

Florida Hurricane Catastrophe Fund

The FHCF is structured as a tax exempt state trust fund under the direction of the State Board of Administration.



The Florida Hurricane Catastrophe Fund (known as the "Cat Fund") is a tax-exempt state trust fund created by legislation enacted in 1993. The fund was part of Florida's response to Hurricane Andrew, a Category 5 hurricane that caused massive destruction in 1992, and the resulting property insurance crisis. The official purpose of the Cat Fund is to protect the state's economy and the public health, safety, and welfare by providing a stable and ongoing source of reimbursement to residential property insurers for a portion of their catastrophic hurricane losses. The Cat Fund is financed by actuarially-determined premiums charged to participating insurers, investment earnings, and, in some circumstances, assessments on most property and casualty insurance premiums.

The Cat Fund covers a portion of residential property insurers' hurricane losses that exceed a level known as the insurer's "retention" (essentially the same as the deductible in a personal insurance policy). The Cat Fund will reimburse the insurer for a percentage (90%, 75%, or 45%) of hurricane losses above its retention, up to a coverage limit. The Cat Fund publishes estimates of its claims-paying capacity in May and October of each year.

All authorized residential property insurers in Florida are required by law to participate in the Cat Fund.

The SBA administers and acts as investment manager for the Cat Fund. The SBA invests in accordance with Florida Statutes, using instruments such as certificates of deposit, commercial paper, U.S. government agency notes, U.S. Treasury bills, and others that are relatively low-risk, highly liquid fixed-maturity securities.

The Trustees of the SBA are the governing body of the Cat Fund. In addition, the Trustees also appoint a nine-member advisory council that includes three consumers along with a meteorologist, an engineer, an actuary, and representatives of insurers, reinsurers, and insurance agents.

The Cat Fund also staffs and pays the expenses of the Florida Commission on Hurricane Loss Projection Methodology, which is an independent body created by law to set standards for the models insurance companies use to project hurricane losses, and to determine whether the models meet those standards.

For more information on the Florida Hurricane Catastrophe Fund, please visit the FHCF website at <https://fhcf.sbafla.com/>.