

The logo for the Florida Hurricane Catastrophe Fund is located at the top left of the slide. It features the text "Florida Hurricane" and "Catastrophe Fund" in white, stacked vertically. To the right of the text is a stylized graphic of a hurricane's eye and spiral bands. Below the text and graphic is a horizontal rainbow-colored bar. The background of the slide is a photograph of palm trees blowing in the wind, with a dark sky.

Florida Hurricane
Catastrophe Fund

Florida Hurricane Catastrophe Fund

Advisory Council Meeting

May 16, 2019

Introductory Comments

1. Meeting called to order & opening comments – *Alan Edwards, Chair*
2. Roll call – *Alan Edwards, Chair*
3. Approval of March 19, 2019 Minutes – *Alan Edwards, Chair*

Agenda

1. Call Meeting to Order – *Alan Edwards, Chair*
2. Roll Call – *Alan Edwards, Chair*
3. Approval of March 19, 2019 Meeting Minutes – *Alan Edwards, Chair*
4. Financial Market Update and Presentation of the Draft May 2019 Estimated Claims Paying Capacity – *Kapil Bhatia, Raymond James & Associates, Inc.*
5. Vote on the May 2019 Claims Paying Capacity Estimates – *Alan Edwards, Chair*
6. 2019 Legislative Session Update – *Anne Bert*
7. Update on FHCF Investment Results – *Cherie Jeffries and Richard Smith, SBA Fixed Income*
8. FHCF Chief Operating Officer's Report – *Anne Bert*
9. Schedule & Agenda for Next Meeting – *Anne Bert*
10. Audience Comments/Closing Remarks/Adjourn – *Alan Edwards, Chair*

4. Financial Market Update and Presentation of the Draft May 2019 Estimated Claims Paying Capacity

-- Kapil Bhatia, Raymond James & Associates, Inc.

**5. Vote on the May 2019
Claims Paying Capacity Estimates**
-- Alan Edwards, Chair

6. 2019 Legislative Session Update

-- Anne Bert



2019 Legislative Session Update

Legislation directly affecting the Florida Commission on Hurricane Loss Projection Methodology that passed (signed into law by the Governor 5/14/19):

- HB 7091
 - Amends 627.0628 – Removes the October 2, 2019 scheduled repeal for the public records exemption related to trade secrets

2019 Legislative Session Update

Legislation indirectly affecting the FHCF that passed (but awaiting Governor's signature):

- CS/CS/HB 7065 - "AOB" Bill
 - Detailed requirements for post-loss assignment agreements, including restrictions on the right of the assignee to sue the insurer
 - Restrictions on the ability of the assignee to recover attorney's fees
 - For assignments made in "urgent or emergency circumstances," the dollar amount the assignee may receive is capped at the greater of \$3,000 or 1% of the Coverage A limit
 - Insurers may offer policy forms that restrict post-loss assignment of benefits, provided they also offer an unrestricted version of the policy
 - Citizens may not implement a rate change for HO3 or DP3 policies in 2019 unless the rate reflects projected savings from the legislation

2019 Legislative Session Update

Legislation directly affecting the FHCF that passed (but awaiting Governor's signature):

- CS/CS/CS/HB 301 by Representative Santiago -"Omnibus" Bill
 - Increased the FHCF Loss Adjustment Expense allowance from 5% to 10% of reimbursed losses effective for contracts and rates on or after June 1, 2019
- Mitigation Appropriations from the FHCF - \$13.5 million total
 - \$7 million for programs to improve wind resistance in residences and mobile homes
 - 40% to Tallahassee Community College to inspect and improve mobile home tie-downs
 - \$3 million to retrofit public hurricane shelters
 - \$3.5 million for the statewide emergency and mass notification system

7. Update on FHCF Investment Results

-- *Cherie Jeffries and Richard Smith, SBA Fixed Income*



FHCF Quarterly Investment Report



As of March 2019

Information in this report was provided from BNY Mellon's Workbench system. The information has not been audited by the SBA.

