Florida Hurricane Catastrophe Fund

Advisory Council Meeting

October 24, 2023

AGENDA

1. Call Meeting to Order – *Don Brown, Chair*
2. Roll Call – *Don Brown, Chair*
3. Approval of the July 11, 2023, Meeting Minutes – *Don Brown, Chair*
4. Discussion of the 2024 Data Call and Rule 19-8.029, Insurer Reporting Requirements and Responsibilities – *Mary Linzee Branham*
5. Vote on Filing Rule 19-8.029 and Incorporated Forms for Notice and Adoption if No Hearing is Timely Requested or if a Hearing is Requested and No Changes are Necessary – *Don Brown, Chair*
6. Discussion of Advisory Council Member Handbook Updates – *Mary Linzee Branham*
7. Vote to Amend the Advisory Council Member Handbook – *Don Brown, Chair*
8. Financial Market Update and Presentation of the Draft October 2023 Claims-Paying Capacity Estimates – *Kapil Bhatia, Raymond James & Associates, Inc.*
9. Vote on the October 2023 Claims-Paying Capacity Estimates – *Don Brown, Chair*
10. FHCF Chief Operating Officer's Report – *Gina Wilson*
11. Schedule & Agenda for Next Meeting – *Gina Wilson*

DISCUSSION OF THE 2024 DATA CALL AND RULE 19-8.029, INSURER REPORTING REQUIREMENTS AND RESPONSIBILITIES

Mary Linzee Branham

VOTE ON FILING RULE 19-8.029 AND INCORPORATED FORMS FOR NOTICE AND ADOPTION IF NO HEARING IS TIMELY REQUESTED OR IF A HEARING IS REQUESTED AND NO CHANGES ARE NECESSARY

Don Brown, Chair

DISCUSSION OF ADVISORY COUNCIL MEMBER HANDBOOK UPDATES

Mary Linzee Branham

VOTE TO AMEND THE ADVISORY COUNCIL MEMBER HANDBOOK

Don Brown, Chair

FINANCIAL MARKET UPDATE AND PRESENTATION OF THE DRAFT OCTOBER 2023 CLAIMS-PAYING CAPACITY ESTIMATES

Kapil Bhatia, Raymond James & Associates, Inc.

VOTE ON THE OCTOBER 2023 CLAIMS-PAYING CAPACITY ESTIMATES

Don Brown, Chair

FHCF CHIEF OPERATING OFFICER'S REPORT

- Hurricane Loss Reimbursements Update
- FHCF Coverage Charts
- Examination Programs Update
- Recent and Upcoming Activities

FHCF HURRICANE LOSSES

Summary of Reported Losses

As of September 30, 2023 ($ Billions)

	Irma	Michael	Ian	Idalia	Total
Projected Industry Ultimate Total Incurred Loss (prior to FHCF retention & co-pay)	$16.38	$5.56	$22.21	$1.10	**$45.25**
Projected FHCF Ultimate Total Incurred Loss	$7.55	$1.45	$10.00	$0.03	**$19.03**

FHCF Paid Losses

As of September 30, 2023 ($ Billions)

Year	Covered Event	# of Insurers Paid to Date	# Insurers Expected to be Paid	Total Paid to Date
2017	Irma	102	102	$7.46
2018	Michael	38	40	$1.15
2022	Ian	53	96	$2.46
2023	Idalia	0	TBD	$0

