity report.

CLAIMS-PAYING RESOURCES



Notes:

- The data in the chart above is from the October Claims-Paying Capacity Report for the specified year.
- Refer to page 11 for information on debt financing, including pre-event and post-event bonding, and risk transfer.
- The ability of the FHCF to issue post-event bonds in the needed amount depends on market conditions at the time post-event bonds require the levying of emergency assessments on most property/ casualty insurance premiums.
- Year-to-year fluctuations in the maximum obligation are due to legislative changes.
- The 2016 and 2017 claims-paying capacity estimates include $0.5 billion and $1.7 billion of pre-event liquidity in excess of the statutory single-season maximum obligation of $17 billion, respectively.
- For detailed information, refer to the current and historic claims-paying capacity reports, available online at https://fhcf.sbafla.com/reports/.

PARTICIPATING INSURER'S COVERAGE

Percentage Selections

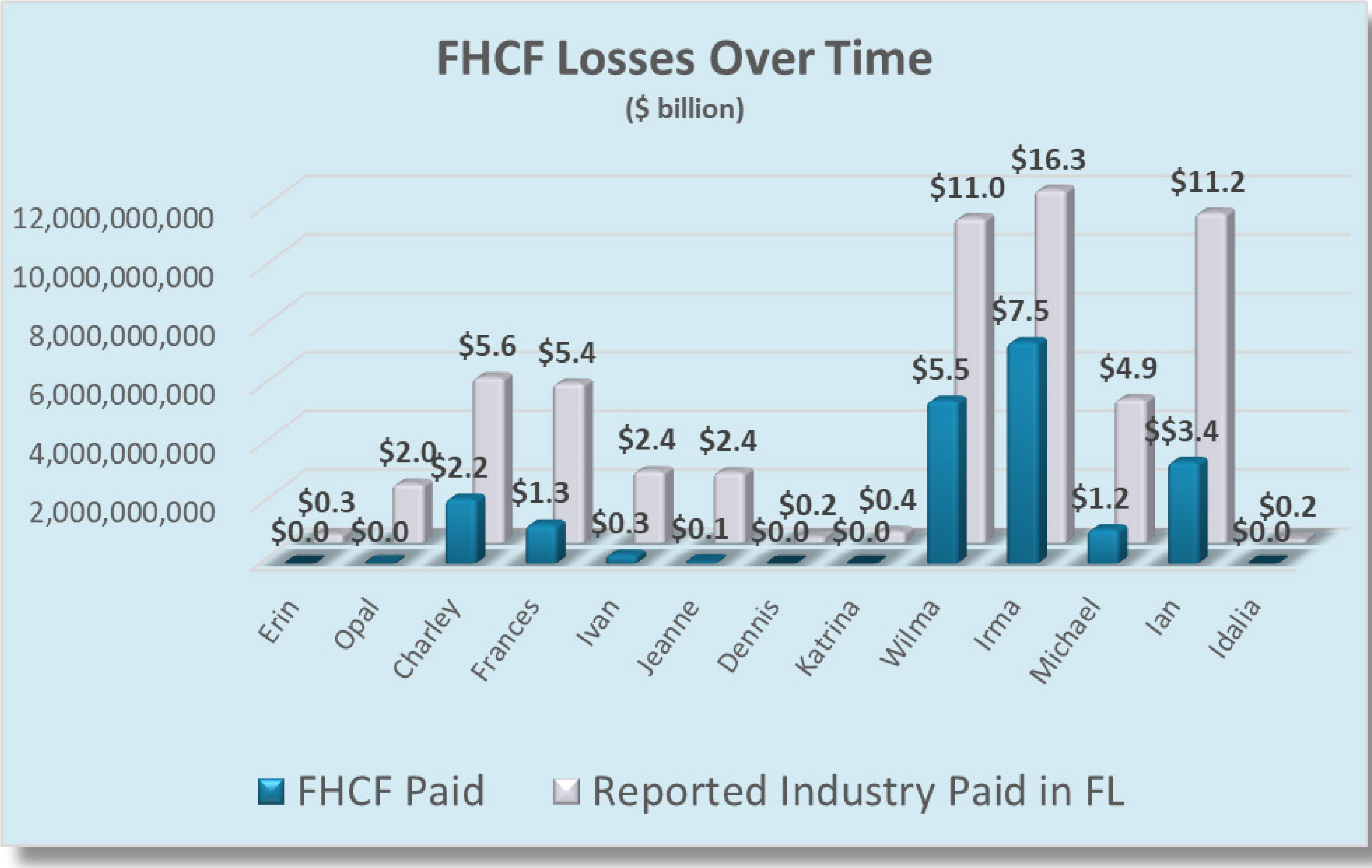
Contract Year	Total Number of Insurers	45% Coverage Selection Number of Insurers	Percent of Insurers	Percent of Premium	75% Coverage Selection Number of Insurers	Percent of Insurers	Percent of Premium	90% Coverage Selection Number of Insurers	Percent of Insurers	Percent of Premium
1995/96	290	187	64.4%	12.2%	17	5.9%	2.8%	86	29.7%	85.0%
1996/97	292	177	60.6%	9.9%	16	5.5%	2.2%	99	33.9%	87.9%