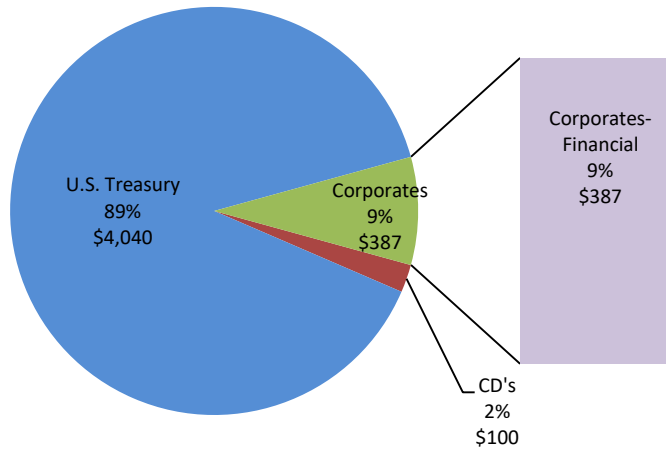
EXECUTIVE SUMMARY

	Operating Liquidity	Operating Claims Paying	Operating Composite	2013A	2016A
Market Value	\$4,529,343,655	\$9,629,413,228	\$14,158,756,883	\$1,028,900,986	\$1,228,318,677
Amortized Cost	\$4,526,663,460	\$9,559,903,355	\$14,086,566,815		
Credit Quality (S&P) Average	AA+	A-1+	A-1+	AA+	A-1+
Effective Duration	.37 years	1.63 years	1.35 years	.91 years	.98 years
YTM	2.39%	2.50%	2.46%	2.33%	2.48%
Weight Average Life	.40 years	1.75 years	1.32 years	.98 years	1.05 years
# of Holdings	29	183	212	45	83

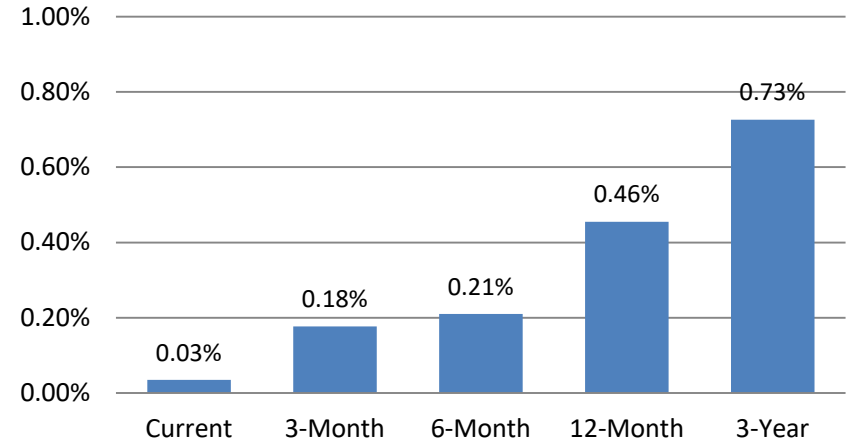


FHCF Operating Liquidity Account- \$4,529,343,655 Market Value \$4,526,663,460 Amortized Cost

Sector Composition (\$ in Millions)