2023/2024 CONTRACT YEAR

Preliminary Estimates

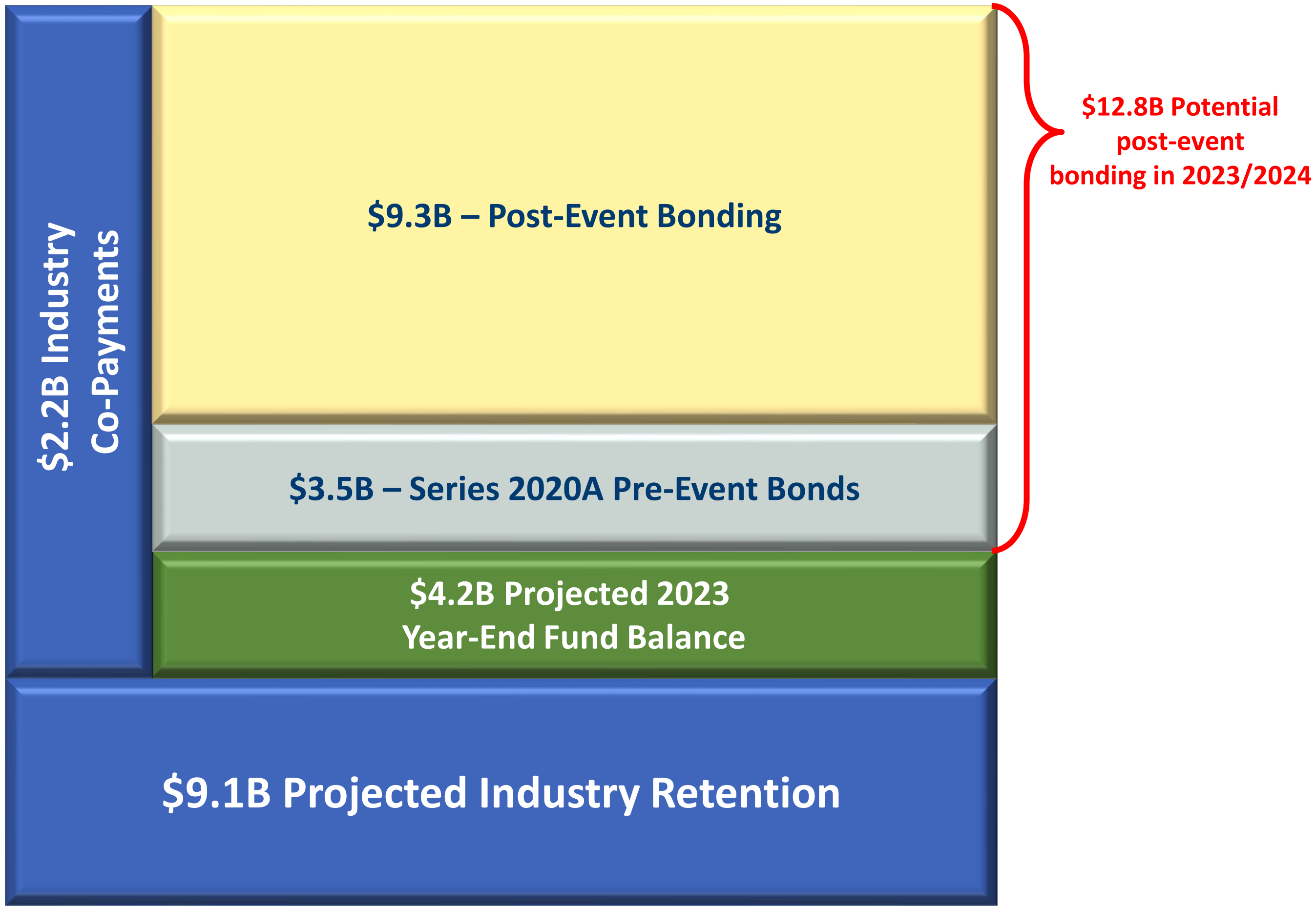
Maximum Coverage Chart - $17B FHCF Capacity

as of October 13, 2023

Not Drawn to Scale
(For Illustrative Purposes Only)

(Loss Adjustment Expense of 10% is included in the capacity)

Projected Year-End Fund Balance is net of $7.55B for Hurricane Irma, $1.45B for Hurricane Michael and $10B for Hurricane Ian



(in billions)

$4.2	Projected Fund Balance
$3.5	2020A Bonds
$7.7	Total Liquid Resources
$7.8	0-12 Month Capacity
$1.5	12-24 Month Capacity
$9.3	October 2023 Estimated Borrowing Capacity
$17.0	October 2023 Estimated Claims-Paying Capacity

- **Relevant data is aggregated for all participating insurers. Each participating insurer has its own retention and maximum coverage level. All insurers would 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.**