1997/98	307	170	55.4%	7.0%	15	4.9%	2.0%	122	39.7%	91.0%
1998/99	304	148	48.7%	6.2%	8	2.6%	1.3%	148	48.7%	92.5%
1999/00	288	122	42.4%	5.2%	8	2.8%	1.2%	158	54.8%	93.6%
2000/01	289	122	42.2%	4.1%	5	1.7%	0.0%	162	56.1%	95.9%
2001/02	279	99	35.5%	2.1%	2	0.7%	0.0%	178	63.8%	97.9%
2002/03	262	65	24.8%	1.3%	2	0.8%	0.0%	195	74.4%	98.7%
2003/04	240	57	23.8%	1.6%	1	0.4%	0.0%	182	75.8%	98.5%
2004/05	236	49	20.8%	1.0%	1	0.4%	0.0%	186	78.8%	99.0%
2005/06	214	36	16.8%	0.5%	0	0.0%	0.0%	178	83.2%	99.5%
2006/07	213	36	16.9%	0.5%	0	0.0%	0.0%	177	83.1%	99.6%
2007/08	212	34	16.0%	0.2%	1	0.5%	0.1%	177	83.5%	99.7%
2008/09	200	27	13.5%	0.1%	0	0.0%	0.0%	173	86.5%	99.9%
2009/10	188	22	11.7%	0.1%	0	0.0%	0.0%	166	88.3%	99.9%
2010/11	175	20	11.4%	0.1%	0	0.0%	0.0%	155	88.6%	99.9%
2011/12	172	20	11.6%	0.1%	0	0.0%	0.0%	152	88.4%	99.9%
2012/13	170	20	11.8%	0.1%	0	0.0%	0.0%	150	88.2%	99.9%
2013/14	161	19	11.8%	0.1%	0	0.0%	0.0%	142	88.2%	99.9%
2014/15	161	20	12.4%	0.2%	0	0.0%	0.0%	141	87.6%	99.9%
2015/16	157	37	23.6%	7.9%	6	3.8%	12.2%	114	72.6%	79.9%
2016/17	158	48	30.4%	34.1%	3	1.9%	0.9%	107	67.7%	65.0%
2017/18	160	55	34.4%	19.6%	3	1.9%	5.8%	102	63.8%	74.6%
2018/19	165	58	35.1%	21.5%	3	1.8%	4.8%	104	63.0%	73.7%
2019/20	165	46	27.9%	9.1%	8	4.8%	7.4%	111	67.3%	83.6%
2020/21	157	33	21.0%	4.5%	5	3.2%	1.0%	119	75.8%	94.5%
2021/22	155	30	19.4%	4.9%	3	1.9%	0.3%	121	78.1%	94.9%
2022/23	150	27	18.0%	5.5%	3	2.0%	0.3%	120	80.0%	94.2%
2023/24	140	12	8.6%	3.0%	0	0.0%	0.0%	128	91.4%	97.0%

