Report Prepared for the
Florida Hurricane Catastrophe Fund

Claims-Paying Capacity Estimates

October 30, 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

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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*

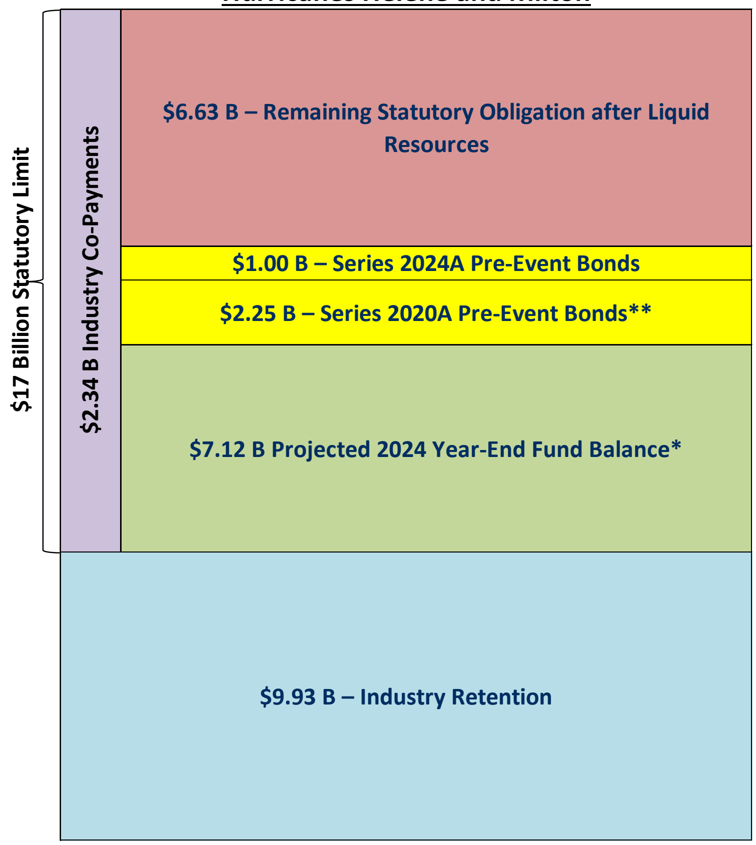
(5) *Investment earnings on accumulated reimbursement premiums and emergency assessments*

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 $10.37 billion, which is comprised of $7.12 billion of projected year-end fund balance, $2.25 billion of the $3.50 billion Series 2020A pre-event bond proceeds, and $1 billion of Series 2024A pre-event bond proceeds.

The chart on the following page summarizes the sources of funds for the FHCF's statutory limit and estimated claims-paying capacity for the 2024-2025 Contract Year prior to Hurricanes Helene and Milton. The $9.93 billion industry retention is the maximum loss amount retained by the industry below the FHCF coverage layer. The $7.12 billion 2024 year-end projected fund balance is based on assumptions prepared by Paragon Strategic Solutions Inc. ("Paragon"), the FHCF's independent actuary, and Raymond James, the FHCF's financial advisor, and reflects the loss reserves for Hurricanes Ian and Idalia, but does not reflect loss estimates for Hurricanes Helene and Milton. 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 FHCF's preliminary projected coverage for the 2025-2026 Contract Year after Hurricanes Helene and Milton losses is summarized on page 15.

FHCF Statutory Limit[1] and Estimated Claims-Paying Capacity for 2024-2025 Contract Year Prior to Hurricanes Helene and Milton



Numbers may not add due to rounding. Not drawn to scale
** Paragon Strategic Solutions, the FHCF's consulting actuary, has projected the range of FHCF losses from 2024 Hurricanes Helene and Milton to be between $1.6-$6.2 billion with a point estimate of $4.6 billion. However, no assurance can be given that actual losses will fall within this range of projections. Assumes no growth in Hurricane Ian losses.*
*** $1.25 billion of the currently outstanding $3.50 billion 2020A Pre-Event Bonds matures on July 1, 2025 and will be used to pay the principal due on July 1, 2025.*

Hurricane Debby made landfall near Steinhatchee in the Big Bend area of Florida on August 5th as a Category 1 storm. Hurricane Helene made landfall in the Big Bend area of the Florida gulf coast on September 26th, 2024 as a Category 4 hurricane, and only thirteen days later Hurricane Milton made landfall near Siesta Key on the Florida gulf coast on October 9th, 2024 as a Category 3 hurricane. Paragon currently projects that the FHCF will not have any losses from Hurricane Debby and that the FHCF's share of losses for Hurricane Helene will range from $18 million to $441 million, with an initial point estimate of $100 million, and for Hurricane Milton the FHCF's share of losses will range from $1.6 billion to $5.8 billion with an initial point estimate of $4.5 billion. There is significant uncertainty regarding the ultimate loss amount as losses are just beginning to develop. Estimates are based on the output models; therefore, there is no guarantee that actual losses will fall within the projected range. Due to the preliminary nature of these estimates, reserves have not yet been established.

[1] *The maximum statutory limit is $17 billion. The remaining industry coverage obligation after adjusting for the point estimate of $4.6 billion for loss estimates from Hurricanes Helene and Milton is $12.4 billion.*

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
Projected Remaining Fund Balance Exhausted*	2.5	12.0	10
Pre-Event Bonds Exhausted**	5.8	17.3	14
$9.5 Billion FHCF Layer (Ian Level)	9.5	23.2	19
Maximum Statutory Limit	17.0	109.8	250

Source: Paragon Strategic Solutions.
Return times and ground up losses are based on probabilities for the entire season and are shown for illustrative purposes only.
** Projected fund balance reflects allocating $4.6 billion for Hurricane Helene and Milton loss estimates.*
*** Pre-event bonds of $3.25 billion excludes $1.25 billion of the outstanding $3.50 billion Series 2020A bonds being used to pay the July 1, 2025 principal payment.*

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 $28 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 for all types of catastrophe perils across the country and its 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. Raymond James ranks as the number one financial advisor to state-sponsored public insurance entities and ise among the top ten municipal underwriters in the country and participates 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 has 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 $1.5 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 after Hurricanes Helene and Milton 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[2]. 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 very large and diversified 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, even at above current market rates. We have utilized rates of 6% for the initial season and 7% for the subsequent season in the table on page 15, which are above current 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 vary over time. It is unlikely the FHCF would not be able to access debt capital markets after an event; however, the favorability and accessability of debt capital markets will depend on market conditions at that time. Therefore, it is critical to understand the risk and potential challenges the FHCF may face after an event.

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. As

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

reinsurance markets have stabilized this year, many carriers have experienced an increase in reinsurance capacity. 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 $7.77 billion of liquid resources for the 2024-2025 Contract Year after allocating $4.6 billion for Hurricane Helene and Milton loss estimates. The FHCF's 2024-2025 Contract Year liquidity resources have been adjusted for paid losses, loss reserves, and loss estimates in the total amount of approximately $12.1 billion for Hurricanes Ian, Idalia, Helene, and Milton. At this time, the FHCF's projected losses incurred are $9.5 billion from Hurricane Ian, and $1 million from Hurricane Idalia. Initial loss estimates are $100 million from Hurricane Helene and $4.5 billion from Hurricane Milton.

FHCF Obligations and Liquidity Resources – 2024-2025 Contract Year	Amount ($B)
Total Potential FHCF Obligations	**$17.00**
2024 Hurricane Helene and Milton Loss Estimates*	**($4.60)**
FHCF Obligation after 2024 Hurricane Loss Estimates	**$12.40**
Projected Remaining 2024 Year-End Fund Balance*+	**$2.52**
Series 2020A Pre-Event Bonds Balance**	**$2.25**
Series 2024A Pre-Event Bonds Balance	**$1.00**
Total Liquidity Resources	**$5.77**
Total Liquidity Resources Below Potential Obligations	**$6.63**

Numbers may not add due to rounding.

** Paragon Strategic Solutions, the FHCF's consulting actuary, has projected the range of FHCF losses from 2024 Hurricanes Helene and Milton to be between $1.6-$6.2 billion with a point estimate of $4.6 billion. However, no assurance can be given that actual losses will fall within this range of projections.*

+ Assumes no growth in Hurricane Ian losses.