2024/2025 SUBSEQUENT SEASON

Preliminary Estimates

as of October 13, 2023

Maximum Coverage Chart - $17B FHCF Capacity

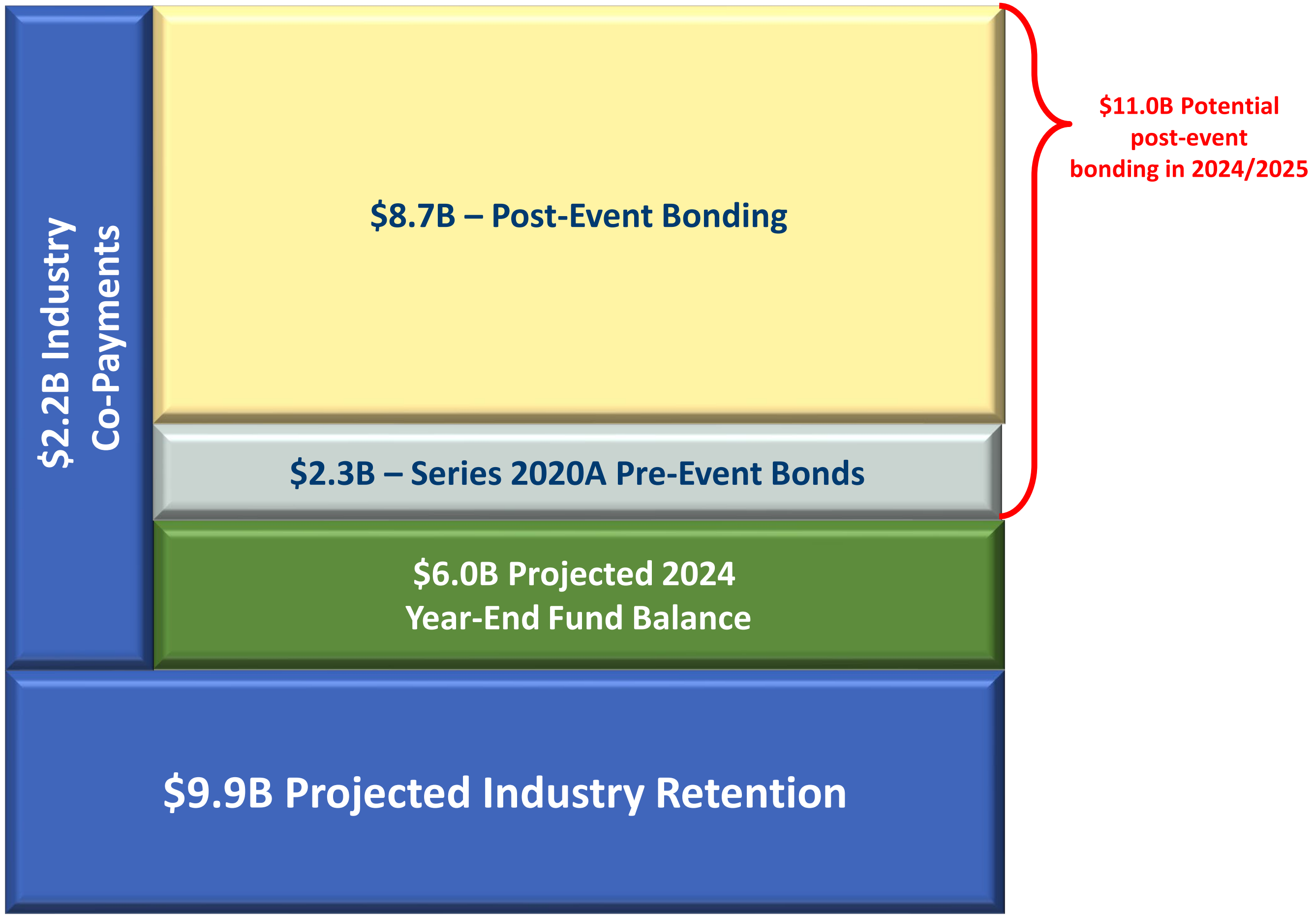
(Loss Adjustment Expense of 10% is included in the capacity)

Assumes no additional hurricanes in 2023 and no increase in losses for hurricanes occurring in prior years

Projected Year-End Fund Balance is net of $7.55B for Hurricane Irma, $1.45B for Hurricane Michael and $10B for Hurricane Ian

Not Drawn to Scale

(For Illustrative Purposes Only)