HISTORICAL LOSSES

Hurricane Name	Landfall Date	FHCF Paid	Reported Industry Paid in Florida	% of Reported Paid in Florida
Erin	8/2/1995	59,429	289,000,000	0.0%
Opal	10/4/1995	13,000,000	2,000,000,000	0.7%
Charley	8/13/2004	2,192,817,892	5,625,724,216	39.0%
Frances	9/5/2004	1,313,617,491	5,417,759,217	24.2%
Ivan	9/16/2004	283,602,146	2,427,257,517	11.7%
Jeanne	9/25/2004	69,262,522	2,388,968,705	2.9%
Dennis	7/10/2005	390,401	215,323,989	0.2%
Katrina	8/25/2005	149,992	387,786,477	0.0%
Wilma	10/23/2005	5,535,455,718	11,038,707,351	50.1%
Irma	9/10/2017	7,524,774,665	16,269,000,000	46.3%
Michael	10/10/2018	1,155,450,126	4,880,000,000	23.7%
Ian	9/28/2022	3,345,833,940	11,124,000,000	30.1%
Idalia	8/30/2023	-	152,000,000	0.0%

As of 12/31/2023. Does not reflect the total value of Florida residential losses, as insurers do not report losses to the FHCF after they have reached their coverage limit.

HISTORICAL LOSSES OVER TIME ($ BILLION)



FHCF FUNDING FOR HURRICANE LOSS MITIGATION

Fiscal Year	Amount Appropriated by the Florida Legislature	Amount Vetoed by the Governor	Amount Funded by the FHCF
1997-1998	$10,000,000	$2,822,400	$7,177,600
1998-1999	$12,500,000	$0	$12,500,000
1999-2000	$10,300,000	$2,200,000	$8,100,000
2000-2001	$12,200,000	$0	$12,200,000
2001-2002	$30,000,000	$0	$30,000,000
2002-2003	$19,075,309	$0	$19,075,309
2003-2004	$10,000,000	$0	$10,000,000
2004-2005	$10,000,000	$0	$10,000,000
2005-2006	$10,000,000	$0	$10,000,000
2006-2007	$10,000,000	$0	$10,000,000
2007-2008	$10,000,000	$0	$10,000,000
2008-2009	$10,000,000	$0	$10,000,000
2009-2010	$10,000,000	$0	$10,000,000
2010-2011	$10,000,000	$0	$10,000,000
2011-2012	$10,000,000	$0	$10,000,000
2012-2013	$10,000,000	$0	$10,000,000
2013-2014	$10,000,000	$0	$10,000,000
2014-2015	$10,000,000	$0	$10,000,000
2015-2016	$10,000,000	$0	$10,000,000
2016-2017	$10,000,000	$0	$10,000,000
2017-2018	$10,000,000	$0	$10,000,000
2018-2019	$13,500,000	$0	$13,500,000
2019-2020	$13,500,000	$0	$13,500,000
2020-2021	$13,500,000	$0	$13,500,000
2021-2022	$13,500,000	$0	$13,500,000
2022-2023	$10,000,000	$0	$10,000,000
2023-2024	$10,000,000	$0	$10,000,000
TOTAL	**$318,075,308.00**	**$5,022,400**	**$313,052,909**

The FHCF statute requires that the Legislature annually appropriate funds from the investment income of the FHCF for the purpose of reducing future hurricane losses and related activities. A minimum of $10 million must be appropriated each year, up to a maximum of 35 percent of the prior audited year's investment income. The allocation of a portion of FHCF funds to the broad public purpose of hurricane loss mitigation was one of the factors that the U.S. Internal Revenue Service relied on in determining the tax-exempt status of the FHCF.

State Board of Administration of Florida
Florida Hurricane Catastrophe Fund
1801 Hermitage Boulevard, Suite 100
Tallahassee, FL 32308