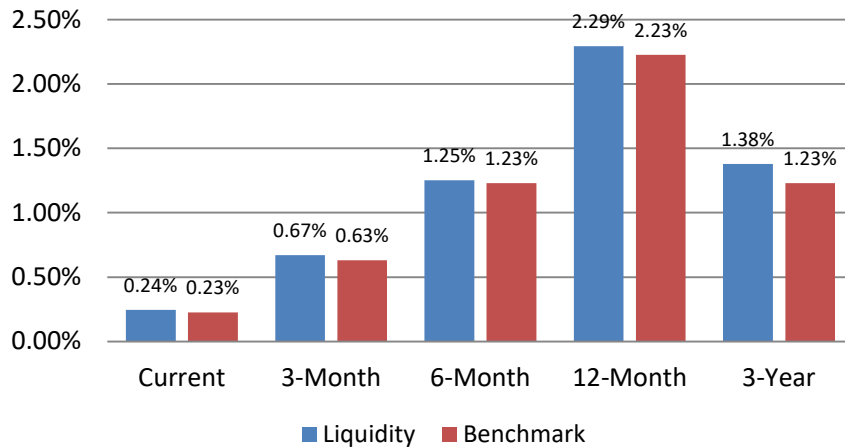


Portfolio Performance – Income Return

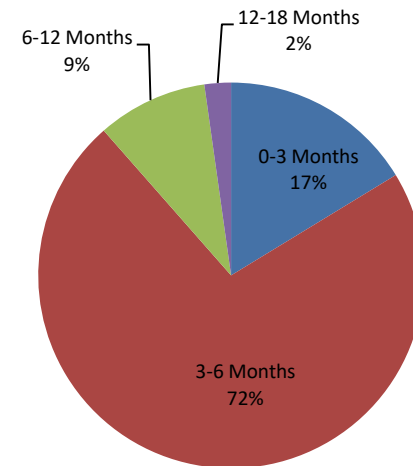


*Un-Audited Returns

Portfolio Performance – Total Return

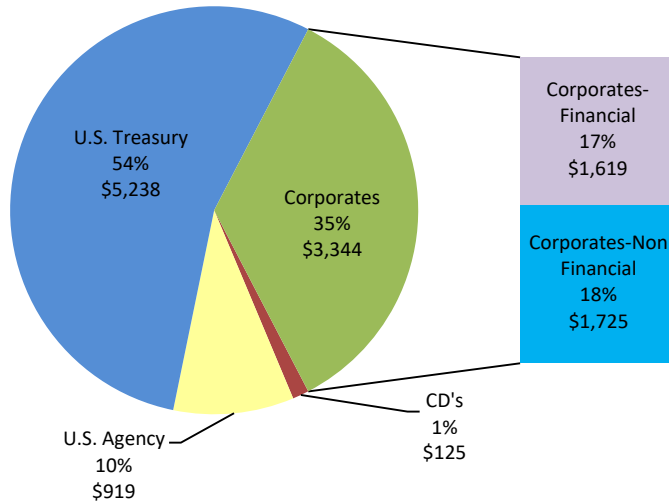


Portfolio Effective Duration

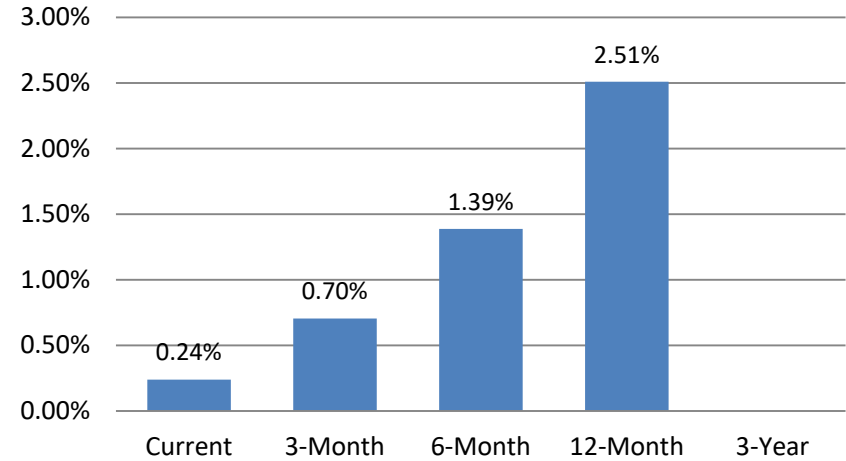


FHCF Oper Claims Paying Account- \$9,629,413,228 Market Value \$9,559,903,355 Amortized Cost

Sector Composition (\$ in Millions)

