

SUMMARY OF MINUTES¹

May 17, 2018

A meeting of the Florida Hurricane Catastrophe Fund (FHCF) Advisory Council was held on Thursday, May 17, 2018, in Room 116 of the Hermitage Centre in Tallahassee, Florida. The meeting began at approximately 1:30 p.m. and concluded at 2:53 p.m. ET.

FHCF Advisory Council Members participating:

John Auer (by phone)
Don Brown
M. Campbell Cawood (by phone)
Alan Edwards (by phone)
William Huffcut
David Walker (by phone)
Floyd Yager (by phone)

FHCF Advisory Council Members absent:

Kurt Gurley

Item 1 – CALL MEETING TO ORDER

David Walker, Chair, called the meeting to order.

Item 2 – ROLL CALL

Mr. Walker called roll and noted that a quorum was present.

Item 3 – APPROVAL OF THE MARCH 21, 2018 MEETING MINUTES

A motion was made by Alan Edwards, seconded by Don Brown, and the March 21, 2018 minutes were unanimously approved.

Items 4 & 5 – FINANCIAL MARKET UPDATE, PRESENTATION OF THE DRAFT MAY 2018 ESTIMATED CLAIMS PAYING CAPACITY, AND VOTE TO APPROVE THE MAY 2018 ESTIMATED CLAIMS PAYING CAPACITY

Kapil Bhatia of Raymond James & Associates, the FHCF Financial Advisor, provided a financial market update noting that the risk transfer markets are very strong and the reinsurance market remains stable. Mr. Bhatia presented the draft May 2018 Estimated Claims Paying Capacity report stating the FHCF is still in a very good position as in the last couple of years. The FHCF's maximum potential obligation for the 2018-2019 contract year is \$17 billion. The projected year-end cash balance of \$14.1 billion, a projected risk transfer of \$1 billion, and available pre-event bonds of \$2.2 billion provides the FHCF with liquid resources of \$17.3 billion, \$300 million above the 2018-2019 statutory maximum obligation. Mr. Bhatia noted the cash balance estimate is adjusted for projected Hurricane Irma losses of \$2.04 billion. The total average initial season

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.

estimated bonding capacity, as determined by the FHCF's senior managers, is \$8.2 billion with an additional \$7.6 billion for the subsequent season. After questions and discussion from Advisory Council members, a motion to approve the May 2018 Estimated Claims Paying Capacity was made by Mr. Brown, seconded by Mr. Edwards, and passed unanimously.

Item 6 – FHCF CHIEF OPERATING OFFICER'S REPORT

Anne Bert reported Hurricane Irma loss reimbursement requests have been received from 45 participating insurers and to date the FHCF has paid almost \$400 million. As of May 10, 2018, companies have reported about \$1.7 billion in losses. Ms. Bert discussed the overall FHCF structure for 2018 and subsequent seasons.

Ms. Bert spoke about the 25th anniversary of the FHCF and recognized the leadership and support provided through the years by the Advisory Council, the Trustees, FHCF staff, and Ash Williams, the Executive Director of the SBA. Leonard Schulte, FHCF Director of Legal Analysis & Risk Evaluation, shared a historical perspective of the FHCF's 25 years, where things were then and where they are now.

Ms. Bert updated the Council on recent FHCF staff activities including planning for the 2018 exposure examinations, enhancements to the online exposure data reporting system, FHCF *WIRE*, planning the upcoming loss reimbursement examination program, and the upcoming 18th annual participating insurers workshop being held in June.

Item 7 – SCHEDULE AND AGENDA FOR NEXT MEETING

Ms. Bert informed the Council that the next scheduled meeting is a tentative conference call to be held only if a rule hearing is requested on Rule 19-8.028, Reimbursement Premium Formula, to review comments made at the rule hearing. A conference call meeting will be scheduled in August to request approval to file Rule 19-8.010, Reimbursement Contract, for Notice of Proposed Rulemaking, and a meeting will be scheduled in October for presentation and approval of the October 2018 Claims Paying Capacity Estimates.

Item 8 – AUDIENCE COMMENTS/CLOSING REMARKS/ADJOURN

There being no further business, the meeting was adjourned.