*** $1.25 billion of the currently outstanding $3.50 billion 2020A Pre-Event Bonds matures on July 1, 2025 and will be used to pay the principal due on July 1, 2025.*

After any additional event, if the losses 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. As shown in the next two charts, the largest single issuance since 2021 was $3.52 billion. Given the amount of time it takes for losses to develop after a hurricane of any significant size, the FHCF may issue multiple series of post-event bonds over time to reimburse claims. 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 9 show that the largest cumulative amount issued by a single issuer in a single calendar year since 2021 has ranged from $7.67-$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 Bonds	$1,188
16	Regents of the University of California	CA	2022	Medical Ctr Pooled Rev Bonds	$1,100
17	Regents of the University 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	Dallas Area Rapid Transit Auth	TX	2021	Senior Lien Sales Tax Rev Bonds	$908
23	Virginia Small Business Fin Auth	VA	2022	Sub Lien Revenue Ref Notes	$841
24	Texas Public Finance Auth (TPFA)	TX	2021	GO & Refunding Bonds	$832
25	Pennsylvania Econ Dev Fin Auth	PA	2021	Revenue Bonds	$828

Source: Thomson Financial for long-term negotiated taxable issuances from January 1, 2021 to September 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	$2,876
3	California	CA	2024	Various Purpose GO & Ref Bonds	$2,609
4	California	CA	2024	Various Purpose GO & Ref Bonds	$2,584
5	California	CA	2023	Var Purp GO & Ref Bonds	$2,582
6	California	CA	2023	Various Purpose GO & Ref Bonds	$2,553
7	NYS Dorm Authority	NY	2022	State Personal Inc Tax Rev Bonds	$3,090
8	Illinois	IL	2023	General Obligation & Ref Bonds	$2,511
9	California	CA	2022	Various Purpose GO & Ref Bonds	$2,317
10	NYC Transitional Finance Auth	NY	2024	Future Tax Secured Sub Bonds	$2,460
11	Jefferson Co-Alabama	AL	2024	Sewer Revenue Warrants	$2,243
12	California	CA	2021	Various Purp GO & Refunding Bonds	$2,095
13	South Carolina Jobs Econ Dev Au	SC	2024	Health Care Facs Rev Bonds	$1,910
14	Regents of the University of California	CA	2022	Medical Ctr Pooled Rev Bonds	$3,000
15	Massachusetts	MA	2024	GO Cons Loan & Ref Bonds	$1,882
16	California	CA	2022	Various Purpose GO & Ref Bonds	$2,229
17	NYS Dorm Authority	NY	2021	State Personal Inc Tax Rev Bonds	$2,163
18	Regents of the University of California	CA	2023	General Revenue Bonds	$2,168
19	California	CA	2021	GO Various Purpose & Ref Bonds	$1,842
20	Illinois	IL	2022	General Obligation & Ref Bonds	$1,638
21	District of Columbia	DC	2024	General Obligation Bonds	$1,589
22	Illinois	IL	2024	General Obligation Bonds	$1,800
23	California Comm Choice Fin Auth	CA	2024	Clean Energy Proj Rev Bonds	$1,524
24	Triborough Bridge & Tunnel Auth	NY	2024	Sales Tax Rev Bonds	$1,650
25	NYC Transitional Finance Auth	NY	2024	Future Tx Secured Sub Bonds	$1,800

Source: Thomson Financial for long-term negotiated tax-exempt issuances from January 1, 2021 to September 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

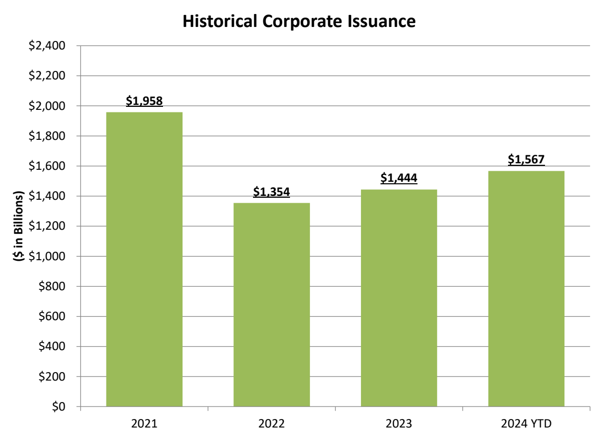
Largest 25 Issuers By Issued Par Amount 2024 YTD		
Rank	Issuer Name	Par ($MM)
1	**NYC Transitional Finance Auth**	**$7,672**
2	California	$6,678
3	NYS Dorm Authority	$6,468
4	Florida Development Fin Corp	$5,587
5	New York City-New York	$5,561
6	Triborough Bridge & Tunnel Auth	$4,310
7	Massachusetts	$4,197
8	Regents of the University of California	$4,171
9	Illinois	$4,088
10	Los Angeles USD	$3,970
11	NYC Municipal Water Fin Auth	$3,756
12	California Comm Choice Fin Auth	$3,586
13	Texas Transportation Commission	$3,517
14	Washington	$3,456
15	New Hampshire National Fin Auth	$2,925
16	Massachusetts Dev Finance Agcy	$2,775
17	New York Transportation Development C	$2,550
18	San Antonio City-Texas	$2,408
19	Main Street Natural Gas Inc	$2,305
20	Chicago City-Illinois	$2,266
21	Jefferson Co-Alabama	$2,243
22	California Health Facs Fin Auth	$2,172
23	Univ of Texas Sys Bd of Regents	$2,163
24	Los Angeles Dept Wtr & Pwr (LADWP)	$2,155
25	South Carolina Jobs Econ Dev Au	$2,153

Source: Thomson Financial for long-term issuances from January 1, 2021 to September 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 with $1.25 billion maturing on July 1, 2025. By comparison, for example, since 2021, the State of California has completed 32 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 54 long-term bond issues totaling over $27 billion, and the Commonwealth of Massachusetts has completed 33 long-term bond issues totaling over $15 billion. The FHCF's debt has historically 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.

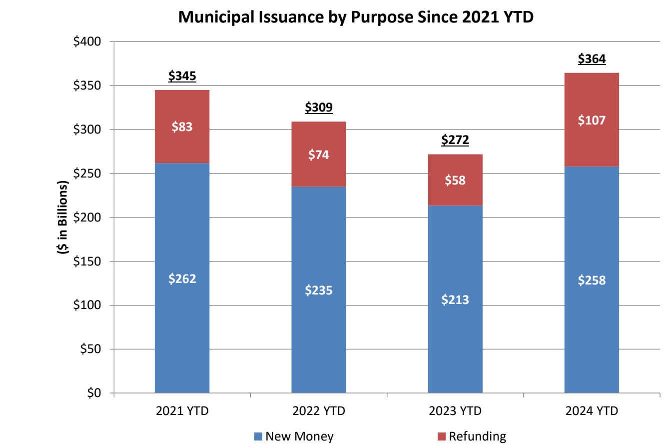
Analysis of potential market acceptance of large amounts of FHCF debt must include not only relevant historical references, but also an evaluation of current market conditions and cash flow needs. Market conditions in both tax-exempt and taxable municipal markets, as well as in the corporate market,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

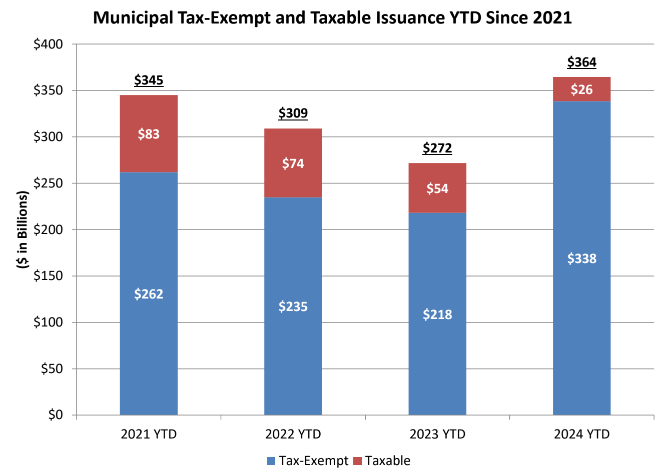
In 2023, corporate issuance was over $1 trillion, which was flat to 2022 issuance of $1 trillion. The corporate bond market has topped $1 trillion each year since 2011 while rates were historically low, but rates are volatile and issuance waned in 2023 due to the higher rate environment, wider credit spreads, and uncertainty in the marketplace. Through September 30, 2024, corporate bond issuance is at $1.6 trillion, or 33% higher than the $1.2 trillion issued over the same time period in 2023, which is primarily due to corporate issuers refinancing debt to take advantage of lower spreads in 2024.