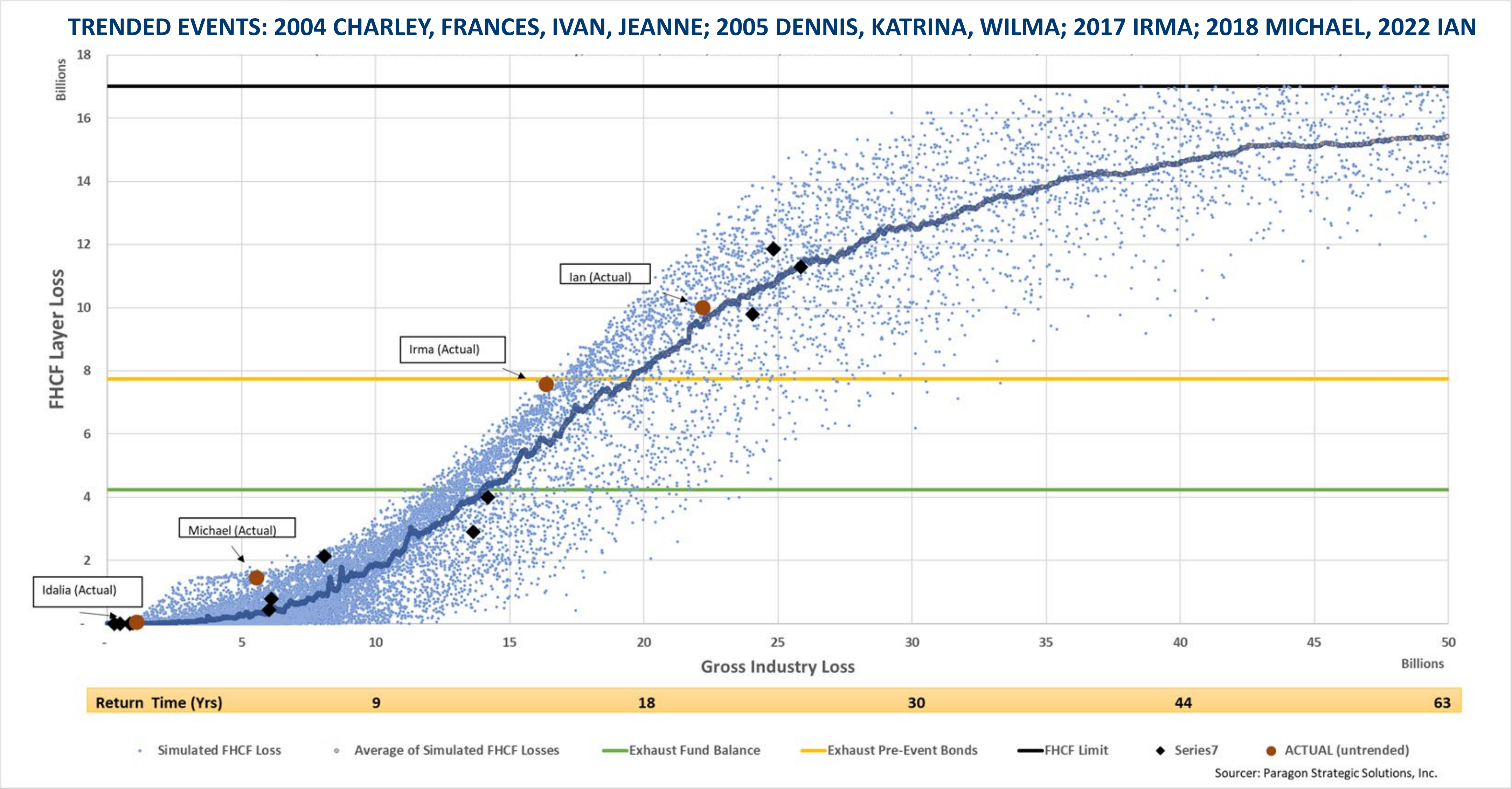


(in billions)

