

SUMMARY OF MINUTES¹

March 21, 2013

A meeting of the Florida Hurricane Catastrophe Fund (FHCF) Advisory Council was held on Thursday, March 21, 2013, at the Hermitage Centre in Tallahassee, Florida. The meeting began at approximately 1:35 p.m. and concluded at 3:25 p.m. ET.

FHCF Advisory Council Members participating:

John Auer
Don Brown
M. Campbell Cawood
Jeff Evans
Kurt Gurley
David Walker
Floyd Yager, Chair

FHCF Advisory Council Members absent:

William Huffcut

Item 1 – CALL MEETING TO ORDER

Floyd Yager, Chair, called the meeting to order.

Item 2 – ROLL CALL

Anne Bert, FHCF Director of Operations, called roll and noted that a quorum was present.

Item 3 – APPROVAL OF THE JANUARY 8, 2013 MEETING MINUTES

A motion was made by David Walker and seconded by Don Brown, and the January 8, 2013 minutes were approved.

Item 4 – PRESENTATION OF THE 2013 PREMIUM FORMULA

Andy Rapoport and Paul Budde, actuarial consultants with Paragon Strategic Solutions Inc., presented the Council with an overview of the ratemaking process and what was new in the 2013 formula: 0% exposure trend for the third consecutive year; the statutory changes including an increase of the cash build-up factor from 20% to 25%, an increase in the optional TICL premiums from 500% to 600%, and the reduction of the maximum TICL limit from \$4 billion to \$2 billion; per company limit and retention adjustment factor lowered from 1.60% to -0.73%; maximum mitigation credit or debit increased from 20% to 30%; an increase in the projected pre-event notes expense costs; and the use of commercial losses from the Florida public model. The overall indications were provided as well as the premium, rates and coverages, modeled losses, loadings and factors, and the proposed 2013 rating territories.

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

The rates developed in the 2013 Ratemaking Formula Report assume an FHCF per event retention of \$7.213 billion (which drops to 1/3rd of this amount on the 3rd largest and subsequent events) and an FHCF limit level of \$17.0 billion.

Items 5 & 6 – DISCUSSION OF RULE 19-8.028, PREMIUM FORMULA AND VOTE TO APPROVE THE 2013 PREMIUM FORMULA AND TO FILE RULE 19-8.028 FOR NOTICE AND ADOPTION IF NO HEARING IS REQUESTED

A motion to approve the 2013 premium formula was made by Mr. Brown, seconded by John Auer, and passed 6-1 with Campbell Cawood voting no. A motion to file Rule 19-8.028 for notice and adoption if no hearing is timely requested was made by Mr. Walker, seconded by Mr. Brown, and passed by unanimous vote.

Item 7 – FHCF CHIEF OPERATING OFFICER’S REPORT

Dr. Nicholson informed the Advisory Council that pre-event financing was approved by the State Board of Administration Trustees and is moving forward. A Net Road Show was recorded for investors and is available as well as the preliminary official statement. Leonard Schulte, Director of Legal Analysis and Risk Evaluation, reported on the 2013 Florida Legislative Session and the status of bills impacting the FHCF.

Item 8 – SCHEDULE AND AGENDA FOR NEXT MEETING

Dr. Nicholson informed the Council that the March 28, 2013 conference call meeting was tentatively scheduled if needed to vote on the 2013 premium formula and Rule 19-8.028, and based on the action taken during today’s meeting, the March 28, 2013 meeting will be cancelled. The next Advisory Council meeting will be on May 16, 2013 from 1:30 p.m. ET to approve the May 2013 estimated claims paying capacity report.

Item 9 – CONCLUDING REMARKS

There being no further business, the meeting was adjourned.