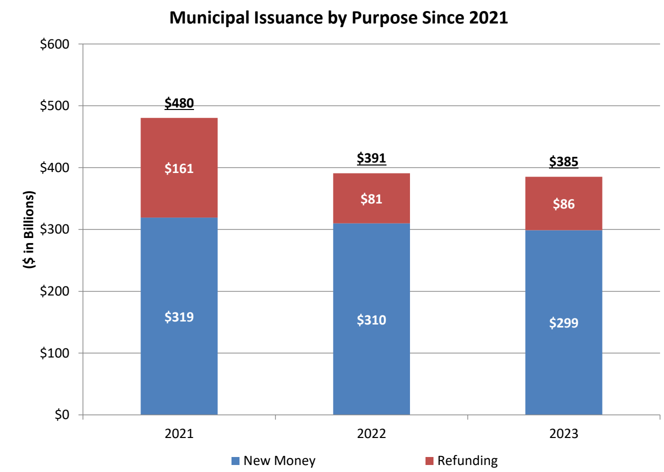


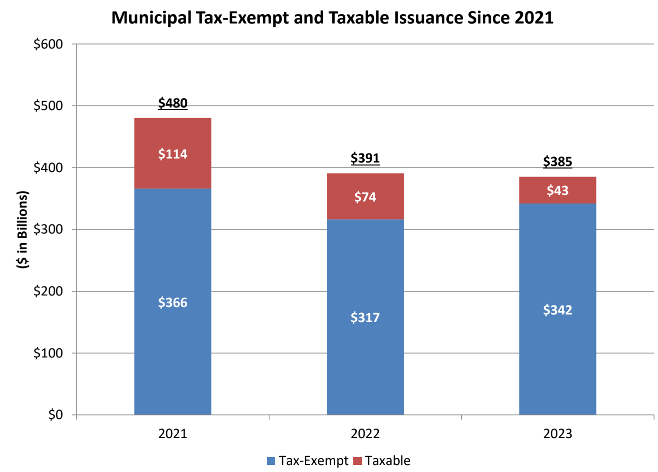
Source: SIFMA, 2024 year-to-date through September 30, 2024

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 $364 billion and is 34% higher compared to the $272 billion issued over the same time period in 2023, with issuers again taking advantage of the lower spreads and tax-exempt to taxable interest rate ratio.









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

As an issuer, 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 and geo-political 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. 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 $7.90 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."*[3]

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 and 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 current higher rates with significant Treasury issuance to fund fiscal deficits 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 current market interest rate of 6% for the initial season and 7% 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 after Hurricanes Helene and Milton is shown in the table on the following page:

[3] 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	$3.5-$4.5B	$3.5-$5B	$3-$4B	$3.4B
12-24 Months	$2-$3B	$3.5-$4.5B	$2-$4B	$2-$3B	$3.0B
Total tax-exempt	*$3.5-$5B*	*$7-$9B*	*$5.5-$9B*	*$5-$7B*	*$6.4B*
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**	**$7.5-$9.5B**	**$8.5-$12B**	**$6-$8B**	**$7.9B**
12-24 Months Total	$5-$8B	$7.5-$9.5B	$5-$9B	$4-$6B	$6.8B
0-24 Months Total	$9.5-$15B	$15-$19B	$13.5-$21B	$10-$14B	$14.7B

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

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 prior to reserving for losses from Hurricanes Helene and Milton is approximately $7.12 billion. It also has pre-event liquidity available of $3.25 billion[4] for total available liquidity of $10.37 billion. The FHCF has an estimated borrowing capacity of $7.90 billion over 0-12 months and $6.80 billion over 12-24 months.

The 2024-2025 Contract Year claims-paying capacity estimate of $18.27 billion is $1.27 billion over the 2024-2025 Contract Year coverage obligation of $17 billion. If the projected fund balance is reduced by $4.6 billion for Hurricanes Helene and Milton and assuming there are no additional hurricanes this year, the FHCF's 2024-2025 Contract Year claims-paying resources are projected to be $13.67 billion. The table below reflects the FHCF's 2024-2025 Contract Year and 2025-2026 Contract Year claims-paying capacity estimates assuming the remaining available fund balance of $2.52 billion is used in the 2024-2025 Contract Year and the FHCF begins the 2025-2026 Contract Year with only a single year's premium paid by insurers. The estimate of $9.57 billion includes the use of $1.5 billion of projected 2025-2026 year-end fund balance, the remaining $1.27 billion of 0-12 month borrowing capacity not used in the 2024-2025 Contract Year and $6.80 billion of 12-24 month borrowing capacity. Conversely, if the FHCF does not have any additional covered events for the 2024-2025 Contract Year, it will begin the 2025-2026 Contract Year with a projected year-end fund balance of $4.08 billion and the $3.25 billion of available pre-event bond proceeds for total liquid resources of $7.33 billion.

[4] Excludes $1.25 billion July 1, 2025 maturity.

($ in Billions, Totals may not add due to rounding)		2024-2025 Contract Year	Maximum Statutory Limit Exhausted in Prior Year 2025-2026 Contract Year	Assuming No Additional Events in Prior Year 2025-2026 Contract Year
FHCF Potential Coverage Obligation				
FHCF Maximum Coverage Obligation	(A)	$17.00	$17.00	$17.00
2024 Hurricanes Helene and Milton Loss Estimates[1]	(B)	$4.60	N/A	N/A
FHCF Remaining Coverage Obligation	**(A - B) = (C)**	**$12.40**	**$17.00**	**$17.00**
FHCF Estimated Funding Sources Available				
Projected FHCF Year-End Fund Balance	(D)	$7.12	$1.50	$4.08
2024 Hurricanes Helene and Milton Loss Estimates[1]	(E)	$4.60	N/A	N/A
Projected Remaining FHCF Year-End Fund Balance	**(D - E) = (F)**	**$2.52**	**$1.50**	**$4.08**
Risk Transfer and Other Financial Transactions	(G)	$0.00	$0.00	$0.00
Pre-Event Bond Proceeds Available[2]	(H)	$3.25	$0.00	$3.25
Total Remaining Funding Sources Available After 2024 Hurricanes Helene and Milton Loss Estimates	**(F + G + H) = (I)**	**$5.77**	**$1.50**	**$7.33**
Additional Funds / Potential Borrowing Need	**(I - C) = (J)**	**($6.63)**	**($15.50)**	**($9.67)**
FHCF Claims-Paying Capacity				
Estimated FHCF Borrowing Capacity (0-12 Months)	(K)	$7.90	$6.80	$7.90
Unutilized FHCF Borrowing Capacity (0-12 Months)	(L)	N/A	$1.27	N/A
Total Estimated Claims-Paying Capacity	**(D + G + H + K + L) = (M)**	**$18.27**	**$9.57**	**$15.23**
Total Estimated Claims-Paying Capacity as a % of FHCF Coverage Obligation (M / A) = (N)		**107%**	**56%**	**90%**
Amount Above / (Below) Coverage Obligation	**(M - A) = (O)**	**$1.27**	**($7.43)**	**($1.77)**
FHCF Claims-Paying Resources After Hurricanes Helene and Milton				
2024 Hurricanes Helene and Milton Loss Estimates[1]	(E)	$4.60	N/A	N/A
Total Estimated Remaining Claims-Paying Resources	**(M - E) = (P)**	**$13.67**	**$9.57**	**$15.23**

[1] Paragon Strategic Solutions, the FHCF's consulting actuary, has projected the range of FHCF losses from 2024 Hurricanes Helene and Milton to be between $1.6-$6.2 billion with a point estimate of $4.6 billion. However, no assurance can be given that actual losses will fall within this range of projections. Assumes no growth in Hurricane Ian losses.

[2] 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 the 2024-2025 Contract Year.

The breakdown of the potential assessments required for the FHCF's potential post-event borrowing needs is shown in the table below and repayment of pre-event bond proceeds are shown in footnote 1 of the table below based on an interest rate of 6% for the initial season and 7% 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	**$6.63**	**$8.07**
Assessment % over 30 Years if Financed at a Rate of 6% for the Initial Season and 7% for the Subsequent Season	**0.57%**	**0.76%**
Assessment % over 10 Years if Financed at a Rate of 6% for the Initial Season and 7% for the Subsequent Season	**1.06%**	**1.35%**

[1] The potential borrowing for the 2024-2025 Contract Year is shown as the estimated potential borrowing of approximately $6.63 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 0.52%. The total assessment burden for the $9.88 billion of bonding would be 1.58% over a 10-year period.

