



# Florida Hurricane Catastrophe Fund

## Estimated Loss Reimbursement Capacity

(Assumes passage of CS/CS/CS/HB 1495)

May 2009

(Revised as of 5/12/09)

# Executive Summary: The Big Picture

- The FHCF is a statutorily created reinsurer of covered residential hurricane losses in Florida.
- The FHCF **reimburses** participating insurers for covered losses.
- Potential sources of reimbursement include:
  - Fund balance available to pay claims (i.e. surplus)
  - Pre-event borrowing proceeds and related liquidity instruments
  - Post-event borrowing proceeds (secured by emergency assessments)
  - Reinsurance proceeds (if any)
- In May and October of each year, the FHCF is required to publish an estimate of its *“estimated borrowing capacity and projected balance of the fund as of December 31.”*
- The presentation is meant to provide information and perspective to assist the FHCF in meeting this requirement.

## Executive Summary: The Approach

- Prior to the presentation in October 2008, past “Estimated Claims-Paying Capacity” presentations included a calculation of the FHCF’s borrowing capacity based solely on statutorily available revenue repayment streams.
  - The implicit assumption was that there was a strong likelihood the FHCF could actually access the market for the full amount of its bonding needs over time; previous market conditions were conducive to such an assumption.
- The ongoing global financial crisis has made access to the capital markets significantly more difficult for institutions around the world.
  - Given the FHCF’s reliance on post-event financing, this has a negative impact on the FHCF’s funding capability.
- Similar to the October 2008 presentation, this presentation incorporates both a theoretical calculation of loss reimbursement capacity AND an estimate of the loss reimbursement capacity for the 2009/2010 contract year.
  - This estimated loss reimbursement capacity is based primarily on input from the FHCF’s three senior managing underwriters (Citi, Goldman Sachs and JP Morgan) of borrowing capacity given current market conditions.

## Executive Summary: New Legislation

- CS/CS/CS/HB 1495 was passed during the 2009 Legislative Session.
- If HB 1495 becomes law, the FHCF's Estimated Loss Reimbursement Capacity will be impacted in the following ways:
  - The \$10 million coverage option for certain companies is reinstated,
  - A “cash build-up” factor of 5% is added,
  - The TICL coverage option is reduced \$2 billion to \$10 billion, and
  - The TICL premium increases by a factor of 2.
- The estimates provided in this presentation reflect these provisions.

# Executive Summary: The Results

- Up to \$27.499 billion of single season maximum loss reimbursement theoretical capacity is currently available.
- **THEORETICAL CAPACITY:**
  - Given its statutory capabilities, available resources, current market rates, and currently outstanding debt, the FHCF has a theoretical multi-year loss reimbursement capacity of \$46.843 billion, broken down as follows:

	Projected Fund Balance	Pre-Event Notes (Series 2007A)	Post-Event Borrowing Capacity*	Total Loss Reimbursement Capacity	Annual Assessment %
Initial Season	\$4.460 B	\$3.500 B	\$19.539 B	\$27.499 B	5.4%
Subsequent Season	\$1.534 B	-	\$17.810 B	\$19.344 B	4.6% **
<b>Total</b>	<b>\$5.994 B</b>	<b>\$3.500 B</b>	<b>\$37.349 B</b>	<b>\$46.843 B</b>	<b>10.0%</b>

\* Represents total borrowing capacity, not claims-paying capacity. Claims-paying capacity will be less due to costs of issuance, capitalized interest, deposit to debt service reserve fund, etc.

\*\* 1% of total emergency assessments is not utilized until 2014 when the Series 2006A Bonds and Series 2008A Bonds reach final maturity.