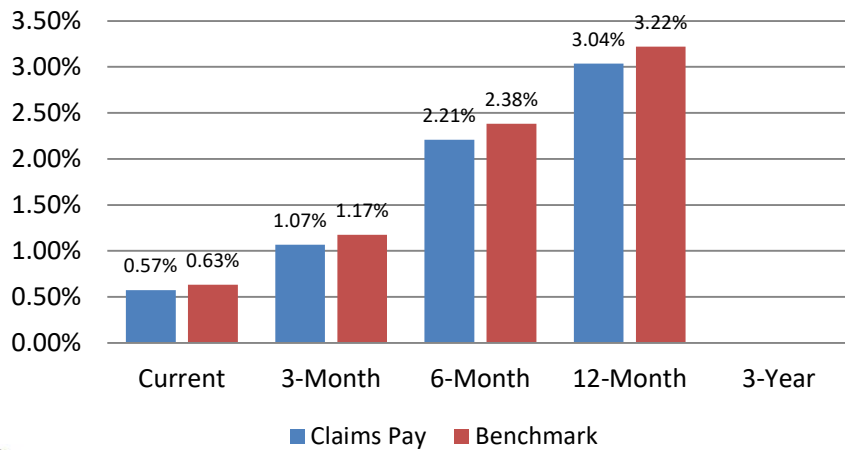


Portfolio Performance – Income Return

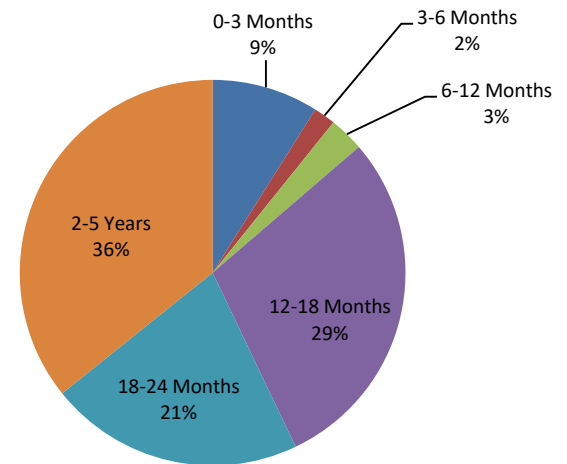


*Un-Audited Returns

Portfolio Performance – Total Return

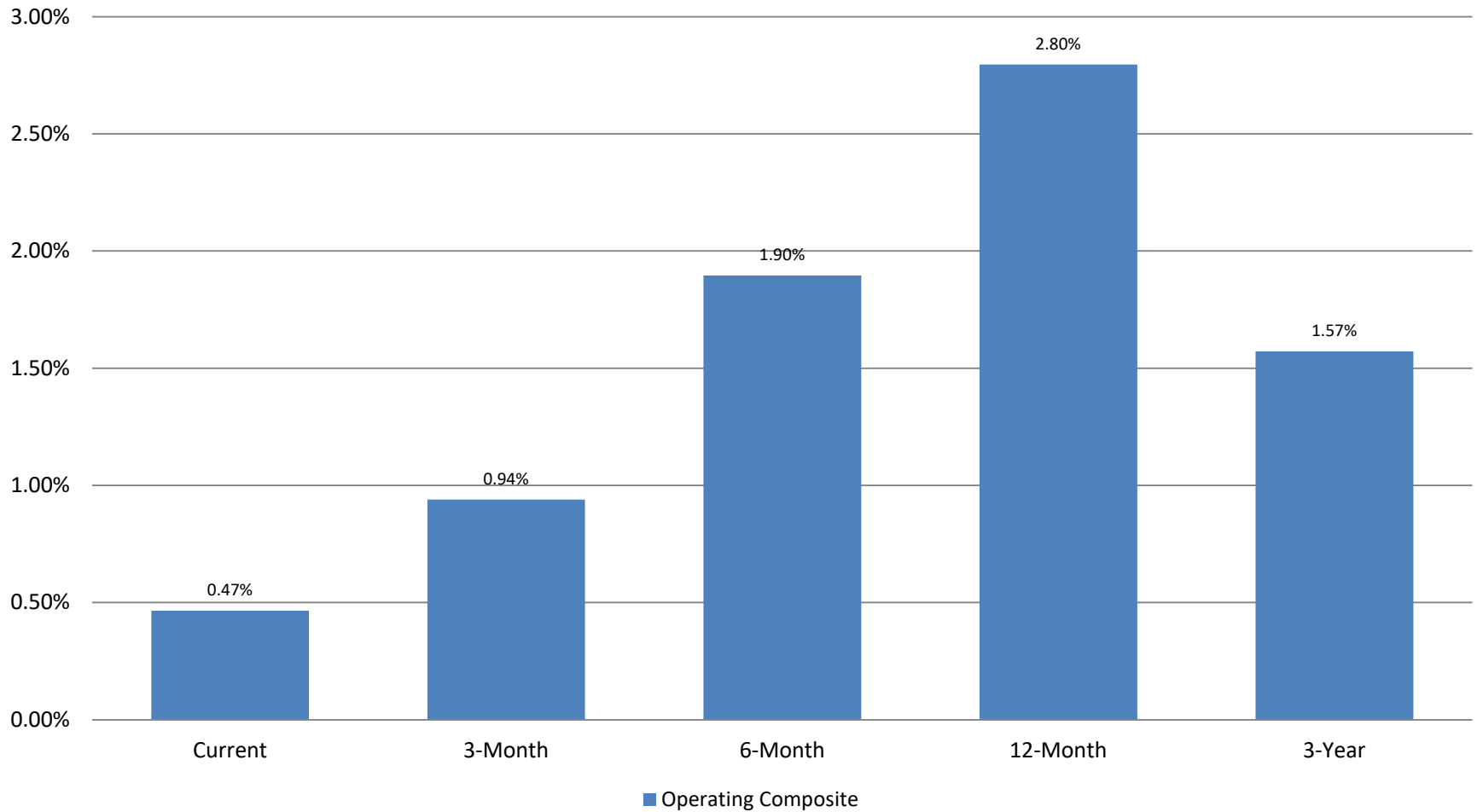


Portfolio Effective Duration



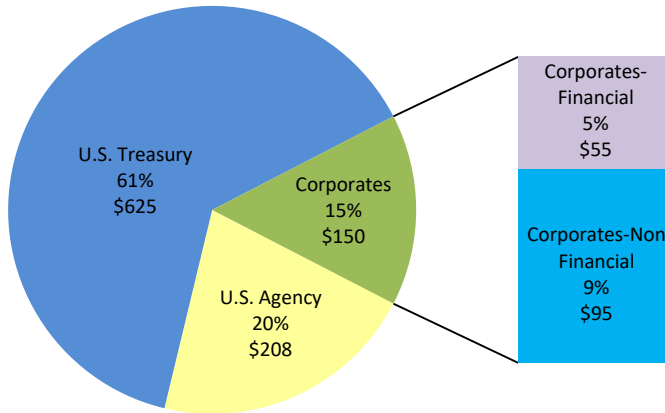
FHCF Oper Composite Account \$14,158,756,883 Market Value \$14,086,566,815 Amortized Cost