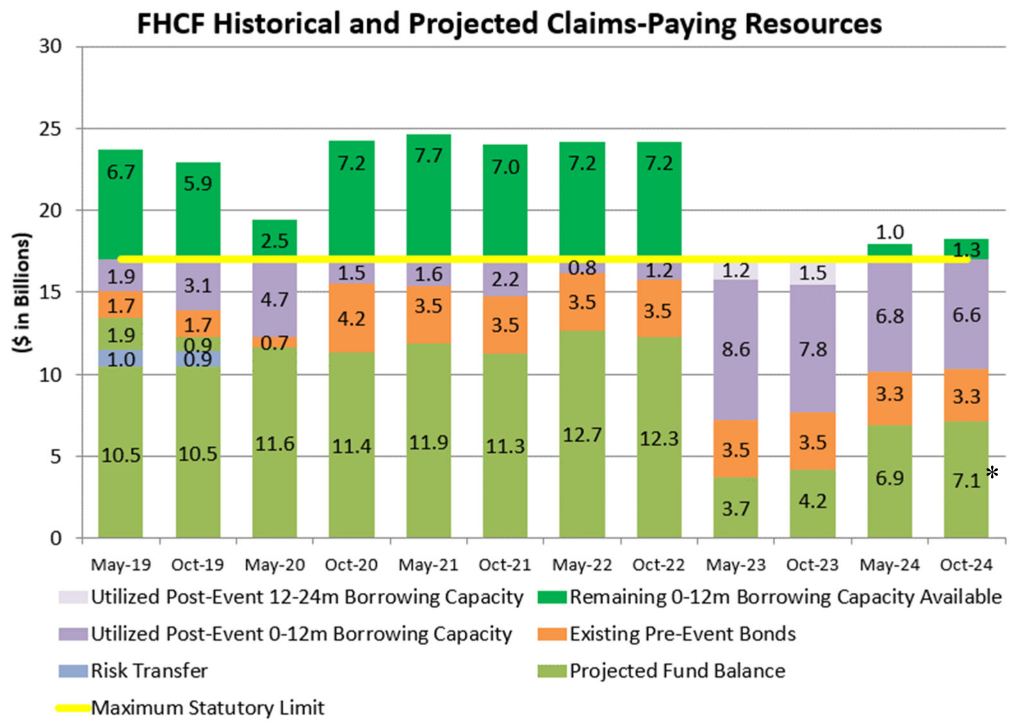
[2] The potential borrowing for the 2025-2026 Contract Year reflects the maximum statutory limit exhausted in the prior year and is shown as the remaining 0-12 month estimated borrowing capacity of $1.27 billion and the 12-24 month estimated borrowing capacity of $6.80 billion.

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 reduced the FHCF's projected fund balance to approximately $7.12 billion available for the 2024-2025 Contract Year. Initial losses from Hurricanes Helene and Milton have further reduced this projected balance to $2.52 billion. 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 slightly 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 October 2024 average borrowing capacity estimates for 0-12 months and 12-24 months of $7.90 billion and $6.80 billion, respectively, are a bit higher (even after Hurricanes Helene and Milton) as compared to the May 2024 average borrowing estimate for 0-12 months and 12-24 months of $7.80 billion and $6.70 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 May 2019 with projected fund balance (**light green**), existing pre-event bonds (**orange**), risk transfer (**blue**), utilized post-event 0-12 month borrowing capacity (**purple**), utilized 12-24 month borrowing capacity (**light purple**) and maximum statutory limit (**yellow**) with remaining 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.
** October 2024 projected fund balance is prior to the projected loss estimate of $4.6 billion for Hurricanes Helene and Milton.*

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 May 2021.

Post-Event Estimated Borrowing Capacity (Senior Managers' Range)									
($ in Billions)	May-21	Oct-21	May-22	Oct-22	May-23	Oct-23	May-24	Oct-24	May 2024 - Oct. 2024 Change
0-12 Months	$5.5-$13	$5.5-$13	$4.5-$13	$4.5-$13	$4.5-$13	$4.5-$11	**$4.5-$12**	**$4.5-$12**	<····>
12-24 Months	$5-$18	$5-$17	$4-17	$4-$20	$4-$13	$5-$11	**$5-$9**	**$5-$9.5**	<····>

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. In order for the FHCF to meet its remaining industry coverage obligation of $12.40 billion for the current season, the FHCF would utilize $6.63 billion of its projected 0-12 month borrowing capacity of $7.90 billion. The actual borrowing results achieved by the FHCF could vary substantially from this estimate. While the FHCF has the claims-paying resources to meet its maximum statutory obligation for the 2024-2025 contract year, the FHCF's 2025-2026 contract year claims-paying capacity of $9.57 billion is 56% of its maximum statutory obligation of $17 billion – this is prior to any potential borrowing capacity over 12-24 months as it is currently not projected because of the long-term time horizon.

As market conditions have stabilized and interest rates have marginally decreased as a result of anticipated additional Federal Reserve cuts, the FHCF will monitor loss development and evaluate market conditions in early 2025 for the opportunity to issue any additional pre-event bonds in order to reduce its reliance on post-event bonding and to increase the FHCF's sustainability for the 2025-2026 Contract Year and subsequent seasons.

Appendix A – Bonding Capacity Solicitation & Senior Manager Responses

Sasha Stipanovich

From: Sasha Stipanovich
Sent: Monday, October 7, 2024 2:42 PM
Cc: Kapil Bhatia
Subject: Re: FHCF Bonding Capacity Estimates

Good afternoon FHCF Senior Manager Team:

We apologize for the late notice, but based on the recent developments from Hurricane Milton, the FHCF has decided to move the Advisory Council meeting from October 22nd to a date and time on October 29th or October 30th. We will follow-up with the exact date and time once the FHCF has been able to confirm with the Advisory Council members.

For any firm that has not sent in their bonding capacity estimates, we are extending the deadline to October 16th COB. For any firm that has already sent in their bonding capacity estimates, you can keep with your original response or send in a revised submission by October 16th COB.

For any of you that are in the projected path of Milton and/or recovering from Helene, our thoughts are with you and your families.

Thank you,

Kapil and Sasha

From: Sasha Stipanovich
Sent: Monday, September 30, 2024 3:27 PM
Cc: Kapil Bhatia <Kapil.Bhatia@RaymondJames.com>
Subject: FHCF Bonding Capacity Estimates

FHCF Senior Manager Team:

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 October 22nd at 1:30 PM. While Hurricane Helene made landfall last Thursday in Taylor County as a Category 4 storm, the non-flood insured loss estimates are expected to be in the low single digits as a majority of the damage was flood-related.

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.

In order to prepare the FHCF Bonding Capacity Report for October 2024, we need the following data elements from you by close of business Monday, October 7th:

1. Please provide a 30-year tax-exempt scale for the FHCF using the MMD at the close of business Wednesday, October 2nd. 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, October 2nd. 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 **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			
Time Period	**Tax-Exempt**	**Taxable**	**Total**
0-12 Months			
12-24 Months			

We would like to have to your responses back by close of business Monday, October 7th. 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).

Sasha Stipanovich
Director

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RAYMOND JAMES®

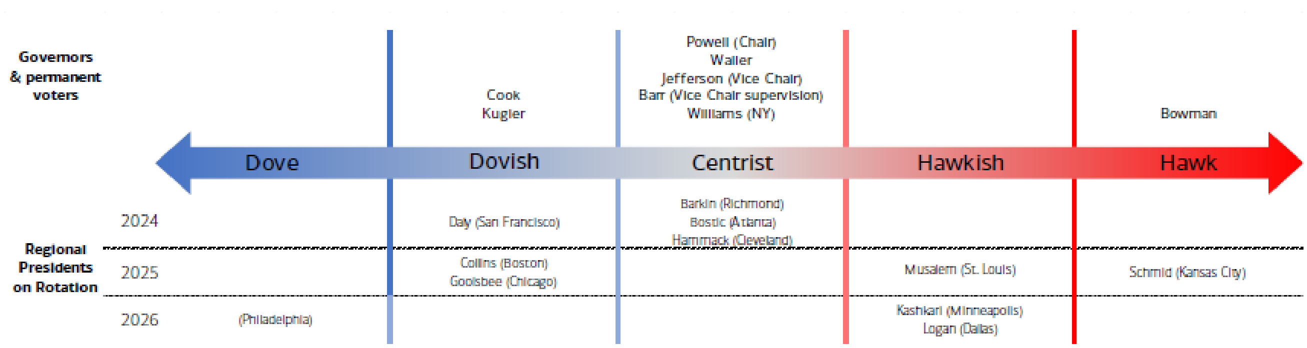
BofA SECURITIES

Memorandum

To:	Florida Hurricane Catastrophe Fund
From:	BofA Securities, Inc.
Date:	October 7, 2024
Subject:	Florida Hurricane Catastrophe Fund – October 2024 Bonding Capacity Analysis

First and foremost, our thoughts are with everyone impacted by Hurricane Helene and those anticipated to be impacted by Hurricane Milton. The BofA team stands ready to support the Florida Hurricane Catastrophe Fund ("FHCF" or the "Fund") and Floridians in any way we can. BofA Securities, Inc. ("BofA") is pleased to provide the FHCF with our firm's estimates and views of the FHCF's post-event bonding capacity and current market borrowing costs.