# Executive Summary: The Results

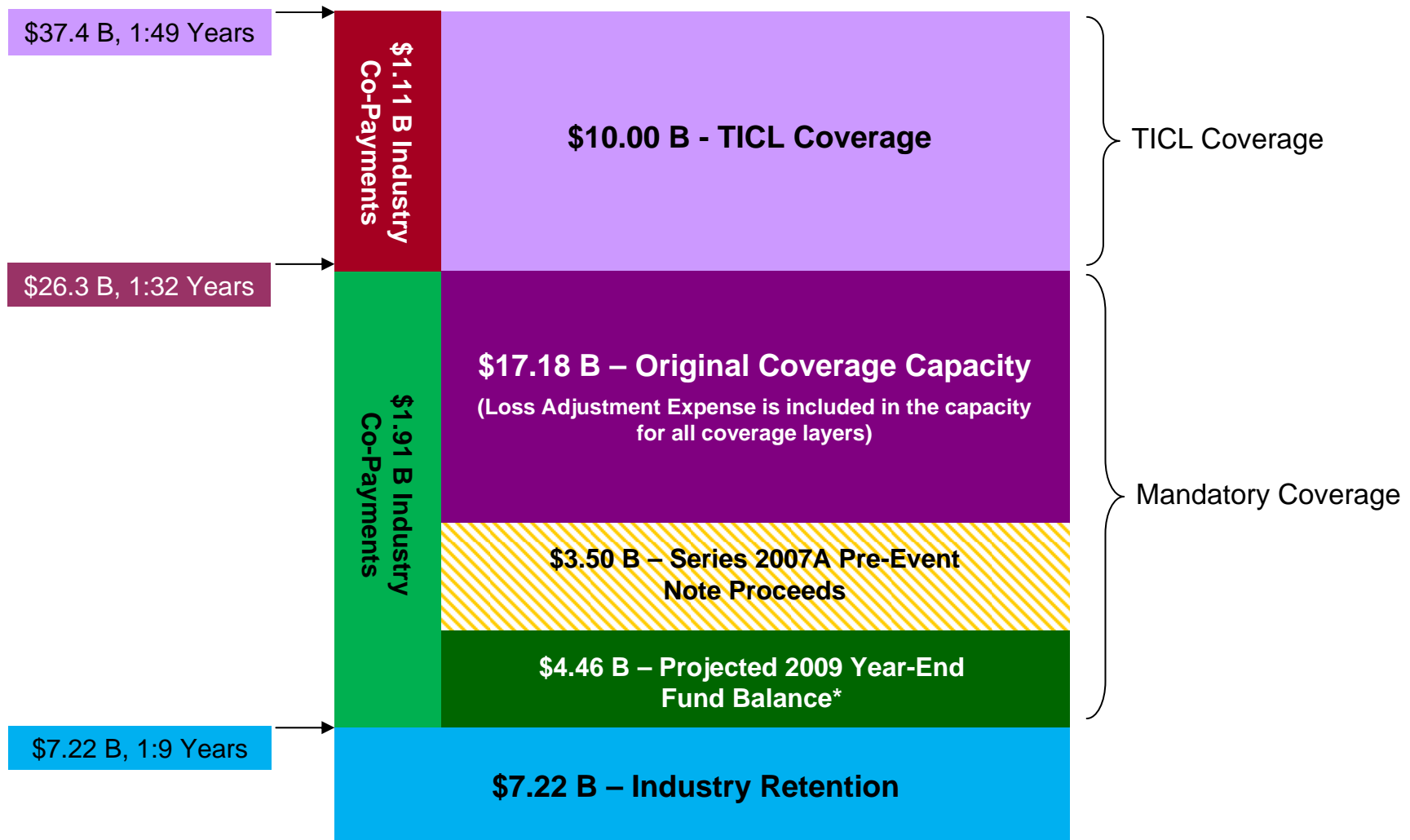
▪ **ESTIMATED CAPACITY:**

- Significant uncertainty exists as to the FHCF’s bonding capacity after an event given current market conditions.
- The FHCF’s senior managers were asked to submit bonding capacity estimates based on both tax-exempt and taxable markets and using a wide range of interest rate flexibility and timing, with the submittals received providing a wide disparity as it related to the FHCF’s perceived post-event bonding capacity.
- Estimates ranged on average from \$4.5 to \$10 billion for post-event bonding capacity depending on the size of the event, the markets accessed, the time necessary to access such markets, and the interest rates utilized – **a projected post-event bonding capacity estimate of \$8 billion was used for this estimated loss reimbursement capacity presentation.**
- Estimates of the interest rates that the FHCF would pay to access the market also varied widely – as much as 70 basis points in certain maturities for post-event tax-exempt debt.
- Given the state of financial markets and the FHCF’s senior managers’ estimates of borrowing capacity, the FHCF has an estimated range of loss reimbursement capacity of \$12.460 to \$17.960 billion. **The projected loss reimbursement capacity is determined to be \$15.960 billion**, broken down as follows:

	Projected Fund Balance	Pre-Event Notes (Series 2007A)	Post-Event Borrowing Capacity*	Total Loss Reimbursement Capacity	Annual Assessment %
Initial Season	\$4.460 B	\$3.500 B	\$4.500 B** (min.) <b>\$8.000 B (proj.)</b> \$10.000 B** (max.)	\$12.460 B (min.) <b>\$15.960 B (proj.)</b> \$17.960 B (max.)	1.6% *** <b>2.9% ***</b> 3.6% ***

\* Represents total borrowing capacity. Claims-paying capacity will be less due to costs of issuance, capitalized interest, deposit to debt service reserve fund, etc.  
 \*\* Minimum post-event borrowing capacity based on an arithmetic mean of senior managers’ estimates of minimum borrowing capacity over the next 12 months (Citi \$10B, GS \$0B, and JPM \$3.5B); maximum 12-month post-event borrowing capacity based on an arithmetic mean of senior managers’ estimates of maximum borrowing capacity over the next 12 months (Citi \$12B, GS \$11B, and JPM \$6.5B).  
 \*\*\* Based on an above-market interest rate of 12% amortized over a 30-year period.

