



Florida Hurricane Catastrophe Fund

Advisory Council Meeting

May 12, 2009

Introductory Comments

1. Meeting called to order & opening comments –
Jim Henderson, Chair
2. Roll call – *Jim Henderson, Chair*
3. Approval of March 20, 2009 Minutes – *Jim Henderson, Chair*

Agenda

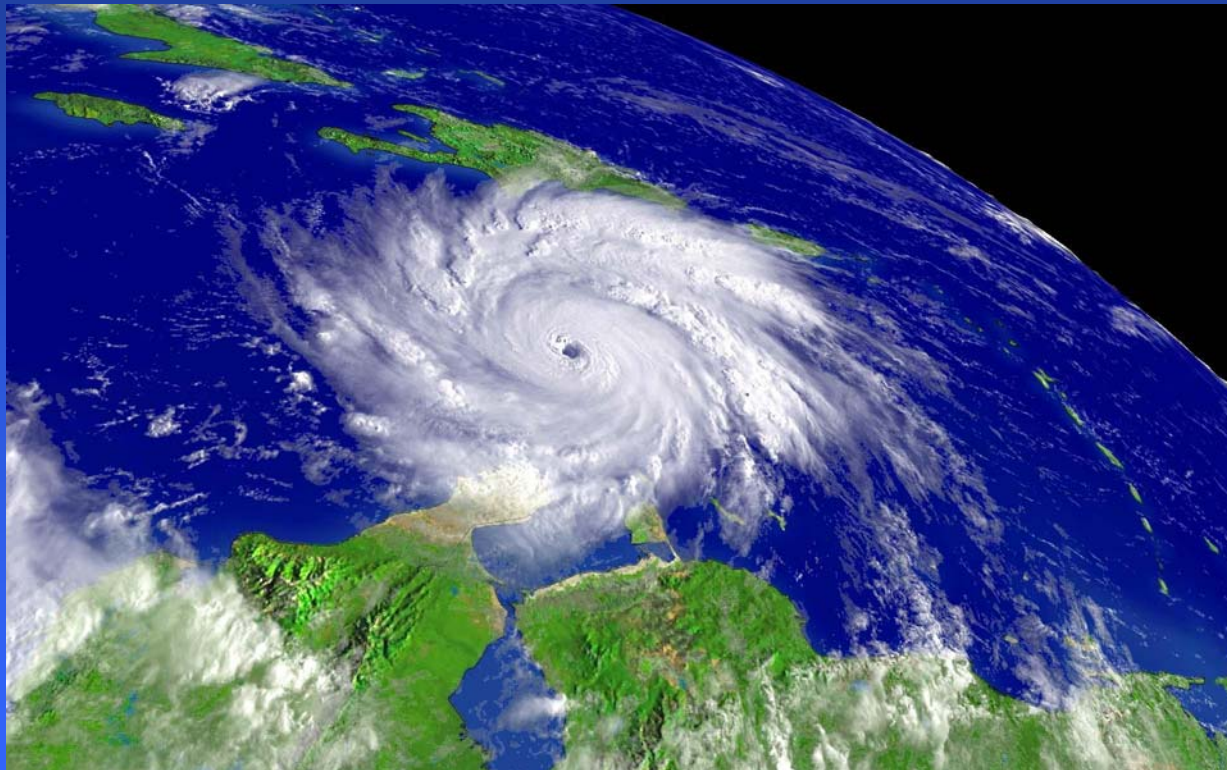
- 1.** Call Meeting to Order – *Jim Henderson, Chair*
- 2.** Roll Call – *Jim Henderson, Chair*
- 3.** Approval of March 20, 2009 Minutes – *Jim Henderson, Chair*
- 4.** Presentation of the May 2009 Bonding Estimates – *John Forney, Raymond James & Associates, Inc.*
- 5.** Vote to Approve the May 2009 Bonding Estimates – *Jim Henderson, Chair*
- 6.** Discussion of Rule 19-8.028 Premium Formula – *Anne Bert*
- 7.** Vote to Approve Filing the Premium Formula Rule (Rule 19-8.028) for Adoption – *Jim Henderson, Chair*
- 8.** Discussion and Vote to Approve Filing Emergency Rule 19-ER09-1, Reimbursement Contract, for Adoption – *Anne Bert*
- 9.** FHCF Staff Report – *Anne Bert*
- 10.** Schedule & Agenda for Next Meeting – *Anne Bert*
- 11.** Concluding Remarks – *Jim Henderson, Chair*

4. Presentation of the May 2009 Bonding Estimates

-- John Forney, Raymond James & Associates, Inc.

