

**Comparison of Coverage - Florida Hurricane Catastrophe Fund (FHCF) and Reinsurance to Assist Policyholders program (RAP)**  
**Contract Year 2023**  
**Based on Preliminary Information**

Feature	Florida Hurricane Catastrophe Fund (FHCF)	Reinsurance to Assist Policyholders Program (RAP)	Comments
1 Excluded Companies	n/a	Citizens Property Insurance Corporation and companies the Office of Insurance Regulation (OIR) determines ineligible.	Companies initially eligible to participate in the RAP program include those participating in the FHCF on June 1, 2022. New participants writing covered policies after June 1 must defer RAP coverage to 2023-2024.
2 Contract Term	1 Year (6/1 - 5/31)	1 Year (6/1 - 5/31)	
3 Expiration of Program	n/a	Temporary (1 year of coverage only; 2022 or 2023)	Companies with private reinsurance coverage that duplicates the RAP coverage must defer to 06/01/23 to 05/31/2024. See #6 below for more detail on the RAP deferral.
4 Statutory Industry Limit	\$17 billion	\$2 billion	RAP Industry limit is sum of all company limits including companies that choose to defer to 2023-2024 contract year.
5 Deferral Year Limit	n/a	2023-2024 deferral limit is the total limit deferred from 2022-2023. Limit and retention factors are calculated in 2022 to allocate the portion of RAP limit deferred. New companies after 06/01/2022 are deemed to defer RAP coverage to 2023-2024.	For companies deferring coverage to 2023-2024, the RAP retention will be 2023-2024 FHCF industry retention minus 2023-2024 RAP Limit. The 2023-2024 industry RAP limit = \$2 billion minus the sum of 2022-2023 RAP limits of companies that did not defer.
6 Events Covered	Any storm declared to be a hurricane by the National Hurricane Center, which storm causes insured losses in Florida	Any storm declared to be a hurricane by the National Hurricane Center, which storm causes insured losses in Florida.	RAP program covers the two covered events with largest covered losses.
7 Preliminary Qualification Ratio	n/a	For 2023, 43.1679% = the ratio of (a) FHCF premium adjusted to 90% coverage for RAP insurers divided by (b) the FHCF premium adjusted to 90% coverage for all insurers.	The preliminary ratio for 2023 is based on 2022-2023 FHCF premiums as of 12/31/22 adjusted to 90% based on 2023-2024 coverage selections.
8 Final Qualification Ratio	n/a	TBD	Based on 2023-2024 FHCF premiums as of 12/31/23, adjusted to 90% coverage.
9 Industry Per Event Retention (2 largest events)	\$9.067 billion	\$9.067 B minus (\$1.117 B/RAP Qualifying Ratio)	Industry retentions are the sum of all company retentions.
10 Retention Drop Down (3rd and smaller events)	\$3.022 billion (1/3 of retention for each company's 2 largest covered events)	No coverage	
11 Coverage Options	90%, 75%, 45%	90%	
12 Industry Average Coverage Selection	87.4%	90%	Based on 2022 FHCF exposures and 2023 company coverage selections
13 Loss Adjustment Expense Allowance	10% of reimbursed Covered Loss not to exceed the limit	10% of reimbursed Covered Loss not to exceed the limit	
14 Layer Size	Top of layer floats to provide \$17 billion limit based on coverage.	Bottom of layer (retention) floats to provide \$2 billion limit based on industry qualification.	
15 Premium	\$1.450 billion	\$0	
16 Loss Coverage	Company losses excess of FHCF retention per event x selected coverage % with 10% LAE subject to FHCF Limit	Company losses excess of RAP retention per event x 90% coverage with 10% LAE subject to RAP limit	
17 Commutation	Mandatory 5 years after expiration of contract term	Mandatory 5 years after expiration of contract term as provided for in RAP contract	

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18 Preliminary 2023-2024 Limit (Payout) Multiples (by Coverage %)			RAP limit multiples vary by coverage percentage to convert FHCF premiums at different coverage percentages to a uniform 90% RAP coverage. Limit (Payout) multiples may change as FHCF premium reportings change. Generally 12/31/2023 will be the basis for limit calculations for the 2023-2024 contract year RAP reimbursements.
19 90%	11.7254	1.7326	
20 75%	11.7254	2.0791	
21 45%	11.7254	3.4652	
22 Preliminary 2023-2024 Retention Multiples (by Coverage %)			RAP retention multiples equal FHCF retention multiples minus RAP limit multiples.
23 90%	6.0732	4.3406	
24 75%	7.2878	5.2087	
25 45%	12.1464	8.6812	
26 Multiple Basis	FHCF Premium	FHCF Premium	
27 Exposure Evaluation Date	6/30/2023	n/a	RAP coverage uses FHCF exposure data
28 Exposure Reporting Deadline	9/1/2023	n/a	
29 Source of Loss Reimbursements	Held assets from premiums and investment earnings; post - event financing if needed	Transfer from the state's General Revenue	
30 Losses above FHCF Retention		FHCF pays first, RAP pays second.	There is a small overlap of coverage of up to a maximum of \$20.020 million of loss that is covered by both FHCF and RAP if a loss exceeds the FHCF retention.
31 Preliminary 2023-2024 Maximum Loss for RAP Limit (% above FHCF Retention)	n/a		For losses above the FHCF retention, the FHCF loss coverage inures to the benefit of the RAP program. The RAP program will pay 90% of the remaining FHCF insurer copay plus 10% for LAE. The loss level for maximum RAP loss can be determined using these %s (above the FHCF retention) by FHCF coverage selection.
32 90%		2.8816%	
33 75%		1.1527%	
34 45%		0.5239%	
35 Deferral Year Limit	n/a	The 2023-2024 RAP limit is \$1.117 billion, based on 12/31/2022 reported FHCF premium.	For companies deferring coverage to 2023-2024, the RAP retention will be the 2023-2024 FHCF industry retention minus the 2023-2024 RAP limit