Portfolio Performance – Total Return

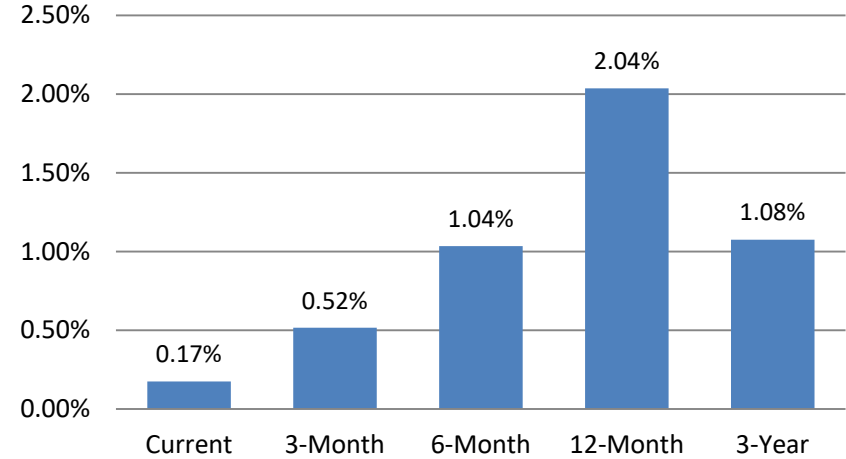


FHCF 2013A Bond Account- \$1,028,900,986 Market Value

Sector Composition (\$ in Millions)



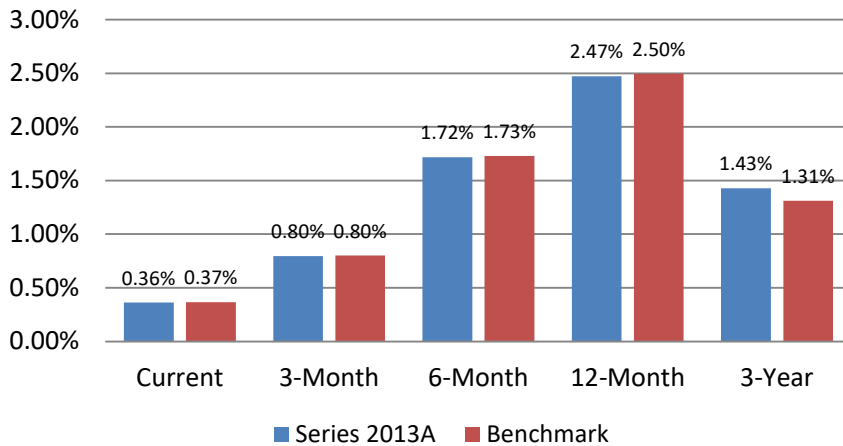
Portfolio Performance – Income Return



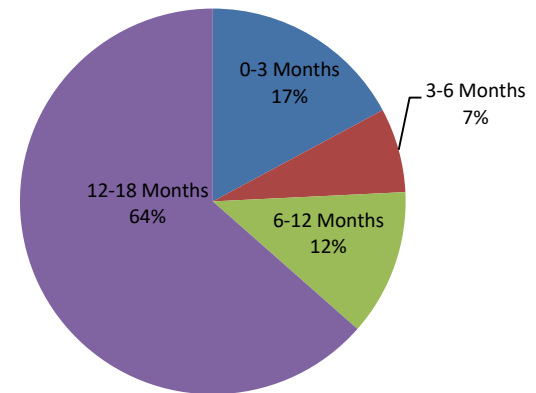
*Un-Audited Returns

*\$47MM T-note matured on 3/31/19 this trade is excluded from data since it's included in cash