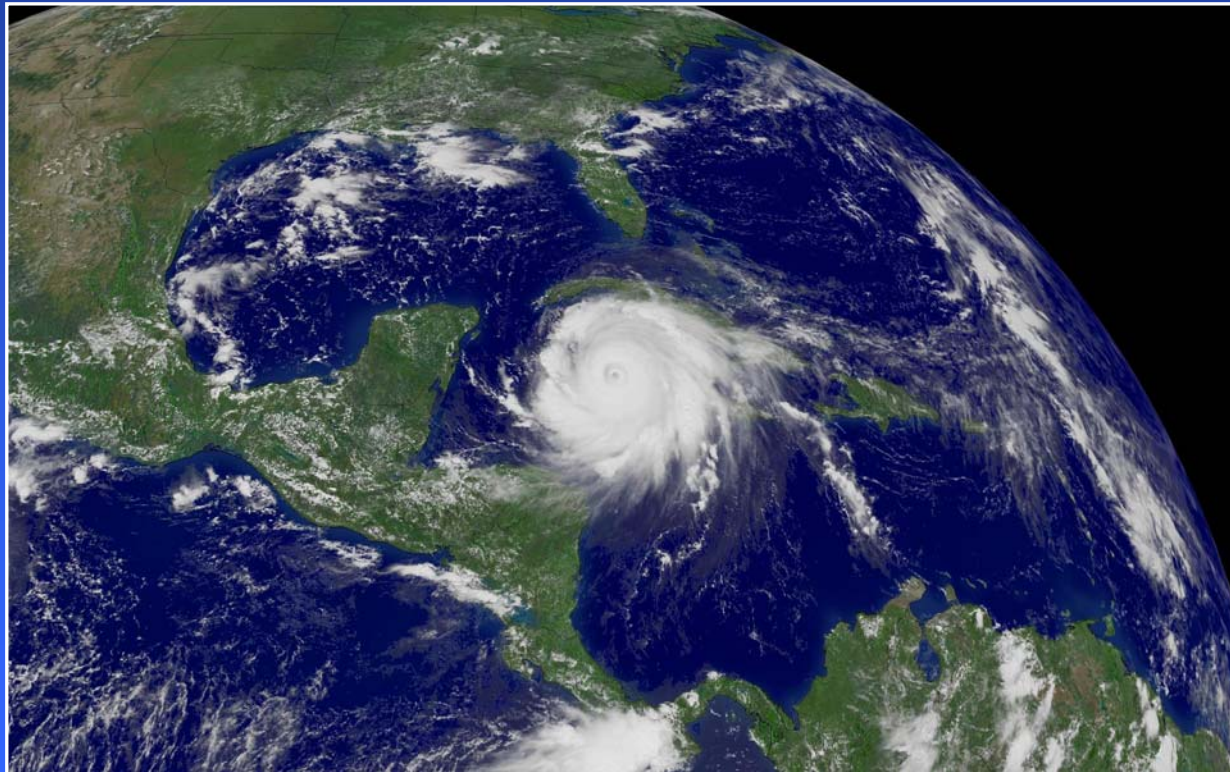
**5. Vote to Approve the May 2009
Bonding Estimates**
-- Jim Henderson, Chair