Market Commentary. Since the Fed's surprise 50 bps interest rate cut in September, the market has moved from a "will they/won't they" mentality on rate cuts to "how big" in the second half of 2024 and through first half of 2025. While the rate move was labelled as a recalibration instead of concerns over labor market weakness, the Fed continues to emphasize a data-dependent approach going forward. For 3Q GDP, BofA revised up the estimate to 2.6% q/q seasonally adjusted annual rate ("saar"). August personal income and spending was slightly weaker than expected. Advance goods trade deficit in August was much narrower than BofA's forecast, while August construction spending was weaker than expected on the back of weaker residential investment. With prior downward revisions in prior months, this led to a decline in BofA's residential investment estimate and an increase of our structures investment tracking. Generally, despite the pandemic, the inflation surge and elevated policy rates, consumer wallet shares are remarkably similar to pre-COVID shares. Discretionary spending now has a bigger wallet share and is still growing robustly, outpacing non-discretionary spending. Next week, August trade balance and wholesale inventories, along with September CPI and PPI will likely continue to inform our view as well as that of the broader market.



Source: FRB, BofA Global Research

Rates Forecast. As of June 1, the Fed is letting up to $25 billion of maturing Treasury securities to roll of its balance sheet each week, while reducing holdings of agency mortgage-backed securities by up to $35 billion. In the week ending October 2nd, the Fed's balance sheet decreased by almost $34 billion. Over the past four weeks, the balance sheet has shrunk by almost $66 billion. Balance sheet runoff continues to be felt more in overnight reverse repo balances than in reserves. Since June 2022, when the Fed began quantitative tightening, overnight reverse repo

BofA SECURITIES FORECAST

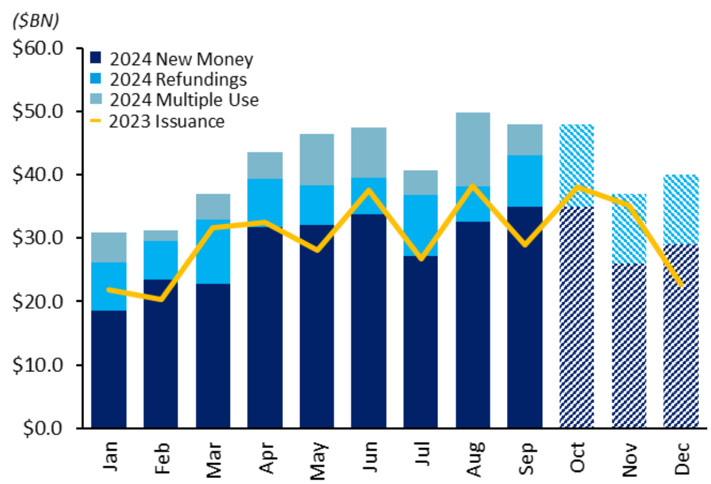
Metric	10/3/24	2024Q4	2025Q1	2025Q2	2025Q3
Fed Funds Rate	5.00%	4.25%	3.75%	3.50%	3.25%
2YR T-Note	3.70%	3.10%	3.10%	3.10%	3.15%
5YR T-Note	3.62%	3.20%	3.20%	3.20%	3.25%
10YR T-Note	3.85%	3.50%	3.50%	3.50%	3.55%
30YR T-Bond	4.18%	3.90%	3.90%	3.90%	4.00%

balances have fallen by almost $1.6 trillion and reserves have decreased by $215.8 trillion. The UST curve bear flattened this week amidst elevated volatility. The market was most focused on Powell's comments that the Fed is not in a "hurry" to cut quickly, reiteration of Fed data dependence. Fed communications this week suggested their baseline is for two more 25 bps rate cuts in November and December. The onus is now on the data to prove a 50 bps cut, and labor data will be a critical factor. That being said, Governor Waller's remarks explaining the rationale for a 50 bps vs 25 bps cut at the last meeting should support expectations for front-loading of cuts with the disinflation trend intact even if labor report surprises to the high side.

Issuance topped $140 billion in the third quarter of 2024, up 43% y/y though interestingly flat q/q. New money volume was up 20% y/y but down 4% q/q, while refunding volume was up 136% y/y and 7% q/q. We expect volume to continue building over the next few weeks, as issuers rush to get into the market ahead of the November general elections.

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.

Projected/Actual Municipal Issuance[(1)]



(1) Source: BofA Securities Research and LSEG SDC as of 10/1/24.

1.	Please provide a 30-year tax-exempt scale for the FHCF using the MMD at the close of business Wednesday, October 2nd. 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%	2.780%	25 bps	3.030%
2	2026	5.000%	2.290%	30 bps	2.590%
3	2027	5.000%	2.240%	35 bps	2.590%
4	2028	5.000%	2.260%	38 bps	2.640%
5	2029	5.000%	2.270%	40 bps	2.670%
6	2030	5.000%	2.340%	42 bps	2.760%
7	2031	5.000%	2.400%	45 bps	2.850%
8	2032	5.000%	2.460%	47 bps	2.930%
9	2033	5.000%	2.500%	48 bps	2.980%
10	2034	5.000%	2.540%	50 bps	3.040%
11	2035	5.000%	2.590%	52 bps	3.110%
12	2036	5.000%	2.640%	55 bps	3.190%
13	2037	5.000%	2.680%	57 bps	3.250%
14	2038	5.000%	2.730%	58 bps	3.310%
15	2039	5.000%	2.810%	60 bps	3.410%
16	2040	5.000%	2.890%	62 bps	3.510%
17	2041	5.000%	2.980%	63 bps	3.610%
18	2042	5.000%	3.040%	65 bps	3.690%
19	2043	5.000%	3.100%	65 bps	3.750%
20	2044	5.000%	3.170%	65 bps	3.820%
21	2045		3.240%		
22	2046		3.280%		
23	2047		3.340%		
24	2048		3.360%		
25	2049	5.250%	3.400%	68 bps	4.080%
26	2050		3.420%		
27	2051		3.430%		
28	2052		3.460%		
29	2053		3.470%		
30	2054	5.250%	3.480%	70 bps	4.180%

BofA SECURITIES

2. Please provide a 30-year taxable scale using the Treasury curve at the close of business Wednesday, October 2nd. 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	4.080%	3.630%	45 bps	4.080%
2	2026	4.180%	3.630%	55 bps	4.180%
3	2027	4.140%	3.540%	60 bps	4.140%
4	2028	4.200%	3.550%	65 bps	4.200%
5	2029	4.250%	3.550%	70 bps	4.250%
6	2030	4.400%	3.650%	75 bps	4.400%
7	2031	4.450%	3.650%	80 bps	4.450%
8	2032	4.640%	3.790%	85 bps	4.640%
9	2033	4.690%	3.790%	90 bps	4.690%
10	2034	4.740%	3.790%	95 bps	4.740%
11	2035	4.790%	3.790%	100 bps	4.790%
12	2036	4.840%	3.790%	105 bps	4.840%
13	2037	4.890%	3.790%	110 bps	4.890%
14	2038	4.940%	3.790%	115 bps	4.940%
15	2039	4.990%	3.790%	120 bps	4.990%
16	2040				
17	2041				
18	2042				
19	2043				
20	2044	5.340%	4.140%	120 bps	5.340%
21	2045				
22	2046				
23	2047				
24	2048				
25	2049	5.370%	4.140%	123 bps	5.370%
26	2050				
27	2051				
28	2052				
29	2053				
30	2054	5.390%	4.140%	125 bps	5.390%

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:	October 7, 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

- The Federal Open Market Committee (FOMC) cut the Fed Funds Rate by 50 bps to 4.75% – 5.00% in September 2024, marking the first cut since March 2020.
- This decision was motivated by improving inflation metrics and evolving risks to employment, as indicated in the FOMC post-meeting statement.
- The FOMC's dot plot indicates a median expectation for an additional 150 bps of cuts by year-end 2025, with a projected median rate of 3.375%.
- J.P. Morgan Research anticipates a 50 bps cut at the November meeting and a 25 bps cut at the December meeting, contingent on further softening in the upcoming jobs reports.
- August's employment report showed a gradual cooling in the labor market, with the unemployment rate declining to 4.2% and nonfarm payrolls rising by 142k, below expectations.
- Average Hourly Earnings MoM rose to 0.4%, up from 0.2% prior, indicating some wage growth despite the cooling labor market.
- Inflation is showing signs of moderation, with August headline CPI YoY decelerating to 2.5% and core CPI remaining unchanged at 3.2%.
- Producer Prices for August also showed a deceleration, with headline PPI YoY at 1.7%, down from 2.1% prior, suggesting easing inflationary pressures.
- The implied overnight rate projections show a downward trend, with the rate expected to reach around 2.85% by mid-2026.
- The municipal market is experiencing persistent fund inflows and elevated primary supply, with MMD yields mostly unchanged across the curve.
- October supply historically outpaces September, November, and December primary issuance, which could further influence market dynamics.
- U.S. Treasury yields have continued to steepen amid mixed economic data and hawkish Fed commentary, with the 30-year UST yield at 4.10%.
- The MOVE Index, which measures implied Treasury volatility, has shown a slight increase, indicating heightened market uncertainty.
- Volatility in interest rates is expected to rise around the upcoming U.S. presidential election, potentially influencing investor behavior and market dynamics.
- Historical data shows that election years often see increased market volatility, with significant one-day sell-offs observed in previous election cycles.