Portfolio Performance – Total Return

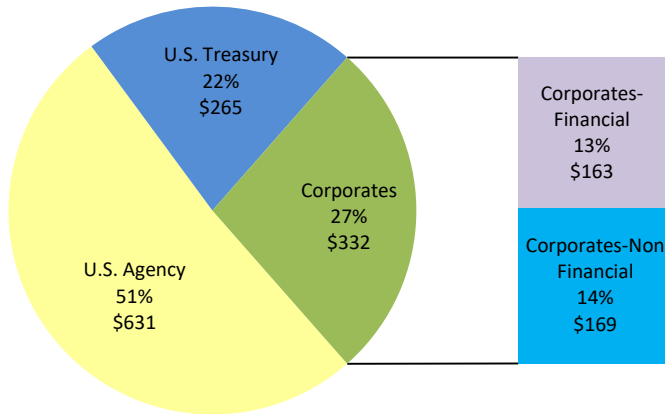


Portfolio Effective Duration

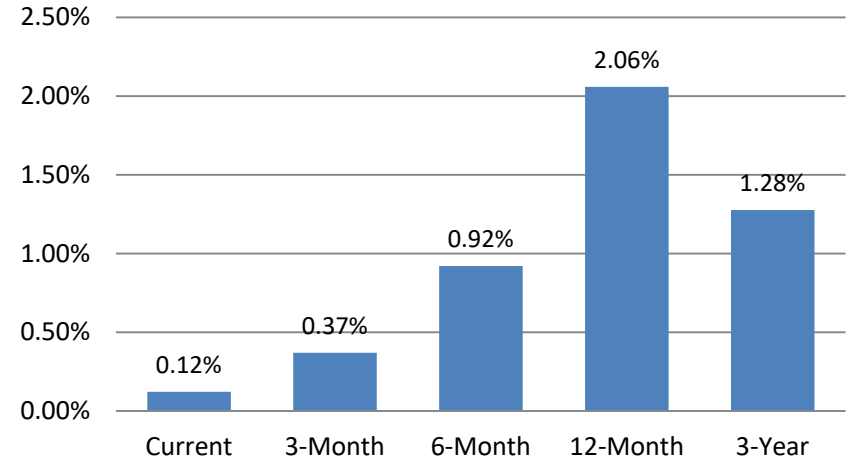


FHCF 2016A Bond Account- \$1,228,318,677 Market Value

Sector Composition (\$ in Millions)