6. Discussion of Rule 19-8.028, Premium Formula -- *Anne Bert*



7. **Vote to Approve Filing Premium Formula Rule (Rule 19-8.028) for Adoption**

-- Jim Henderson, Chair



**8. Discussion and Vote to Approve
Filing Emergency Rule 19-ER09-1,
Reimbursement Contract, for Adoption**

-- Anne Bert

9. FHCF Staff Report

-- Anne Bert

A. 2009 Legislative Session (all bills below have yet to become law):

CS/CS/CS/HB 1495

- 2010 Contract Year begins June 1 & ends December 31, thereafter, Contract Year begins January 1 & ends December 31
- \$10 million coverage option reinstated for the 2009-2011 Contract Years
- May and October estimates must now include the estimated claims paying capacity
- Implements a “cash build-up” factor, 5% per year to 2013, 25% thereafter
- May require documents to be notarized
- TICL option extended to 2013 Contract Year
- TICL option reduced \$2 billion per year, phased out over 6 years
- TICL premium increases by a factor of 2 per year, up to 6 by 2013
- \$4 billion option stricken

FHCF Staff Report continued...

- Florida Commission on Hurricane Loss Projection Methodology – Report due February 1, 2010 on implementation of windstorm mitigation discounts, credits, rate differentials, reduction of deductibles

CS/CS/HB 1171

- Permits certain insurers to sell “non rate regulated” residential property insurance policies
- Insurer may not purchase TICL coverage

CS/HB 1758

- Florida Commission on Hurricane Loss Projection Methodology shall adopt methods, principles, standards, models or output ranges every odd year rather than annually

(assumes 100% TICL, no LAC)

