

SUMMARY OF MINUTES¹

March 21, 2024

A meeting of the Florida Hurricane Catastrophe Fund (FHCF) Advisory Council was held on Thursday, March 21, 2024, at the Hermitage Centre in Tallahassee, Florida. The meeting began at approximately 1:30 p.m. and concluded at 2:37 p.m. ET.

FHCF Advisory Council Members participating:

John Auer (by phone)

Don Brown

Patricia Conners (by phone)

Amy Godsey

Kurt Gurley (by phone)

Kathy Hurta (by phone)

Bryan Nelson (by phone)

FHCF Advisory Council Members absent:

Alan Edwards

Item 1 – CALL MEETING TO ORDER

Don Brown, Immediate Past Chair, called the meeting to order.

Item 2 – ROLL CALL

Mr. Brown called roll and noted a quorum was present.

Item 3 – APPROVAL OF THE OCTOBER 24, 2023, MEETING MINUTES

A motion was made by Patricia Conners, seconded by Bryan Nelson, and the October 24, 2023, minutes were approved unanimously.

Item 4 – ELECTION OF VICE CHAIR

In accordance with the Advisory Council Member Handbook, in the first quarter of each calendar year the Chair's term of office expires, the Vice Chair rotates into the office of Chair, and a Vice Chair is chosen. Alan Edwards rotated into the office of Chair, and the floor was opened for nominations for the position of Vice Chair. Mr. Brown nominated Ms. Conners as Vice Chair. Mr. Nelson made a motion to approve the nomination of Ms. Conners which was seconded by Kurt Gurley. A vote approving Ms. Conners as Vice Chair passed unanimously.

Item 5 – PRESENTATION OF THE 2024 REIMBURSEMENT PREMIUM FORMULA

Andy Rapoport and Brian Mittleberg, independent actuarial consultants with Paragon Strategic Solutions Inc., presented the Council with an overview of the ratemaking process and changes in the 2024 reimbursement premium formula which included: a modeled projected exposure trend increase from 8.59% in 2023 to 9.37% in 2024; modeled loss costs decrease of 8.6% in 2024 compared to a decrease of 5.5% in 2023; additional bonding expense of \$30.6 million for new pre-event notes to increase liquidity; removal of the explicit adjustment for law and ordinance since modelers are

¹ This document is a summary of the official minutes for the FHCF Advisory Council. The official minutes consist of the complete recorded transcript. The content of this Summary of Minutes document may not have been taken from the official transcript and should not be relied upon for any official purpose. The official transcript is available upon request from the FHCF.

including the impact in the loss costs; removal of the \$10 million mitigation funding from the rates as it will come out of investment income in 2024; and an expansion and refinement of the mobile home rating groups from 3 to 5 based on year built.

There is a slight shift in average coverage from 87.36% to 86.87% driven by one group of companies selected 45% coverage rather than 90%. There is large exposure growth in commercial business which is due to limited coverage availability in the excess and surplus lines market.

The rates developed in the 2024 Ratemaking Formula Report assume an FHCF per event retention of \$9.929 billion with an FHCF limit of \$17.0 billion, resulting in an average rate decrease of 7.38%. Overall indications of the ratemaking formula report were provided including premium, rates and coverages, modeled losses, loadings and factors, and the proposed 2024 rating territories.

Items 6 & 7 – DISCUSSION OF RULE 19-8.028, REIMBURSEMENT PREMIUM FORMULA, VOTE ON THE 2024 REIMBURSEMENT PREMIUM FORMULA, AND FILING RULE 19-8.028 FOR NOTICE AND ADOPTION IF NO HEARING IS REQUESTED OR IF A HEARING IS REQUESTED AND NO CHANGES ARE NEEDED

Mary Linzee Branham, FHCF Director of Legal & Risk Operations, reviewed the proposed revisions to Rule 19-8.028, Reimbursement Premium Formula. After questions and discussion on the rule, reimbursement premium formula, and proposed rates, a motion was made by Mr. Nelson and seconded by Dr. Gurley to approve the 2024 reimbursement premium formula and file Rule 19-8.028 for notice and adoption. The motion passed unanimously.

Item 8 – FHCF CHIEF OPERATING OFFICER’S REPORT

Gina Wilson, FHCF Chief Operating Officer, updated the Council on hurricane loss reimbursements stating \$1.16 billion has been paid of the expected \$1.45 billion of Hurricane Michael claims, \$3.45 billion has been paid of the expected \$10 billion Hurricane Ian claims, and \$146 thousand has been paid of the expected \$30 million for Hurricane Idalia claims. Ms. Wilson reported the Fund has approximately \$8.5 billion in available liquidity consisting of a projected year-end fund balance of \$6.2 billion plus \$2.3 billion in pre-event 2020A bonds. The total resources are \$8.5 billion below the statutory limit of \$17 billion.

Ms. Wilson reported that during the 2024 Florida Legislative Session no legislation was passed directly affecting the FHCF.

Ms. Wilson reported the FHCF is in the process of seeking the services of a management consultant to evaluate the FHCF’s current technology environment and infrastructure.

Ms. Wilson provided an update on recent and upcoming activities of the FHCF staff.

Item 9 – SCHEDULE AND AGENDA FOR UPCOMING MEETINGS

Ms. Wilson informed the Council that the next meeting will be May 16, 2024, at 1:30 p.m. to review and vote on the May 2024 claims-paying capacity estimates. A tentative conference call meeting is scheduled for July 10, 2024, at 1:30 p.m. and will only be held if a rule hearing is requested for Rule 19-8.028, Reimbursement Premium Formula, to discuss comments received at the rule hearing.

Item 10 – AUDIENCE COMMENTS/CLOSING REMARKS/ADJOURN

There being no further business, the meeting was adjourned.