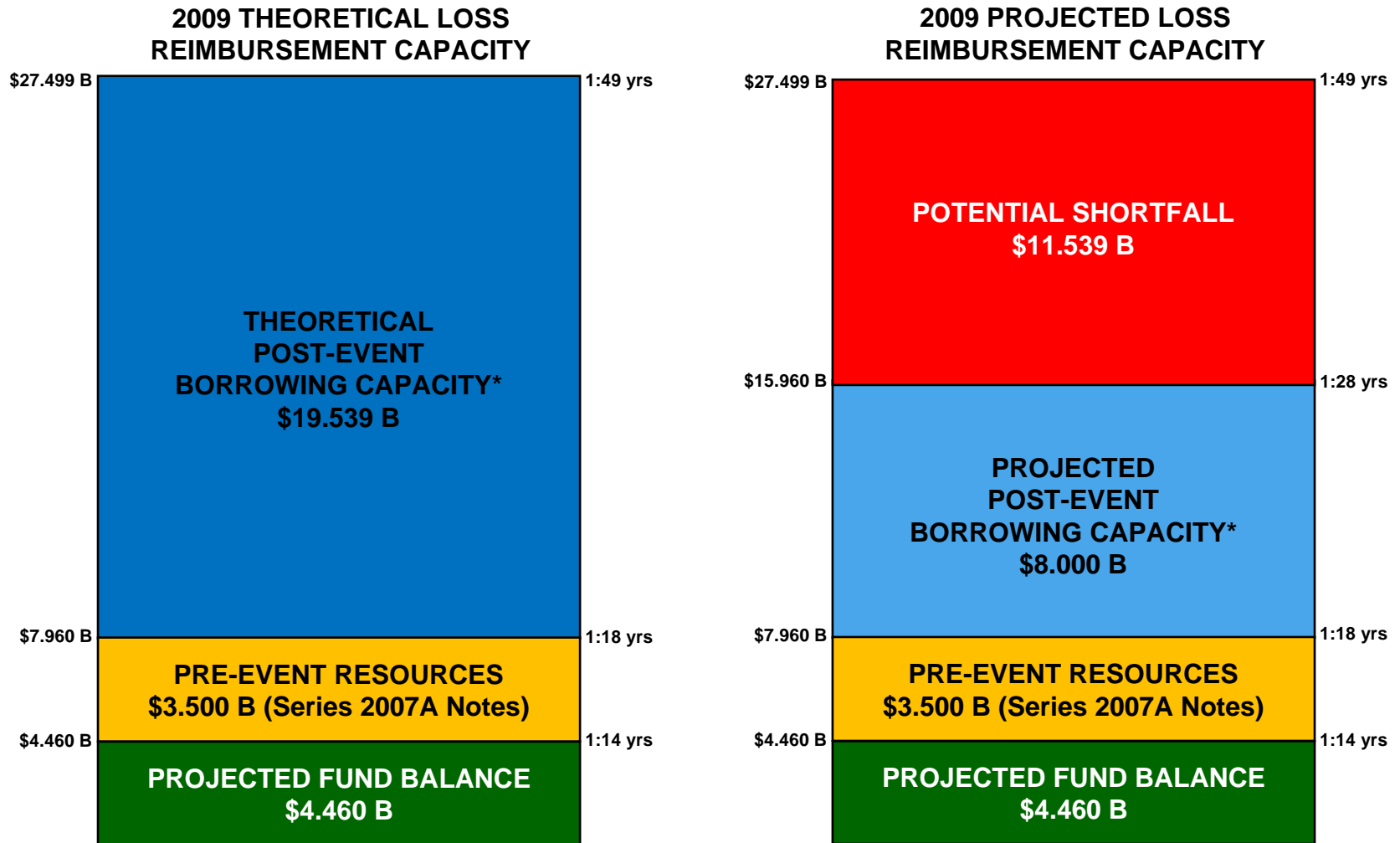
# The FHCF's Potential Obligations



Ground up losses only.

\* Assumes as much TICL limit purchased as in prior year, subject to legal limit.

# Overview of Loss Reimbursement Funding Sources



\* Represents total borrowing capacity. Claims-paying capacity will be less due to costs of issuance, capitalized interest, deposit to debt service reserve fund, etc.