Potential Market Capacity

Indicative Post-Event Market Capacity as of 10/2/2024			
Time Period	**Tax-Exempt**	**Taxable**	**Total**
0-12 Months	$3.5-4.5 billion	$4-5 billion	$7.5-9.5 billion
12-24 Months	$3.5-4.5 billion	$4-5 billion	$7.5-9.5 billion
Total	**$7-9 billion**	**$8-10 billion**	**$15-19 billion**

Based on market conditions as of close of business October 2, 2024, J.P. Morgan estimates that FHCF could sell $3.5-4.5 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 $3.5-4.5 billion of tax-exempt bonds and $4-5 billion of taxable bonds. This would provide FHCF a total post-event market capacity of $7-9 billion tax-exempt and $8-10 billion taxable, for a total of $15-19 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 October 2, 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		2.78%	27	5.00%	3.05%
2	7/1/2026		2.29%	30	5.00%	2.59%
3	7/1/2027		2.24%	33	5.00%	2.57%
4	7/1/2028		2.26%	35	5.00%	2.61%
5	7/1/2029		2.27%	38	5.00%	2.65%
6	7/1/2030		2.34%	40	5.00%	2.74%
7	7/1/2031		2.40%	43	5.00%	2.83%
8	7/1/2032		2.46%	45	5.00%	2.91%
9	7/1/2033		2.50%	48	5.00%	2.98%
10	7/1/2034		2.54%	50	5.00%	3.04%
11	7/1/2035		2.59%	51	5.00%	3.10%
12	7/1/2036		2.64%	53	5.00%	3.17%
13	7/1/2037		2.68%	53	5.00%	3.21%
14	7/1/2038		2.73%	53	5.00%	3.26%
15	7/1/2039		2.81%	53	5.00%	3.34%
16	7/1/2040		2.89%	55	5.00%	3.44%
17	7/1/2041		2.98%	55	5.00%	3.53%
18	7/1/2042		3.04%	55	5.00%	3.59%
19	7/1/2043		3.10%	55	5.00%	3.65%
20	7/1/2044		3.17%	55	5.00%	3.72%
21	7/1/2045	*				
22	7/1/2046	*				
23	7/1/2047	*				
24	7/1/2048	*				
25	7/1/2049	T	3.40%	57	5.00%	3.97%
26	7/1/2050	*				
27	7/1/2051	*				
28	7/1/2052	*				
29	7/1/2053	*				
30	7/1/2054	T	3.48%	58	5.00%	4.06%

Assumes MMD as of close of business October 2, 2024, an optional redemption date of 7/1/2034 at par and $3 billion transaction size.

J.P.Morgan

Florida Hurricane Catastrophe Fund - Taxable Scale						
Year	**Maturity**	**Sinker/Term**	**UST**	**Spread**	**Coupon**	**Stated Yield**
1	7/1/2025		3.64%	80	4.44%	4.44%
2	7/1/2026		3.64%	65	4.29%	4.29%
3	7/1/2027		3.55%	70	4.25%	4.25%
4	7/1/2028		3.55%	80	4.35%	4.35%
5	7/1/2029		3.55%	85	4.40%	4.40%
6	7/1/2030		3.64%	85	4.49%	4.49%
7	7/1/2031		3.64%	90	4.54%	4.54%
8	7/1/2032		3.78%	90	4.68%	4.68%
9	7/1/2033		3.78%	95	4.73%	4.73%
10	7/1/2034		3.78%	100	4.78%	4.78%
11	7/1/2035		3.78%	105	4.83%	4.83%
12	7/1/2036		3.78%	110	4.88%	4.88%
13	7/1/2037		3.78%	115	4.93%	4.93%
14	7/1/2038		3.78%	120	4.98%	4.98%
15	7/1/2039		3.78%	125	5.03%	5.03%
16	7/1/2040	*				
17	7/1/2041	*				
18	7/1/2042	*				
19	7/1/2043	*				
20	7/1/2044	T	4.19%	100	5.19%	5.19%
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	4.13%	115	5.28%	5.28%

Assumes UST as of close of business October 2, 2024, a make-whole call and $3 billion transaction size.

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Morgan Stanley

Memorandum

To: Florida Hurricane Catastrophe Fund — Date: October 8, 2024

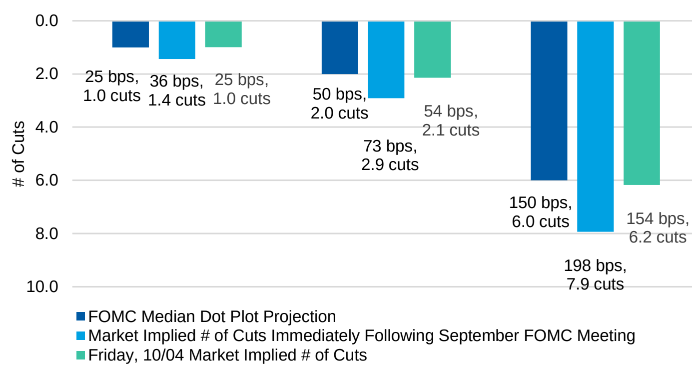
From: Morgan Stanley

Subject: FHCF October 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.

Macroeconomic Data and Fed Policy. The Fed kicked off the cutting cycle in September with a 50 bps cut as Powell emphasized both sides of the dual mandate and the commitment to being data-dependent. Despite a freshly updated dot plot, market participants priced in one more cut than the dot plot in both 2024 and 2025 immediately following the meeting. Data released after the September meeting gradually tempered hopeful market rate cut expectations as data largely has shown the economy remains strong. Unemployment was more positive than market expectations causing futures to no longer price in a 50 bps cut at either remaining Fed meeting this year. PCE (the Fed's preferred measure of inflation) printed at 2.2% vs. 2.3% expected and Core at 2.7% vs. 2.7% expected. GDP also came in hotter than consensus at 3.0% vs. 2.9% expected and prior GDP was revised higher.

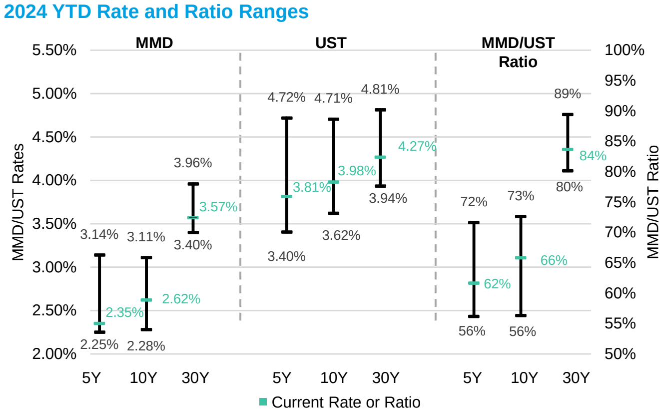
Market Rate Cut Expectations Have Dropped on Post-Meeting Releases



Market Dynamics.

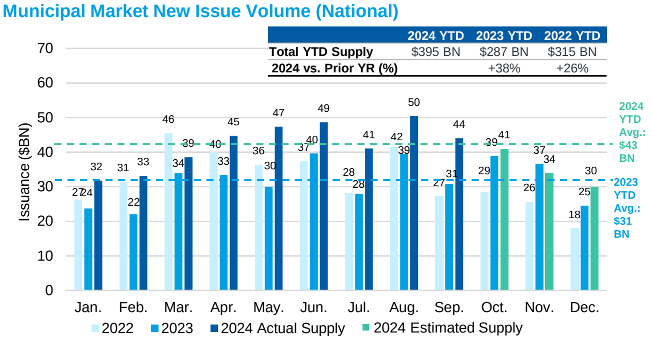
Tax-Exempt and Taxable Rates. Municipal underperformance in 2024 year-to-date has improved relative value and promoted investment even as ratios remain below historical average. Municipal rates have rallied significantly from YTD highs in May and June despite a relative pickup in taxable rate volatility surrounding rate cuts and over the last month tax-exempt rates have significantly outperformed taxable rates. Current tax-exempt rates as of October 4 are 2.35%, 2.62%, and 3.57% for 5-year, 10-year, and 30-year MMD, respectively, while Treasuries are at 3.81%, 3.98%, and 4.27% for 5-year, 10-year, and 30-year tenors.