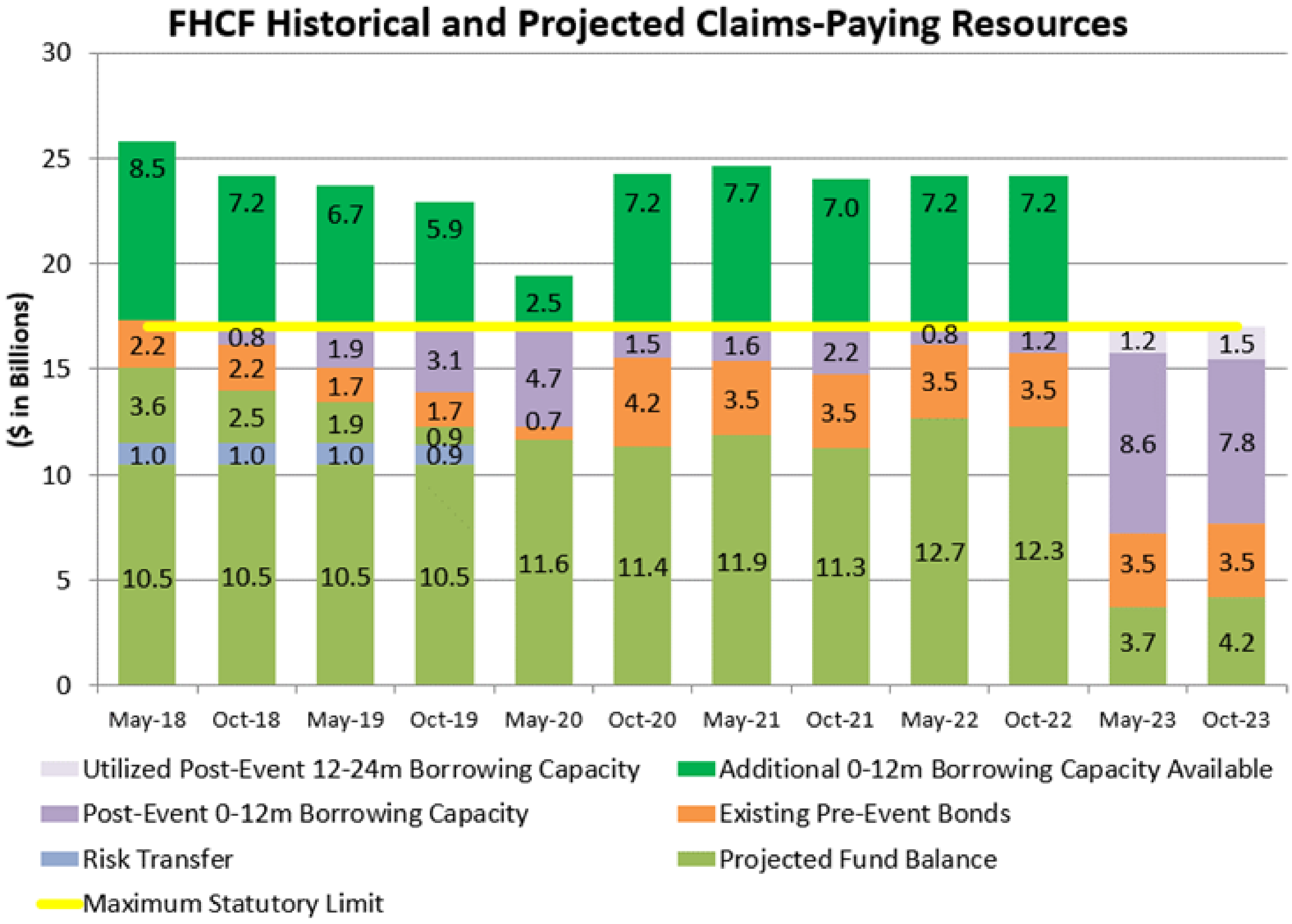
$6.0	Cash
$2.3	2020A Bonds
$8.3	Total Resources
$17.0	Statutory Limit
$8.7	Potential Additional Bonding Needed

- **Relevant data is aggregated for all participating insurers. Each participating insurer has its own retention and maximum coverage level. All insurers would 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.**

FHCF 2023 VERISK & RMS ADJUSTED SIMULATED LOSSES: GROSS LOSS vs FHCF LAYER LOSS



HISTORICAL RESOURCES



EXAMINATION PROGRAMS UPDATE

Tim Butler, Director of Examinations

2022/2023 and 2023/2024 Contract Years Exposure & Assumption Exams, and Hurricanes Irma (2017) & Michael (2018) Claims Exams

Contract Year (6/1 thru 5/31)

Exposure Exams	22/23	23/24
Participating insurers	150	148
Insurers 99% of premium	76	69
Insurers 1% of premium	74	79
Exposure exams	79	81
Premium examined	99.1%	99.2%
Assumption exams	3	7

Claims Exams	Irma	Michael	Ian
Completed	88	24	0
Scheduled or in progress	0	7	1
To be scheduled	0	0	66

RECENT ACTIVITIES

- External Audits
  - Financial Statement Audit by Crowe
  - Auditor General Operational Audit
- Commutation of Hurricane Irma Losses
- FHCF Examinations
  - Hurricane Ian Claims Examination Planning Meeting
  - Commencement of 2023 Exposure Examinations
- Florida Commission on Hurricane Loss Projection Methodology Committee meetings to discuss the 2023 hurricane standards and acceptability process

UPCOMING ACTIVITIES

- Hurricane Ian claims examinations commence in 2024
- Hurricane Michael commutation process
- Florida Commission on Hurricane Loss Projection Methodology October 25 & 26 meetings to adopt 2023 hurricane standards, acceptability process, and Report of Activities
- Professional Team meeting to review flood models submitted under the Commission’s acceptability process and 2021 Flood Standards
- Insurtech Conference
- Florida Chamber Insurance Summit

SCHEDULE & AGENDA FOR NEXT MEETING

Gina Wilson

November 28, 2023, 1:30 p.m. ET (Tentative Conference Call)

- To be held only if a rule hearing is requested and held for Rule 19-8.010, Reimbursement Contract, to review comments made at the rule hearing

Date To Be Determined, 1:30 p.m. ET (Tentative Conference Call)

- To be held only if a rule hearing is requested and held for Rule 19-8.029, Insurer Reporting Requirements and Responsibilities, to review comments made at the rule hearing

AUDIENCE COMMENTS/CLOSING REMARKS/ADJOURN

Don Brown, Chair