Premiums

51.9 Years--
1.9%
\$ 288 M

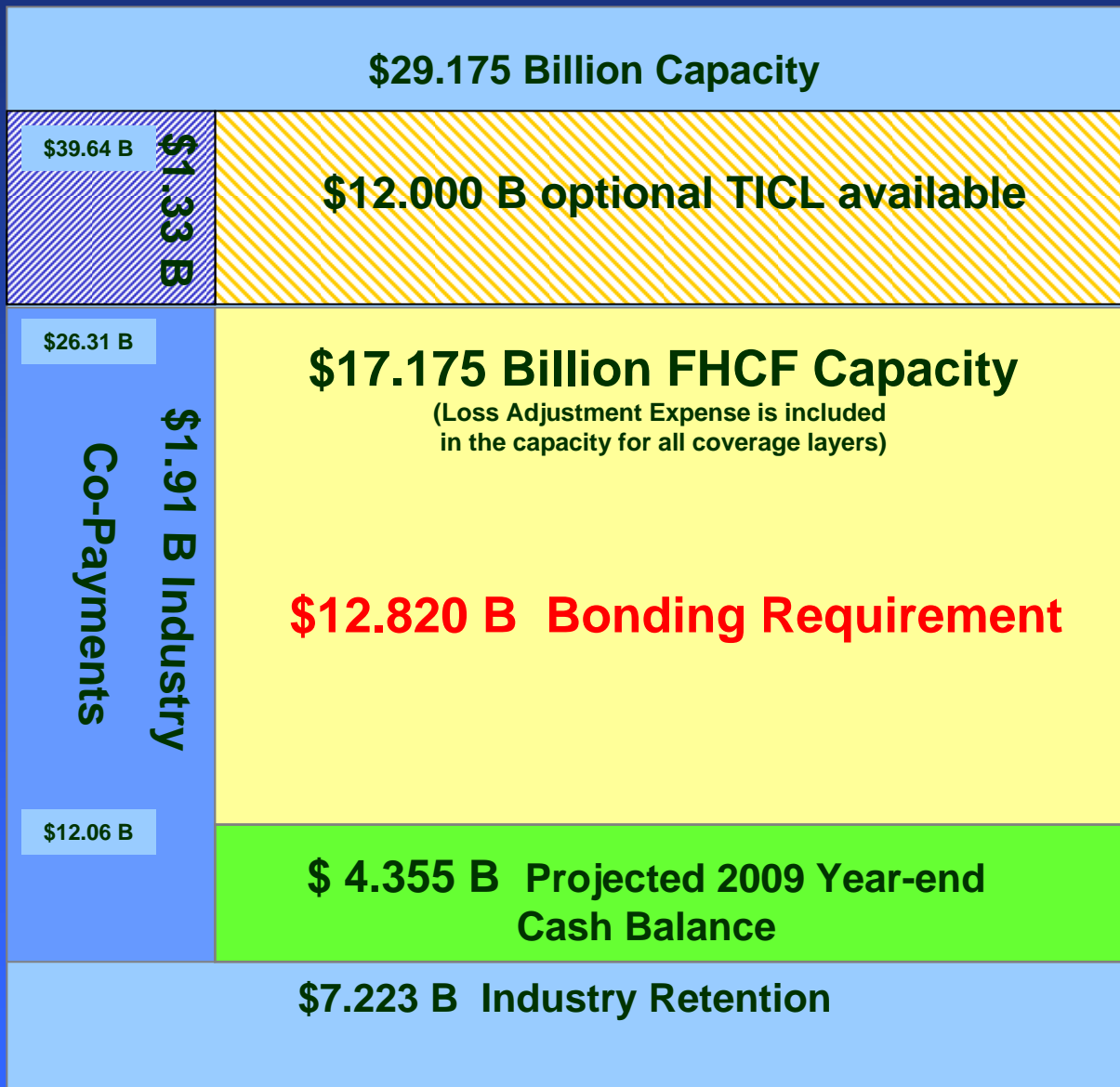
32 Years –
3.1%

\$ 1,029 M

14.1 Years –
7.1%

9.0 Years –
11.1%

\$1,317 M



← TICL Optional
2.4% ROL

Actual Capacity	
\$ 12.000 B	TICL
\$ 17.175 B	FHCF
\$ 0 B	TEACO
\$ 29.175 B	
-	4.355 B Cash
\$ 24.820 B Bond	
6.0% ROL	

Mandatory Coverage

*Individual company retentions are their share of the industry retention.

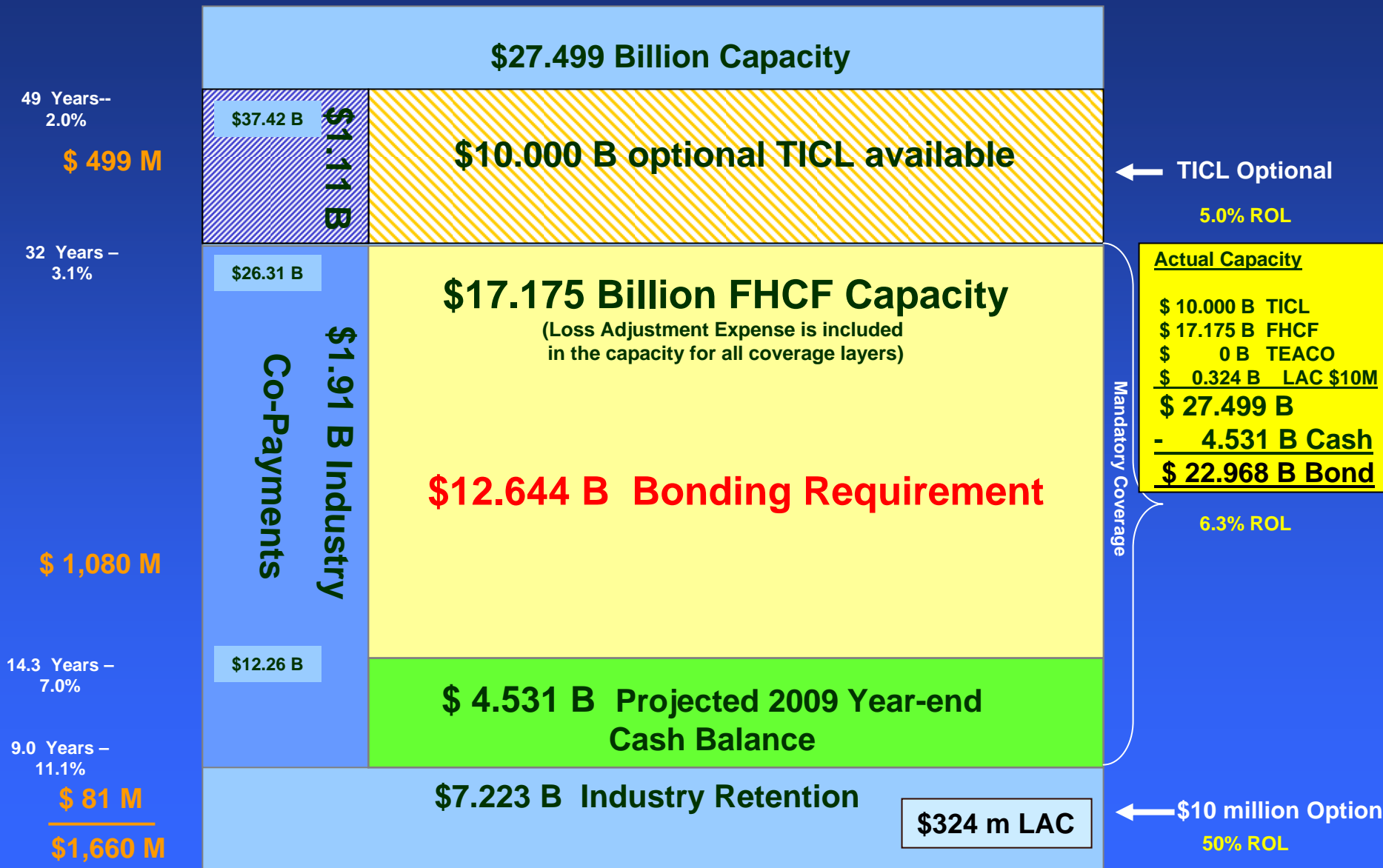
Not Drawn to scale.