# Breakdown of Three Main Funding Sources

▪ **Fund Balance:**

• As of 12/31/08	\$3,020,000,000
• Additions	\$1,467,000,000
• Subtractions	<u>(\$27,000,000)</u>
• Projected 12/31/09	\$4,460,000,000

▪ **Pre-Event & Other Liquidity Resources:**

• Floating Rate Notes, Series 2007A	\$3,500,000,000
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▪ **Post-Event Borrowing Capacity (Initial Season)\*:**

• Theoretical Borrowing Capacity	\$19,539,000,000
• Estimated Borrowing Capacity** (12-mo min.)	\$4,500,000,000
• <b>Projected Borrowing Capacity (12-mo proj.)</b>	<b>\$8,000,000,000</b>
• Estimated Borrowing Capacity** (12-mo max.)	\$10,000,000,000

**TOTAL  
POTENTIAL  
LIQUIDITY  
\$7.960 B**

▪ **Total Loss Reimbursement Capacity (Initial Season):**

• Theoretical Capacity	\$27,499,000,000
• Estimated Capacity (12-mo min.)	\$12,460,000,000
• <b>Projected Capacity (12-mo proj.)</b>	<b>\$15,960,000,000</b>
• Estimated Capacity (12-mo max.)	\$17,960,000,000

\* Represents total borrowing capacity. Claims-paying capacity will be less due to costs of issuance, capitalized interest, deposit to debt service reserve fund, etc.

\*\* Minimum post-event borrowing capacity based on an arithmetic mean of senior managers' estimates of minimum borrowing capacity over the next 12 months; maximum 12-month post-event borrowing capacity based on an arithmetic mean of senior managers' estimates of maximum borrowing capacity over the next 12 months.

## Pre-Event & Other Liquidity Resources

- Pre-Event funding is designed to provide cash to the FHCF to pay future loss reimbursements.
  - The FHCF has \$3.500 billion in outstanding pre-event and other liquidity resources (excluding fund balance), all of which represents available liquidity for loss reimbursements.
- Series 2007A Floating Rate Notes:
  - Description: Taxable floating rate debt sold to various inst'l investors in 10/2007
  - Par Amount: \$3,500,000,000
  - Interest Rate: 1-month LIBOR + 78 bps (reset every month)
  - Final Maturity: October 15, 2012 ("bullet" maturity)
  - Optional Redemption: October 15, 2008 @ 101% (declines 0.25% annually)

# Post-Event Borrowing Capacity

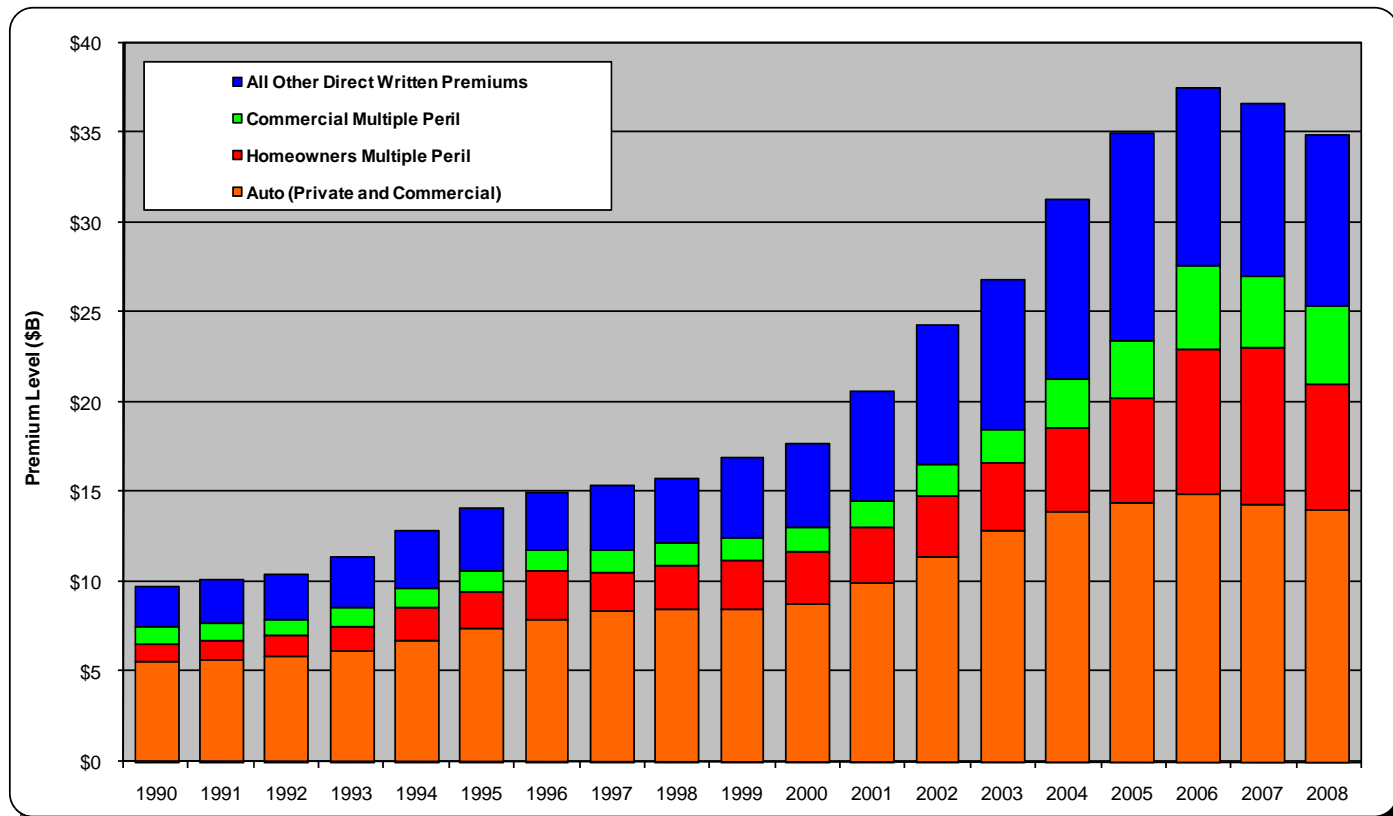
- The FHCF has the statutory ability to issue tax-exempt bonds secured by emergency assessments to meet its loss reimbursement obligations after a hurricane.
  - Current long-term bond ratings of Aa3/AA-/AA-.
- Constraints:
  - Ongoing emergency assessment limit of 6% per year and total combined emergency assessment limit of 10% for both initial and subsequent seasons.
  - Final maturity limit of 30 years from the time of issuance.
  - Coverage requirement on all post-event bonds of 1.25 times.
  - Existing tax-exempt post-event debt:

	Series 2006A Bonds		Series 2008A Bonds		Total Post-Event Debt Service			Annual Assessment %
	Principal	Interest	Principal	Interest	Principal	Interest	P&I	
<b>2009*</b>	\$256,655,000	\$55,369,575	\$0	\$27,459,536	\$256,655,000	\$82,829,111	\$339,484,111	1.00%
<b>2010</b>	269,485,000	42,536,825	0	29,865,356	269,485,000	72,402,181	341,887,181	1.00%
<b>2011</b>	282,660,000	29,362,575	0	29,865,356	282,660,000	59,227,931	341,887,931	1.00%
<b>2012</b>	296,795,000	15,229,575	0	29,865,356	296,795,000	45,094,931	341,889,931	1.00%
<b>2013</b>	0	0	300,000,000	29,865,356	300,000,000	29,865,356	329,865,356	1.00%
<b>2014</b>	0	0	325,000,000	15,450,425	325,000,000	15,450,425	340,450,425	1.00%
<b>Total</b>	<b>\$1,105,595,000</b>	<b>\$142,498,550</b>	<b>\$625,000,000</b>	<b>\$162,371,386</b>	<b>\$1,730,595,000</b>	<b>\$304,869,936</b>	<b>\$2,035,464,936</b>	<b>-</b>

\* Includes a full year of interest payments. Principal on Series 2006A and 2008A Bonds is due on July 1.

# The FHCF Assessment Base

- The FHCF assessment base includes all property & casualty lines except worker's comp, medical malpractice, accident and health, and Federal flood insurance.
- Current base is \$34.9 billion.



# Direct Written Premiums

Line of Business	2008 Total Assessable Premium (as of 4/29/09)
Fire	\$1,019,525,903
Allied Lines	\$2,333,652,010
Multiple Peril Crop	\$289,754,847
Farmowners Multiple Peril	\$55,270,585
Homeowners Multiple Peril	\$6,747,520,732
Commercial Multiple Peril (Non-Liability)	\$1,095,954,961
Commercial Multiple Peril (Liability)	\$527,564,462
Mortgage Guaranty	\$369,135,758
Ocean Marine	\$299,799,896
Inland Marine	\$843,933,392
Financial Guaranty	\$78,853,210
Earthquake	\$5,874,939
Other Liability	\$1,950,010,807
Products Liability	\$111,344,827
Private Passenger Auto No-Fault (PIP)	\$2,485,732,363
Other Private Passenger Auto Liability	\$6,155,630,682
Commercial Auto No-Fault (PIP)	\$113,807,638
Other Commercial Auto Liability	\$1,249,002,026
Private Passenger Auto Physical	\$3,680,276,298
Commercial Auto Physical Damage	\$332,537,661
Aircraft (All Perils)	\$130,374,585
Fidelity	\$53,385,192
Surety	\$366,939,725
Burglary and Theft	\$9,665,154
Boiler and Machinery	\$51,418,275
Credit	\$54,572,092
Aggregate Write-ins	\$376,886,808
Independently Procured Coverage (IPC)	\$42,005,213
<b>Total</b>	<b>\$30,830,430,041</b>