2024 YTD Rate and Ratio Ranges



Technicals. Current new issue municipal supply totals $395 billion which is up 38% vs. 2023 year-to-date supply and 26% vs. 2022 year-to-date supply as issuers continue to rush to get to market ahead of the election. This uptick in supply has been well absorbed by the municipal market as investor demand remains strong amidst more attractive ratios. Municipal Mutual Funds and ETFs have seen $19.8 billion and $8.3 billion of inflows year-to-date, respectively, for aggregate inflows of $28.1 billion.

Municipal Market New Issue Volume (National)



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, October 2nd. 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 (10/2/2024)[(1)]**	**Spread (bps)**	**Coupon**	**Yield**
1	2025	2.78%	14	5.00%	2.92%
2	2026	2.29%	16	5.00%	2.45%
3	2027	2.24%	18	5.00%	2.42%
4	2028	2.26%	20	5.00%	2.46%
5	2029	2.27%	22	5.00%	2.49%
6	2030	2.34%	24	5.00%	2.58%
7	2031	2.40%	26	5.00%	2.66%
8	2032	2.46%	28	5.00%	2.74%
9	2033	2.50%	30	5.00%	2.80%
10	2034	2.54%	32	5.00%	2.86%
11	2035	2.59%	35	5.00%	2.94%
12	2036	2.64%	38	5.00%	3.02%
13	2037	2.68%	40	5.00%	3.08%
14	2038	2.73%	40	5.00%	3.13%
15	2039	2.81%	40	5.00%	3.21%
16	2040	2.89%	40	5.00%	3.29%
17	2041	2.98%	40	5.00%	3.38%
18	2042	3.04%	40	5.00%	3.44%
19	2043	3.10%	40	5.00%	3.50%
20	2044	3.17%	40	5.00%	3.57%
21	2045				
22	2046				
23	2047				
24	2048				
25	2049	3.40%	45	5.00%	3.85%
26	2050				
27	2051				
28	2052				
29	2053				
30	2054	3.48%	45	5.00%	3.93%

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

(2) Based on July Interpolated MMD on 10/2/2024

2. Please provide a 30-year taxable scale using the Treasury curve at the close of business Wednesday, October 2nd. 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 (10/2/2024)**	**Spread (bps)**	**Coupon**	**Yield**
1	2025	3.64%	80	4.44%	4.44%
2	2026	3.64%	70	4.34%	4.34%
3	2027	3.55%	75	4.30%	4.30%
4	2028	3.55%	80	4.35%	4.35%
5	2029	3.55%	85	4.40%	4.40%
6	2030	3.64%	90	4.54%	4.54%
7	2031	3.64%	95	4.59%	4.59%
8	2032	3.78%	95	4.73%	4.73%
9	2033	3.78%	100	4.78%	4.78%
10	2034	3.78%	105	4.83%	4.83%
11	2035	3.78%	108	4.86%	4.86%
12	2036	3.78%	111	4.89%	4.89%
13	2037	3.78%	114	4.92%	4.92%
14	2038	3.78%	117	4.95%	4.95%
15	2039	3.78%	120	4.98%	4.98%
16	2040				
17	2041				
18	2042				
19	2043				
20	2044	4.13%	105	5.18%	5.18%
21	2045				
22	2046				
23	2047				
24	2048				
25	2049				
26	2050				
27	2051				
28	2052				
29	2053				
30	2054	4.13%	115	5.28%	5.28%

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

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100 South Ashley Drive, 10th Floor
Tampa, Florida 33602

WELLS FARGO | Corporate & Investment Banking

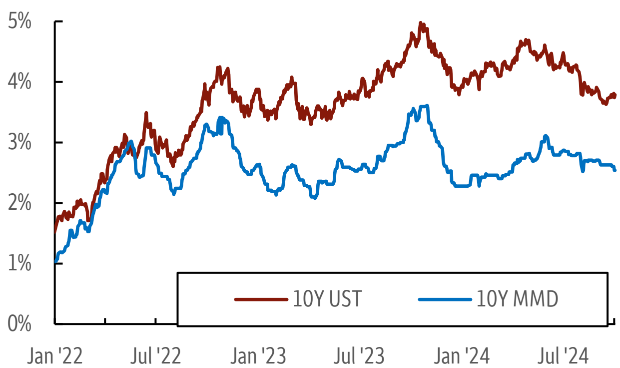
To: Florida Hurricane Catastrophe Fund
From: Wells Fargo Corporate and Investment Banking
Date: October 16, 2023
Re: Florida Hurricane Catastrophe Fund Bonding Capacity Estimate for October 2024

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 October 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. Please contact any member of the Wells Fargo team if we can provide additional information or address any questions regarding these estimates. 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.

Market Commentary[1]

The Fed minutes from last week highlighted some push back on the 50bp cut from the September meeting which has shifted expectations for the coming meetings. Economists are reporting a 92% chance of a 25bp cut at the Fed's November 7th meeting with another 25bp cut likely in December. Members and market participants seem divided about how the Fed will respond to the stronger-than-expected CPI, as the Fed has remained focused on the labor market. However, many believe the sticky CPI is not high enough to alter the Fed's rate trajectory. With the election three weeks away, the market has begun to show a reaction through a gradual drift higher in rates over the last few weeks.

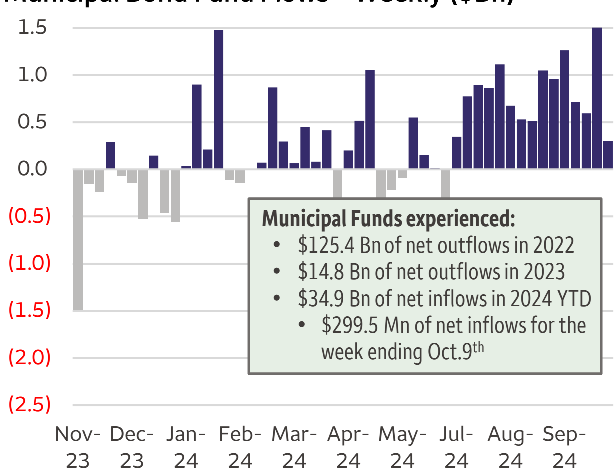
Historical 10Y UST and MMD Since January 2022[2]



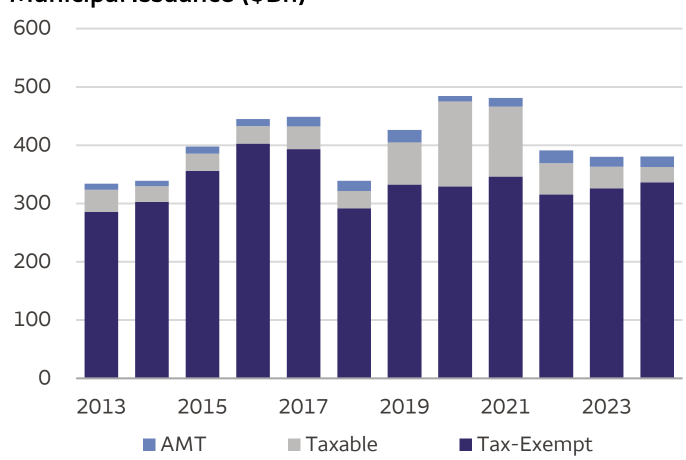
Wells Fargo Economist Interest Rate Projections[3]

		2024	2025		
	Current	Q4	Q1	Q2	Q3
Fed Funds Rate	**5.00%**	**4.50%**	**4.00%**	**3.75%**	**3.50%**
5-Year UST	**3.55%**	**3.70%**	**3.50%**	**3.40%**	**3.335%**
10-Year UST	**3.79%**	**3.80%**	**3.65%**	**3.60%**	**3.55%**
30-Year UST	**4.14%**	**4.15%**	**4.10%**	**4.05%**	**4.00%**

Municipal Bond Fund Flows – Weekly ($Bn)[4]



Municipal Issuance ($Bn)[5]



[1] TM3, IPREO, Bloomberg, Bond Buyer, The iMoneyNet – Money Fund Report, Thompson Reuters, as of 10/11/2024
[2] Sources: US Treasury and Thomson Reuters TM3, from September 2, 2020 to October 2, 2024.
[3] Rates as of 10/2/2024; Economics Group of Wells Fargo Bank, N.A. forecast published 10/11/2024
[4] LSEG Lipper Global Fund Flows, as of 10/9/2024; Note: Only represents data for funds that report weekly
[5] Bond Buyer through 9/30/2024, data reports monthly

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 December 10, 2024 and term bond maturities in 2049 and 2054.