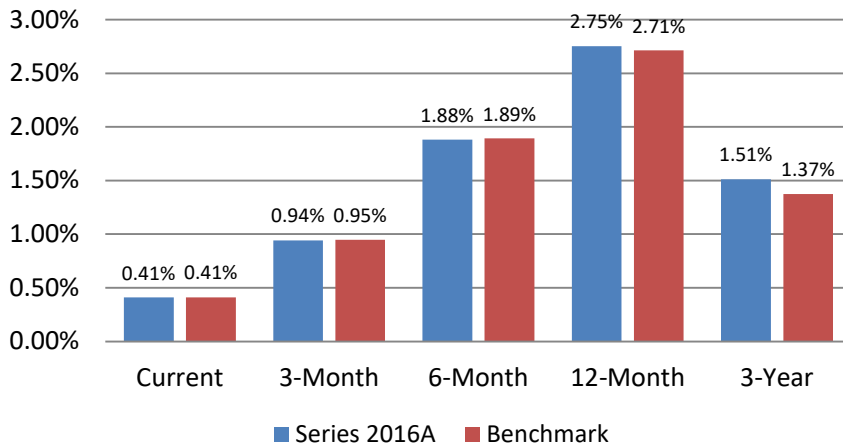


Portfolio Performance – Income Return

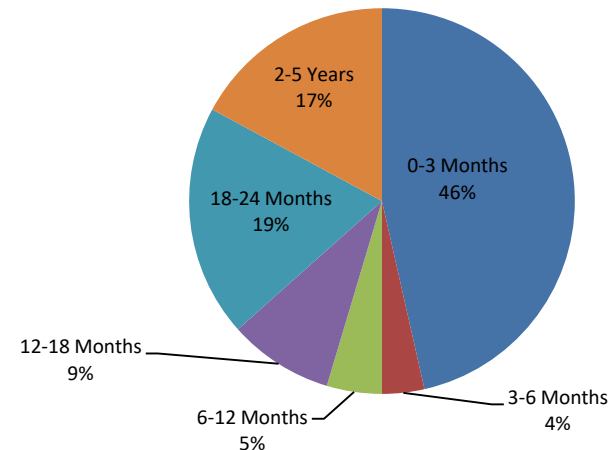


*Un-Audited Returns

Portfolio Performance – Total Return

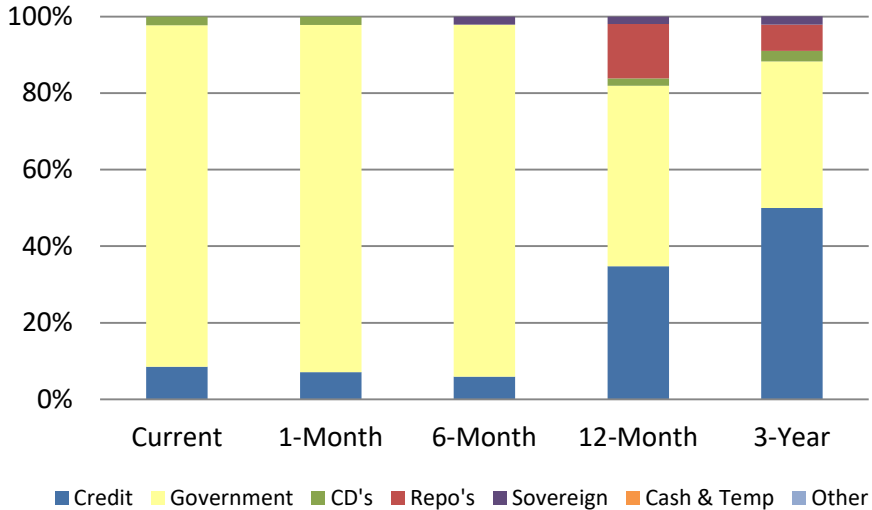


Portfolio Effective Duration

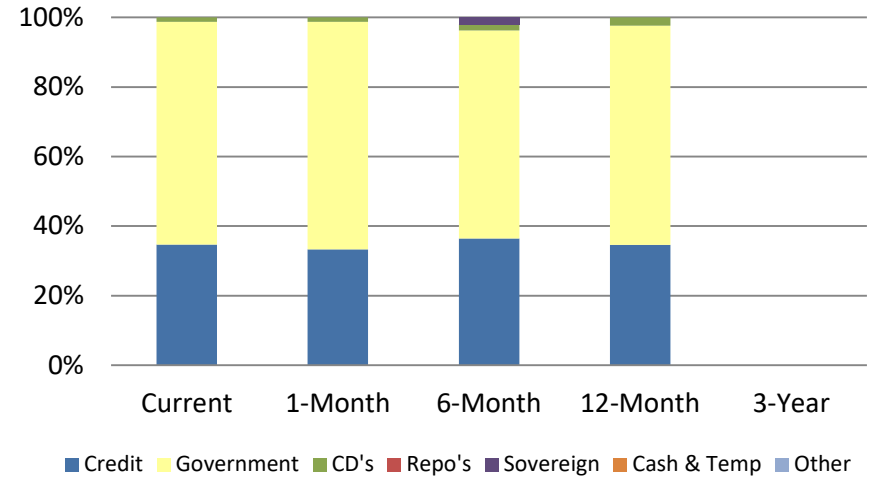


INVESTMENT PORTFOLIO METRICS – HISTORICAL SECTOR DISTRIBUTION

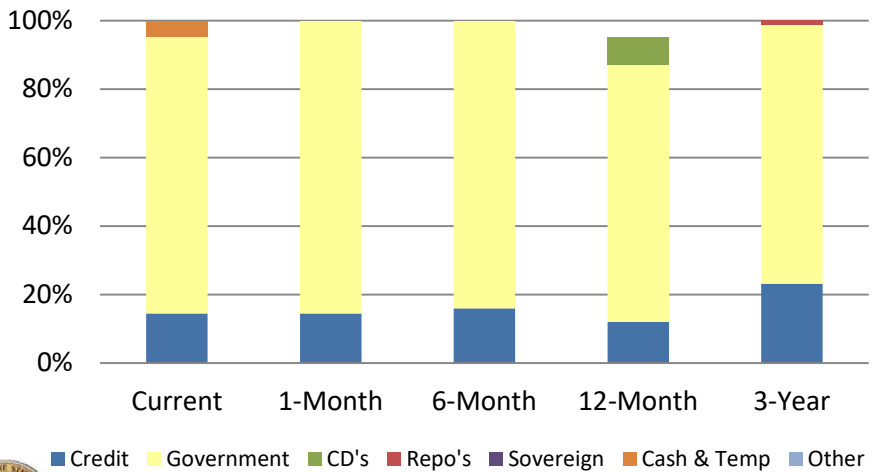
Operating Liquidity Portfolio – Historical Sector Distribution



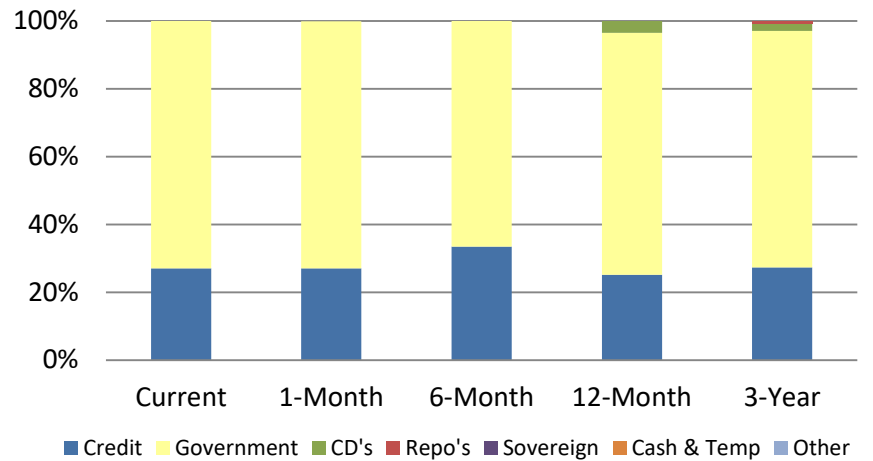
Operating Claims Paying Portfolio – Historical Sector Distribution



Series 2013A Portfolio – Historical Sector Distribution



Series 2016A Portfolio – Historical Sector Distribution



*Cash Payables & Receivables are excluded. Percentages might not equal 100% due to rounding



