

## **SUMMARY OF MINUTES<sup>1</sup>**

October 9, 2018

A meeting of the Florida Hurricane Catastrophe Fund (FHCF) Advisory Council was held on Tuesday, October 9, 2018, in Room 116 of the Hermitage Centre in Tallahassee, Florida. The meeting began at approximately 1:30 p.m. and concluded at 2:23 p.m. ET.

### FHCF Advisory Council Members participating:

John Auer (by phone)  
M. Campbell Cawood (by phone)  
Alan Edwards (by phone)  
Kurt Gurley (by phone)  
William Huffcut (by phone)  
David Walker (by phone)

### FHCF Advisory Council Members absent:

Don Brown  
Floyd Yager

### **Item 1 – CALL MEETING TO ORDER**

David Walker, Chair, called the meeting to order and thanked everyone for being on the call with Hurricane Michael in the Gulf and approaching the Florida panhandle.

### **Item 2 – ROLL CALL**

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

### **Item 3 – APPROVAL OF THE AUGUST 21, 2018 MEETING MINUTES**

A motion was made by Alan Edwards, seconded by John Auer, and the August 21, 2018 minutes were unanimously approved.

### **Items 4 & 5 – DISCUSSION OF THE 2019 DATA CALL AND RULE 19-8.029, INSURER REPORTING REQUIREMENTS AND RESPONSIBILITIES, AND VOTE ON FILING RULE 19-8.029 AND INCORPORATED FORMS FOR NOTICE AND ADOPTION IF NO HEARING IS TIMELY REQUESTED OR IF A HEARING IS REQUESTED AND NO CHANGES ARE NECESSARY**

Anne Bert, FHCF Chief Operating Officer, discussed the closure of the State Board of Administration office building due to Hurricane Michael and the efforts made to notify Advisory Council members and the public of participating in the meeting by conference call-in number.

Leonard Schulte, FHCF Director of Legal Analysis & Risk Evaluation, reviewed the proposed revisions to Rule 19-8.029, the 2019 Data Call, the 2019 Interim Loss and Proof of Loss Reports, the 2019 Detailed Claims Listing Instructions, and the 2019 Exposure and Claims Examinations Advance Preparation Instructions. A motion was made by Mr. Edwards, seconded by William Huffcut, and the Advisory Council members unanimously voted to file Rule 19-8.029, F.A.C., and

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<sup>1</sup> 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 incorporated forms, for adoption if no member of the public timely requests a rule hearing or if a hearing is requested and no changes are necessary.

**Items 6 & 7 – FINANCIAL MARKET UPDATE, PRESENTATION OF THE DRAFT OCTOBER 2018 ESTIMATED CLAIMS-PAYING CAPACITY, AND VOTE ON THE OCTOBER 2018 ESTIMATED CLAIMS-PAYING CAPACITY**

Kapil Bhatia of Raymond James & Associates, the FHCF Financial Advisor, provided a financial market update noting that the bond market issuance is still strong, the increase in short-term interest rates should be good for the FHCF investment portfolio, and the reinsurance market remains strong after losses from Hurricane Florence. Mr. Bhatia noted all of the analyses and the claims-paying capacity estimate was prepared prior to knowing anything about Hurricane Michael. Mr. Bhatia presented the draft October 2018 Estimated Claims-Paying Capacity report stating the FHCF's maximum potential obligation for the 2018-2019 contract year is \$17 billion. The projected year-end cash balance of \$13 billion, a risk transfer of \$1 billion, and available pre-event bonds of \$2.2 billion provides the FHCF with liquid resources of \$16.2 billion, \$800 million less than the 2018-2019 statutory maximum obligation. The total average initial season estimated bonding capacity, as determined by the FHCF's senior managers, is \$8 billion with an additional \$7.3 billion for the subsequent season. After questions and discussion from Advisory Council members, a motion to approve the October 2018 Estimated Claims-Paying Capacity was made by Mr. Huffcut, seconded by Mr. Auer, and passed unanimously.

**Item 8 – FHCF CHIEF OPERATING OFFICER'S REPORT**

Ms. Bert updated the Council on Hurricane Irma losses stating \$1.116 billion had been reimbursed as of September 30, 2018, reported FHCF losses are a little over \$2.5 billion, about a 31% increase from reported numbers at June 30, 2018, and FHCF total incurred residential loss has increased by 28% to \$3.2 billion. Andy Rapoport, Paragon Strategic Solutions actuary, discussed the increase in loss estimates and the reasoning for strengthening the loss reserves.

Ms. Bert discussed FHCF preparations for Hurricane Michael including an informational bulletin posted on the FHCF website to assist FHCF participating companies. She reported the on-line claims system has been activated, and the FHCF is ready to process payments as quickly as need be once companies have completed proof of loss reports, assuming there are no company data issues.

Steve Szygula, FHCF Director of Examinations, provided an update on the exposure examination program. Mr. Szygula reported the FHCF has 163 participating insurers for 2018, with 79 insurers making up 99% of the premium collected, with 84 insurers making up the remaining 1%. The FHCF is projecting 99 examinations for the 2018 Contract Year. Mr. Szygula informed the Council Hurricane Irma claims examinations are scheduled to begin the first of the year with an estimation of 60 or more claims examinations.

**Item 9 – SCHEDULE AND AGENDA FOR NEXT MEETING**

Ms. Bert informed the Council of a tentative conference call meeting scheduled for December 28, 2018, at 1:30 p.m. ET, to review comments made at a rule hearing if a rule hearing is timely requested and held on Rule 19-8.010, Reimbursement Contract, or on Rule 19-8.029, Insurer Reporting Requirements and Responsibilities.

**Item 10 – AUDIENCE COMMENTS/CLOSING REMARKS/ADJOURN**

There being no further business, the meeting was adjourned.