Source: Florida Office of Insurance Regulation, Market Research Unit

**2007 DWP:**  
**\$32,545,116,166**  
**% Change in DWP:**  
**-5.27%**

# Surplus Lines Premiums

Coverage Code	2008 Surplus Lines Premiums (as of 4/30/09)
[1000] Commercial Property	2,017,070,797
[1001] Builders Risk	95,309,720
[1002] Business Income	2,746,227
[1003] Apartments (Commercial)	12,780,556
[1004] Boiler and Machinery	106,718
[1005] Commercial Package (Property & Casualty)	278,785,129
[1006] Condominium Package (Commercial)	27,786,777
[1008] Difference In Conditions	22,921,929
[1009] Earthquake	163,004
[1010] Flood	10,117,383
[1011] Glass (Commercial)	(68)
[1012] Mortgagee Impairment	178,006
[1013] Windstorm &/or Hail	43,234,626
[1014] Mold Coverage - Commercial	(8,346)
[1016] Excess Flood - Commercial	9,008,918
[1100] Bankers Blanket Bond	3,029,564
[1101] Blanket Crime Policy	779,147
[1102] Employee Dishonesty	63,672
[1103] Identity Theft	71,976
[1201] Credit Insurance	1,011,732
[1202] Animal Mortality	283,188
[1203] Mortgage Guaranty	26,226
[1205] Product Recall	470,324
[1206] Kidnap/Ransom	51,105
[1207] Surety	1,801,813
[1208] Weather Insurance	588,163
[1209] Prize Indemnification	439,449
[1210] Accident Travel	45,367
[1211] Terrorism	10,686,905
[2000] Homeowners-HO-1	330,160
[2001] Homeowners-HO-2	83,841
[2002] Homeowners-HO-3	143,585,256
[2003] Tenant Homeowners-HO-4	513,541
[2004] Homeowners-HO-5	3,567,438
[2005] Condo Unit-Owners HO-6	24,822,339
[2006] Homeowners-HO-8	12,486,264
[2007] Dwelling Builders Risk	1,424,397
[2008] Dwelling Flood	19,943,240
[2009] Dwelling Property	40,671,200
[2010] Farmowners Multi-Peril	1,262,249
[2011] Mobile Homeowners	3,670,979
[2012] Windstorm	23,868,777
[2015] Excess Flood (Residential)	16,510,712
[3000] Marina Operations Legal	951,585
[3001] Marine Liabilities Package	7,389,813
[3002] Ocean Marine-Hull &/or Protection & Indemnity	7,906,166
[3003] Ocean Cargo Policy	9,534,573
[3004] Ship Repairers Legal Liability	40,836

Coverage Code	2008 Surplus Lines Premiums (as of 4/30/09)
[3005] Stevedores Legal Liability	113,645
[3006] Personal & Pleasure Boats & Yachts	31,013,691
[3007] Ocean Marine Builder's Risk	45,434
[4000] Inland Marine (Commercial)	27,067,750
[4001] Inland Marine (Personal)	25,296,452
[4002] Motor Truck Cargo	11,594,999
[4003] Jewelers Block	6,333,900
[4005] Contractors Equipment	1,066,414
[4006] Electronic Data Processing	336,994
[5000] Commercial General Liability	643,409,393
[5001] Commercial Umbrella Liability	76,398,821
[5002] Directors & Officers Liability (Profit)	19,168,342
[5003] Directors & Officers Liability (Non-Profit)	4,579,695
[5004] Educator Legal Liability	707,232
[5005] Employment Practices Liability	16,386,962
[5006] Excess Commercial General Liability (Not Umbrella)	78,729,349
[5007] Excess Personal Liability (Not Umbrella)	2,232,308
[5008] Liquor Liability	4,826,917
[5009] Owners & Contractors Protective	4,827,827
[5010] Personal Umbrella	3,313,781
[5011] Personal Liability	3,408,660
[5012] Pollution & Environment Liability	38,482,239
[5013] Product & Completed Operations Liability	10,789,992
[5014] Public Officials Liability	781,269
[5015] Police Professional Liability	927,082
[5016] Media Liability	1,236,669
[5017] Railroad Protective Liability	5,893,249
[5019] Guard Service Liability	915,991
[5020] Special Events Liability	1,752,376
[7000] Architects & Engineers Liability	24,306,648
[7001] Insurance Agents & Brokers E&O	16,266,516
[7002] Lawyers Professional Liability	25,206,240
[7003] Miscellaneous E&O Liability	72,732,307
[7004] Real Estate Agents E&O	2,107,822
[7005] Software Design Computer E & S	823,355
[8000] Commercial Auto Liability	5,290,734
[8001] Commercial Auto Excess Liability	6,855,554
[8002] Commercial Auto Physical Damage	16,754,714
[8003] Dealers Open Lot	6,147,745
[8004] Garage Liability	15,825,959
[8005] Garage Keepers Legal	1,822,986
[8006] Private Passengers Auto-Physical Damage Only	3,741,654
[8007] Personal Excess Auto Liability	1,712,133
[9000] Commercial Aircraft Hull &/or Liability	13,062,762
[9001] Airport Liability	2,011,260
[9002] Aviation Cargo	361,356
[9003] Aviation Product Liability	477,240
[9005] Personal & Pleasure Aircraft	90,756
<b>Total as of 4/30/09</b>	<b>4,095,348,540</b>