Florida Hurricane Catastrophe Fund Indicative Tax-Exempt Scale Market Rates as of COB October 2, 2024						
Maturity	I-MMD Index	Spread (bps)	Coupon	Yield-to-Worst	Price ($)	Yield-to-Maturity
7/1/2025	2.78%	+45	5.00%	3.23%	100.969	-
7/1/2026	2.29%	+48	5.00%	2.77%	103.376	-
7/1/2027	2.24%	+50	5.00%	2.74%	105.545	-
7/1/2028	2.26%	+52	5.00%	2.78%	107.470	-
7/1/2029	2.27%	+53	5.00%	2.80%	109.351	-
7/1/2030	2.34%	+55	5.00%	2.89%	110.761	-
7/1/2031	2.40%	+57	5.00%	2.97%	112.014	-
7/1/2032	2.46%	+59	5.00%	3.05%	113.072	-
7/1/2033	2.50%	+60	5.00%	3.10%	114.184	-
7/1/2034	2.54%	+63	5.00%	3.17%	114.986	-
7/1/2035	2.59%	+66	5.00%	3.25%	114.277	3.38%
7/1/2036	2.64%	+68	5.00%	3.32%	113.661	3.55%
7/1/2037	2.68%	+68	5.00%	3.36%	113.310	3.67%
7/1/2038	2.73%	+68	5.00%	3.41%	112.874	3.78%
7/1/2039	2.81%	+68	5.00%	3.49%	112.180	3.90%
7/1/2040	2.89%	+70	5.00%	3.59%	111.320	4.01%
7/1/2041	2.98%	+70	5.00%	3.68%	110.553	4.11%
7/1/2042	3.04%	+70	5.00%	3.74%	110.045	4.19%
7/1/2043	3.10%	+70	5.00%	3.80%	109.540	4.25%
7/1/2044	3.17%	+70	5.00%	3.87%	108.954	4.32%
7/1/2045	3.24%	-	-	-	-	-
7/1/2046	3.28%	-	-	-	-	-
7/1/2047	3.34%	-	-	-	-	-
7/1/2048	3.36%	-	-	-	-	-
7/1/2049	3.40%	+75	5.25%	4.15%	108.603	4.66%
7/1/2050	3.42%	-	-	-	-	-
7/1/2051	3.43%	-	-	-	-	-
7/1/2052	3.46%	-	-	-	-	-
7/1/2053	3.47%	-	-	-	-	-
7/1/2054	3.48%	+75	5.25%	4.23%	107.948	4.75%

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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 December 10, 2024.

Florida Hurricane Catastrophe Fund Indicative Taxable Scale Market Rates as of COB October 2, 2024						
Maturity	**UST**	**Spread (bps)**	**Coupon**	**Yield**	**Price ($)**	**Yield-to-Maturity**
7/1/2025	3.675%	-	-	-	-	--
7/1/2026	3.675%	-	-	-	-	--
7/1/2027	3.589%	+70	4.289%	4.289%	100.000	--
7/1/2028	3.598%	-	-	-	-	--
7/1/2029	3.598%	+75	4.348%	4.348%	100.000	--
7/1/2030	3.686%	-	-	-	-	--
7/1/2031	3.686%	+85	4.536%	4.536%	100.000	--
7/1/2032	3.823%	-	-	-	-	--
7/1/2033	3.823%	-	-	-	-	--
7/1/2034	3.823%	+115	4.973%	4.973%	100.000	--
7/1/2035	3.823%	-	-	-	-	--
7/1/2036	3.823%	-	-	-	-	--
7/1/2037	3.823%	-	-	-	-	--
7/1/2038	3.823%	-	-	-	-	--
7/1/2039	3.823%	-	-	-	-	--
7/1/2040	4.238%	-	-	-	-	--
7/1/2041	4.238%	-	-	-	-	--
7/1/2042	4.238%	-	-	-	-	--
7/1/2043	4.238%	-	-	-	-	--
7/1/2044	4.238%	+135	5.588%	5.588%	100.000	--
7/1/2045	4.238%	-	-	-	-	--
7/1/2046	4.238%	-	-	-	-	--
7/1/2047	4.238%	-	-	-	-	--
7/1/2048	4.238%	-	-	-	-	--
7/1/2049	4.238%	-	-	-	-	--
7/1/2050	4.238%	-	-	-	-	--
7/1/2051	4.238%	-	-	-	-	--
7/1/2052	4.238%	-	-	-	-	--
7/1/2053	4.238%	-	-	-	-	--
7/1/2054	4.238%	+150	5.738%	5.738%	100.000	--

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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.***

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 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. The scales that we included on the prior pages for taxable and tax-exempt FHCF bonds reflect market conditions as of October 2, 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.

Our bonding capacity estimates have not changed significantly since our April 2024 memorandum, even in the aftermath of Hurricanes Helene and Milton.

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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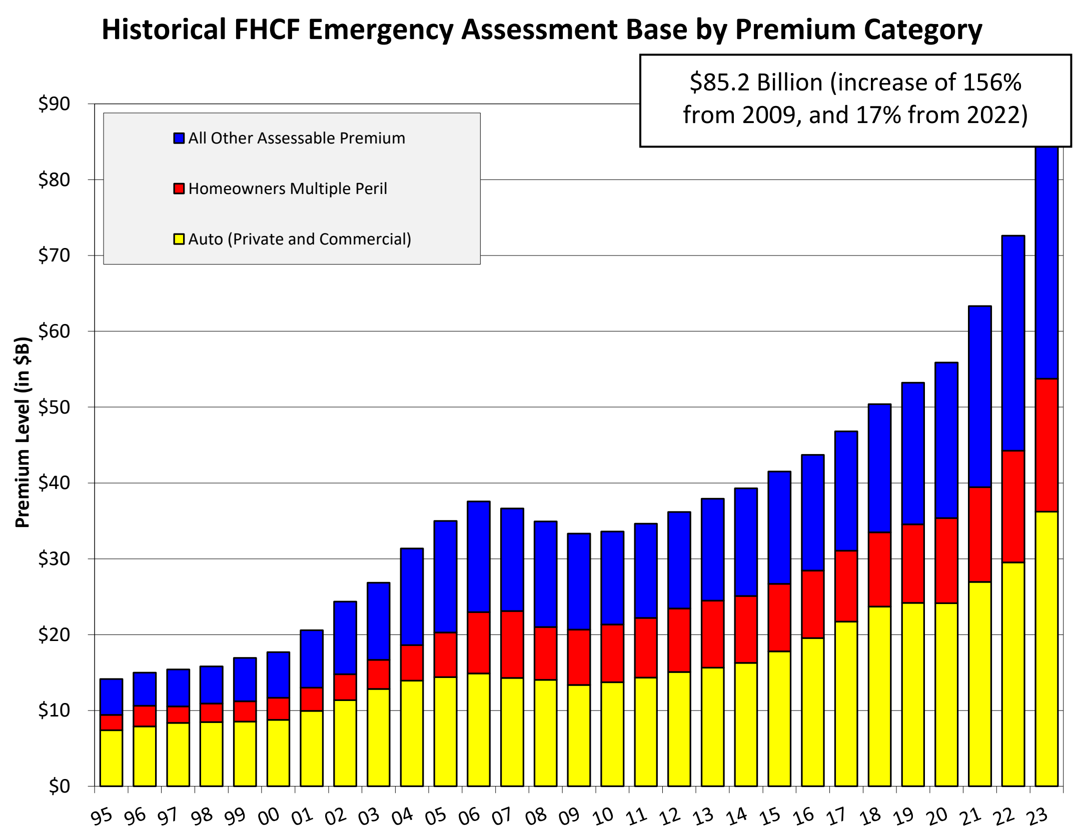
Appendix B – The FHCF's Emergency Assessment Base

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 ($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
Private flood	$135.0
Farmowners Multiple Peril	$24.3
Homeowners Multiple Peril	$16,497.3
Commercial multiple peril (liability portion)	$1,377.6
Commercial multiple peril (non-liability portion)	$890.7
Mortgage Guaranty	$444.3
Ocean Marine	$608.9
Inland Marine	$2,283.3
Financial Guaranty	$9.5
Earthquake	$8.4
Other liability - occurrence	$2,996.5
Other liability - claims-made	$1,070.7
Products liability - occurrence	$142.0
Products liability - claims-made	$2.6
Private passenger auto no-fault (personal injury protection)	$5,860.7
Other Private Passenger Auto Liability	$15,287.5
Commercial auto no-fault (personal injury protection)	$162.8
Other Commercial Auto Liability	$4,722.6
Private Passenger Auto Physical Damage	$9,287.9
Commercial Auto Physical Damage	$693.9
Aircraft (All Perils)	$236.6
Fidelity	$74.5
Surety	$646.6
Burglary and Theft	$23.7
Boiler and Machinery	$90.2
Credit	$165.6
Warranty	$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
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.