After HB 1495

Mandatory & Optional Coverages Available

(assumes 100% TICL, same LAC purchase as in 2008)

Premiums



*Individual company retentions are their share of the industry retention.

Not Drawn to scale.

FHCF Staff Report continued...

B. Implementation of Legislation

- **Changes to the Reimbursement Contract**
- **Amendment to Addendum #2**
- **New Addendum #4 offering the \$10 million optional coverage**
- **New Addendum #5 incorporating changes to the original Reimbursement Contract**

C. Update on 2004/2005 FHCF Losses

2004 & 2005 FHCF Losses

5/07/09

\$28.174 Billion Total Residential Losses

\$16.634 Billion Residential Losses

2004

\$3.95 Billion

(+\$111 m outstanding)

Total Losses \$3.95 B
Reported Losses 98.25% \$3.881 B
Paid Losses \$3.839 B 98.91%

Cos. Triggering: 136

Cos. At Limit : 60

\$69 m Reserves for future reported losses

+\$42 m reserves for reported losses

\$111 m Total Cash Assets available to pay
the remaining 2004 losses

\$11.540 Billion Residential Losses

2005

\$5.20 Billion

(+\$428 m outstanding)

Total Losses \$5.20 B
Reported Losses 99.46% \$5.172 B
Paid Losses \$4.772 B 92.26%

Cos. Triggering: 111

Cos. At Limit : 14

\$28 m Reserves for future reported losses

+\$400 m Reserves for reported losses

\$428 m Total needed to pay
the remaining 2005 losses

Resources \$428 m
Outstanding \$540 m
Difference -\$112 m

\$540 m Total needed to pay
the remaining losses

*Totals may differ due to rounding

FHCF Staff Report continued...

D. Staff Activities

- **Federal Legislation**
- **Update on purchase of financial / reinsurance products**
Legislative committees
- **Consideration of financial / reinsurance products**
- **Planning and preparation for the 2009 Participating Insurer Workshop in Orlando, Florida**
- **Exposure / Loss exams**
- **Staff Support for Methodology Commission On-site model reviews**

10. Schedule & Agenda for Next Meeting

-- *Anne Bert*

11. Concluding Remarks

--*Jim Henderson, Chair*