**2007 Surplus Lines Premiums:**  
**\$4,101,192,689**  
**% Change in Surplus Lines Premiums:**  
**-0.14%**

\* Source: FLSLO

\* Based on policies with a submitted/filed/written date from 1/1/08 to 12/31/08.

\* Independently Procured Coverage (IPC) included in totals, but only for those policies that have been paid (\$6,816,357.51 paid).

# Historical Assessment Base

Calendar Year	Admitted lines DWP	Surplus Lines & Independently Procured Premium	Total Aggregate Premium	6% Emergency Assessment	% Premium Increase From Prior Year
1995	\$13,782,528,507	-	\$13,782,528,507	-	-
1996	\$14,994,283,493	-	\$14,994,283,493	-	8.79%
1997	\$15,401,838,211	-	\$15,401,838,211	-	2.72%
1998	\$15,817,192,766	-	\$15,817,192,766	-	2.70%
1999	\$16,036,013,133	-	\$16,036,013,133	-	1.38%
2000	\$16,780,114,935	-	\$16,780,114,935	-	4.64%
2001	\$19,195,286,560	-	\$19,195,286,560	-	14.39%
2002	\$22,150,290,949	-	\$22,150,290,949	-	15.39%
2003	\$24,410,590,887	\$2,434,696,171	\$26,845,287,058	\$1,610,717,223	21.20%
2004	\$28,648,648,240	\$2,695,485,410	\$31,344,133,650	\$1,880,648,019	16.76%
2005	\$31,713,757,522	\$3,275,286,947	\$34,989,044,469	\$2,099,342,668	11.63%
2006	\$33,346,228,384	\$4,207,911,564	\$37,554,139,948	\$2,253,248,397	7.33%
2007	\$32,545,116,166	\$4,101,192,689	\$36,646,308,855	\$2,198,778,531	-2.42%
2008	\$30,830,430,041	\$4,095,348,540	\$34,925,778,581	\$2,095,546,715	-4.69%

\* Source: OIR and FLSO

\* DWP is as of 12/31 as reported by the companies to the NAIC on the Annual Statement until 1/1/07 when DWP is based on companies reporting to the FHCF for the 1% assessment and is subject to change as company/agent adjustments are reported.

\* In 2004, the Florida legislation excluded medical malpractice for 3 years and included surplus lines.

\* In 2007, the Florida legislation excluded medical malpractice until 2010.

\* Average assessment increase from 1995-2008 (geometric mean) is 7.41%.

# Continued Widening of Interest Rate Spreads

Year	Spread at Pricing of Series 2006A	Spread at Pricing of Series 2008A	Estimated October 2008 Spreads	Estimated May 2009 Spreads
1	-	-	1.83%	3.25%
2	0.20%	-	1.85%	3.25%
3	0.23%	-	1.86%	3.25%
4	0.24%	-	1.88%	3.25%
5	0.25%	1.44%	1.91%	3.25%
6	0.25%	1.40%	1.90%	3.25%
7	-	-	1.89%	3.25%
8	-	-	1.87%	3.25%
9	-	-	1.86%	3.25%
10	-	-	1.84%	3.25%
11	-	-	1.82%	3.00%
12	-	-	1.80%	3.00%
13	-	-	1.78%	3.00%
14	-	-	1.78%	3.00%
15	-	-	1.78%	3.00%
16	-	-	1.77%	3.00%
17	-	-	1.77%	3.00%
18	-	-	1.77%	3.00%
19	-	-	1.77%	3.00%
20	-	-	1.77%	3.00%
21	-	-	1.77%	2.75%
22	-	-	1.77%	2.75%
23	-	-	1.77%	2.75%
24	-	-	1.77%	2.75%
25	-	-	1.77%	2.75%
26	-	-	1.77%	2.75%
27	-	-	1.78%	2.75%
28	-	-	1.78%	2.75%
29	-	-	1.78%	2.75%
30	-	-	1.78%	2.75%

\* Current spreads were determined from an approximate average of the estimated spreads provided by the FHCF's three senior managing underwriters on or near April 28, 2009 and assume uninsured tax-exempt bonds rated Aa3/AA-/AA- .