8. FHCF Chief Operating Officer's Report

-- Anne Bert

- A. 2017 and 2018 Hurricane Season Loss Reimbursements Update

- B. Recent Activities

2017 Hurricane Loss Reimbursement Update

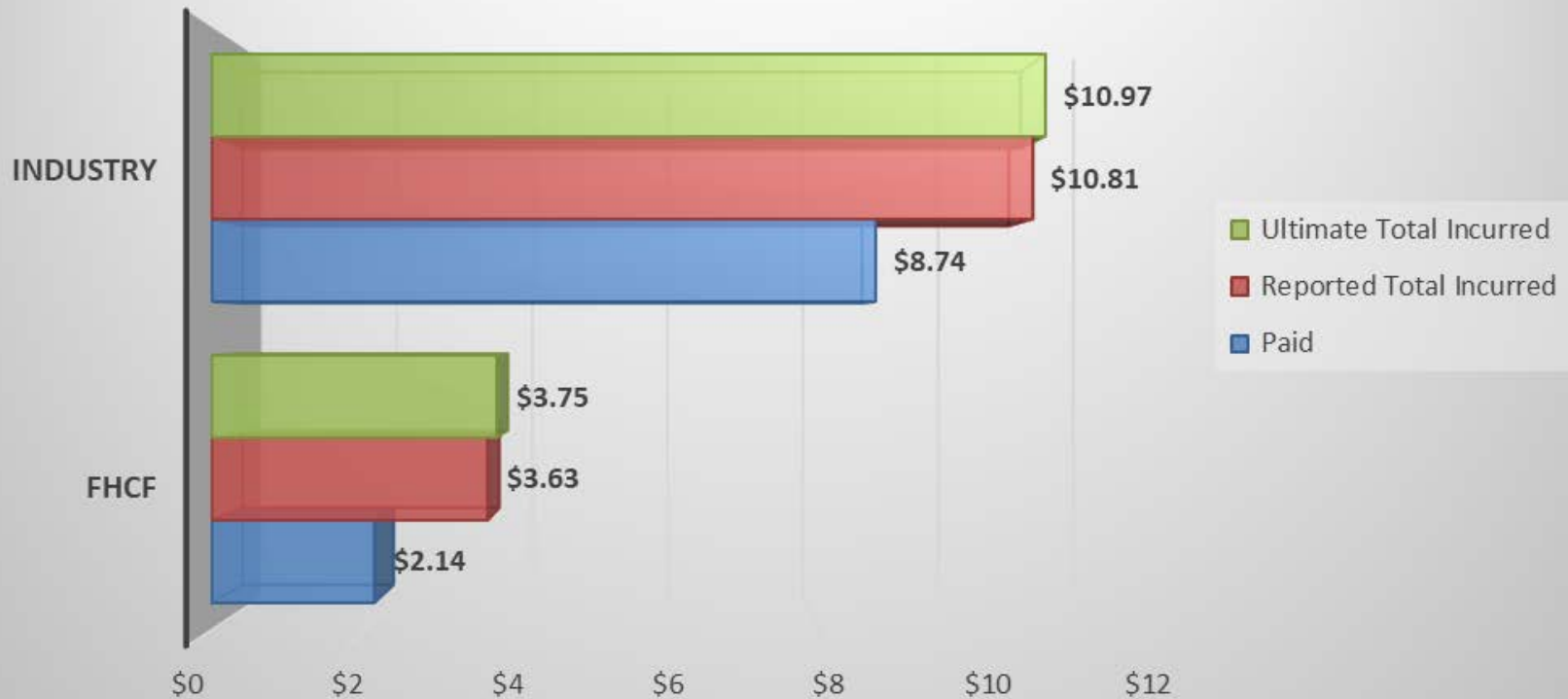


For Illustration
Purposes Only

Hurricane Irma Losses

(in \$billions)

4/30/2019



FHCF Cash Balance
available to pay claims

\$12.4 Billion

2018 Hurricane Loss Reimbursement Update



For Illustration
Purposes Only

Hurricane Michael Losses

(in \$billions)

4/30/2019



FHCF Cash Balance
available to pay claims
\$12.4 Billion

Recent Activities:

- RFQu for Exposure Examination and Consulting Services
- RFQu for Actuarial Consulting Services for the Florida Commission on Hurricane Loss Projection Methodology
- Office of Insurance Regulation Training
- Tour of FHCF by Office of Insurance Regulation staff and International Fellow from Brazil, Eduardo Altieri

Upcoming Activities:

- 19th Annual FHCF Participating Insurers Workshop, Orlando, Florida
June 5 & 6, 2019
- Florida Commission on Hurricane Loss Projection Methodology Model Review Meetings June 11-13, 2019

7. Schedule & Agenda for Next Meeting

-- Anne Bert

May 30, 2019 10:00 a.m. ET

Conference call meeting to vote on the following Rules to implement the legislative change to increase LAE to 10%:

19-8.010 Reimbursement Contract

19-8.028 Reimbursement Premium Formula and Incorporated
Forms

19-8.029 Insurer Reporting Requirements and Responsibilities
and Incorporated Forms

8. Audience Comments/Closing Remarks/Adjourn

-- Alan Edwards, Chair