## Financial Markets Update

- Due in large part to the fallout from the subprime mortgage crisis and the weakening economy, the last 12-15 months have been some of the most tumultuous times ever seen in the financial services industry.
  - The auction rate securities market collapsed in 2008 and the VRDO market continues to be in disarray as banks have become reluctant to provide letters of credit to issuers.
  - The market has seen tremendous contraction on both the buy side and the dealer side with numerous firms closing, merging, severely downsizing, or converting from investment banks to bank holding companies.
  - The seven “AAA” bond insurers that existed at the beginning of 2008 are no longer – there are now zero bond insurers that are rated “AAA” by all three rating agencies.
  - The steepening of the yield curve, which has led to increased absolute rates, combined with a dramatic widening of credit spreads has resulted in increased interest rates for issuers of all types and sizes.
  - The Fed’s development of Build America Bonds has sparked recent issuance in the taxable market and has resulted in tax-exempt rates marginally decreasing as the supply of tax-exempt paper decreases in relation to its taxable counterpart.
  - Interest rate sensitivity analyses, such as those provided in past FHCF claims-paying presentations, have become less reliable in today’s financial market as poor economic conditions, not interest rates, are driving capital markets.

## Recent Bond Issuance Trends

- The number and par amount of municipal financings completed had a fairly significant drop in the last quarter of 2008 and the beginning of 2009, but the ability of a municipal issuer to enter the bond market has improved over the last two months.
- There was a dramatic decrease in the issuance of tax-exempt bonds and a dramatic increase in the issuance of taxable bonds in April 2009 in response to Build America Bonds being introduced as a new financing option for governmental entities.

Municipal Issuances (Tax-Exempt & Taxable)				
Month	Par Amount (\$mm)	# of Issues	Avg. Issue Size (\$mm)	Largest Issue (\$mm)
Jan-08	\$19,192.8	715	\$26.8	\$1,588.8
Feb-08	\$20,465.5	710	\$28.8	\$1,748.6
Mar-08	\$40,086.6	854	\$46.9	\$2,407.7
Apr-08	\$47,696.8	1,098	\$43.4	\$1,700.0
May-08	\$41,153.7	1,124	\$36.6	\$1,058.6
Jun-08	\$45,366.2	1,215	\$37.3	\$1,500.0
Jul-08	\$34,928.1	891	\$39.2	\$1,322.6
Aug-08	\$30,956.2	870	\$35.6	\$1,050.0
Sep-08	\$19,211.0	667	\$28.8	\$1,750.0
Oct-08	\$20,229.9	568	\$35.6	\$5,000.0
Nov-08	\$24,486.4	675	\$36.3	\$1,122.7
Dec-08	\$19,010.4	668	\$28.5	\$1,500.0
Jan-09	\$22,646.6	612	\$37.0	\$841.3
Feb-09	\$23,149.1	810	\$28.6	\$950.0
Mar-09	\$38,586.0	913	\$42.3	\$6,543.0
Apr-09	\$36,290.1	901	\$40.3	\$6,855.0
<b>Average</b>	<b>\$30,216.0</b>	<b>831</b>	<b>\$35.8</b>	<b>\$2,308.6</b>

## Conclusion

- The FHCF has substantial liquid resources of \$7.96 billion available to it.
  - These resources would enable the FHCF to avoid bonding after most events, and would provide a time cushion before bonding was required after a large event. If bonding is required, the FHCF would not need to access the markets all at once in order to meet its reimbursement obligations.
  - The probability of storm losses exceeding these liquid resources is approximately 5.5% in a given season.
  - The FHCF is a highly rated credit with long-term debt ratings of Aa3/AA-/AA- which are higher than all but a few reinsurers (Berkshire Re, Mapfre Re, Ms Frontier Re, and Tokio Millenium Re)
- However, because of the expanded size of the FHCF, it is more reliant on funding from the post-event bond market – measured in terms of total dollars needed to fulfill its maximum potential obligation – than it has ever been.
  - Maximum potential bonding needs are approximately \$23 billion.
  - The ongoing global credit crisis has hampered the ability of all institutions, including the FHCF, to access the financial markets.
  - Based on estimates from its three senior managing underwriters, the FHCF could have a significant bonding shortfall after a large hurricane.
- After receiving bonding capacity projections from the FHCF's senior managers that ranged from \$4.5 to \$10 billion, a **projected post-event bonding capacity estimate of \$8 billion** was used for analytical purposes which resulted in a projected loss reimbursement capacity of \$15.960 billion.