SBA FLORIDA
STATE BOARD OF ADMINISTRATION

Reinsurance to Assist Policyholders Program

Administered by the
State Board of Administration of Florida

Report to the Executive Office of the Governor, the President of the Senate, and the Speaker of the House of Representatives

October 31, 2026

Reinsurance to Assist Policyholders Program

Purpose and Scope

Section 215.5551(13)(c), Florida Statutes, requires the State Board of Administration to submit a report to the Executive Office of the Governor, the President of the Senate, and the Speaker of the House of Representatives by January 31, 2023, and quarterly thereafter, detailing any reimbursements of the Reinsurance to Assist Policyholders program, all loss development projections, the amount of reimbursement coverage deferred until the 2023-2024 contract year, and detailed information about administrative and post-event examination expenditures.

Introduction

The Reinsurance to Assist Policyholders ("RAP") program, administered by the State Board of Administration ("SBA" or "Board"), was created by the Florida Legislature under s. 215.5551, F.S. and became effective on May 26, 2022. The RAP program provided a $2 billion reimbursement layer of reinsurance coverage directly below the industry retention for the Florida Hurricane Catastrophe Fund (FHCF). Although the RAP program was created separately from the FHCF, aspects of the program are related to the FHCF. Insurers eligible for RAP coverage included insurers participating in the FHCF as of June 1, 2022. Citizens Property Insurance Corporation and any insurer the Office of Insurance Regulation (OIR) certified as being in an unsound financial condition were excluded from participation. Eligible insurers were required to participate in the RAP program in the 2022-2023 contract year unless an insurer had private reinsurance that duplicated the RAP coverage. In that instance, insurers were required to defer coverage to the 2023-2024 contract year.

Coverage in the RAP program was provided at no cost to the insurer and was subject to an aggregate limit for each contract year. Insurers are reimbursed 90% of covered losses exceeding their RAP retention for the two covered events with the largest losses for the contract year, plus a 10% loss adjustment expense allowance, not to exceed their maximum RAP payout. An insurer can request reimbursements until June 1, 2028; subsequently, the SBA will commute losses, finalizing all reimbursements due an insurer.

A non-recurring appropriation from General Revenue provides the funding for reimbursements, when needed. The initial appropriation was set at $2 billion and was subsequently reduced to $900 million during the 2025 Legislative Session as the payout under the RAP Program is not estimated to exceed such amount. In addition, the statute provides the SBA with up to $5 million from General Revenue funds for expenses to administer the RAP program, including post-event examinations. All monies not expended under the program will be returned to the General Revenue Fund by July 1, 2029.

Participation in the RAP Program

RAP insurers were required to notify the SBA by June 30, 2022, if the insurer had any private reinsurance that duplicated the RAP coverage. If so, the insurer was required to defer coverage to the 2023-2024 contract year. Insurers participating in the program in the 2022-2023 contract year were required to execute a RAP reimbursement contract by July 15, 2022. Insurers that

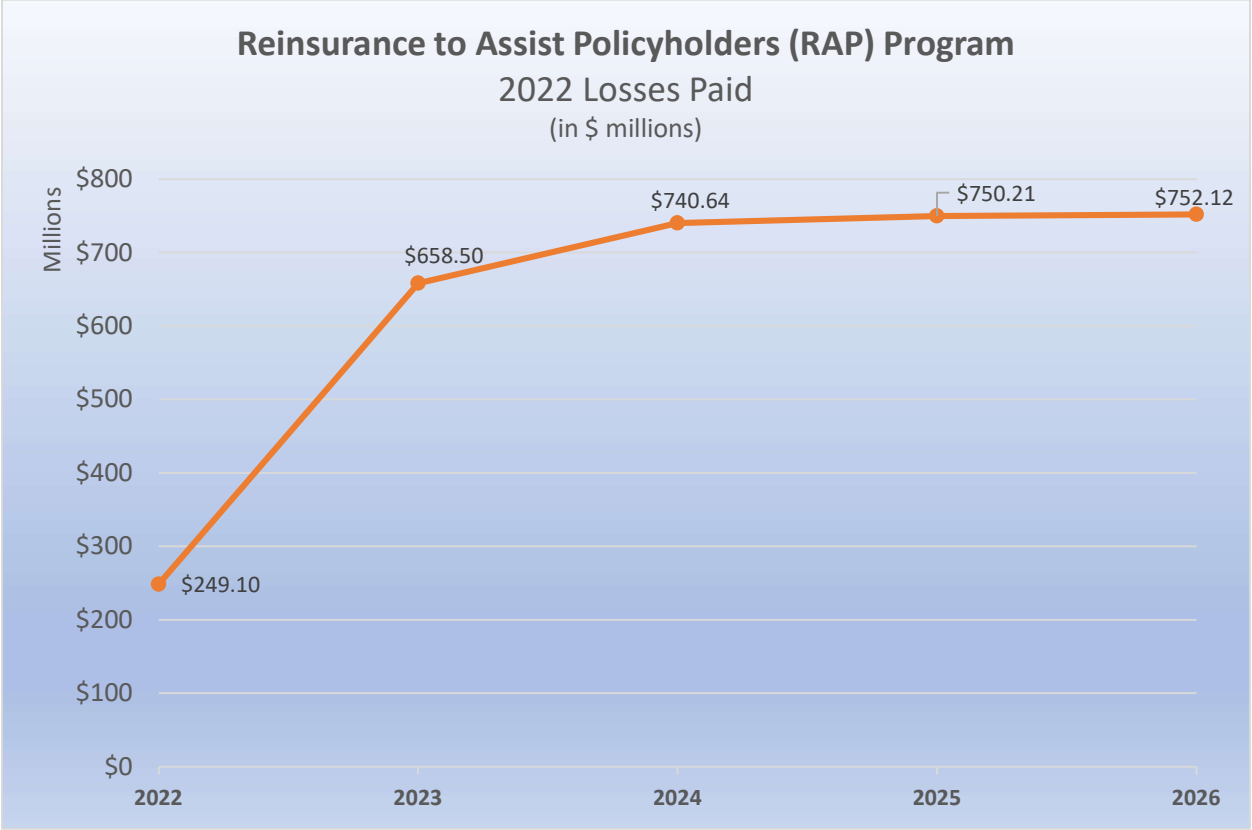
deferred coverage to the 2023-2024 contract year were required to execute a 2023-2024 contract year RAP reimbursement contract by March 1, 2023. If an insurer failed to submit an executed reimbursement contract by the due date, the contract was deemed executed by the insurer.

A total of 147 companies were eligible for RAP coverage. For the 2022-2023 contract year, 70 companies were required to participate, and 77 companies were required to defer coverage to the 2023-2024 contract year.

RAP Program Reimbursements

Hurricane Ian – Contract Year 2022

On September 28, 2022, Hurricane Ian made landfall near Cayo Costa, Florida, as a category 4 hurricane. To date, the SBA has received a total of $800 million from General Revenue in response to losses for this storm. The chart below shows the current trajectory of losses paid for Hurricane Ian under the RAP program through September 30, 2026.



The remaining balance of General Revenue funds being held for payment of Hurricane Ian reimbursements is approximately $48 million. This does not include any investment income earned on the funds prior to payout.

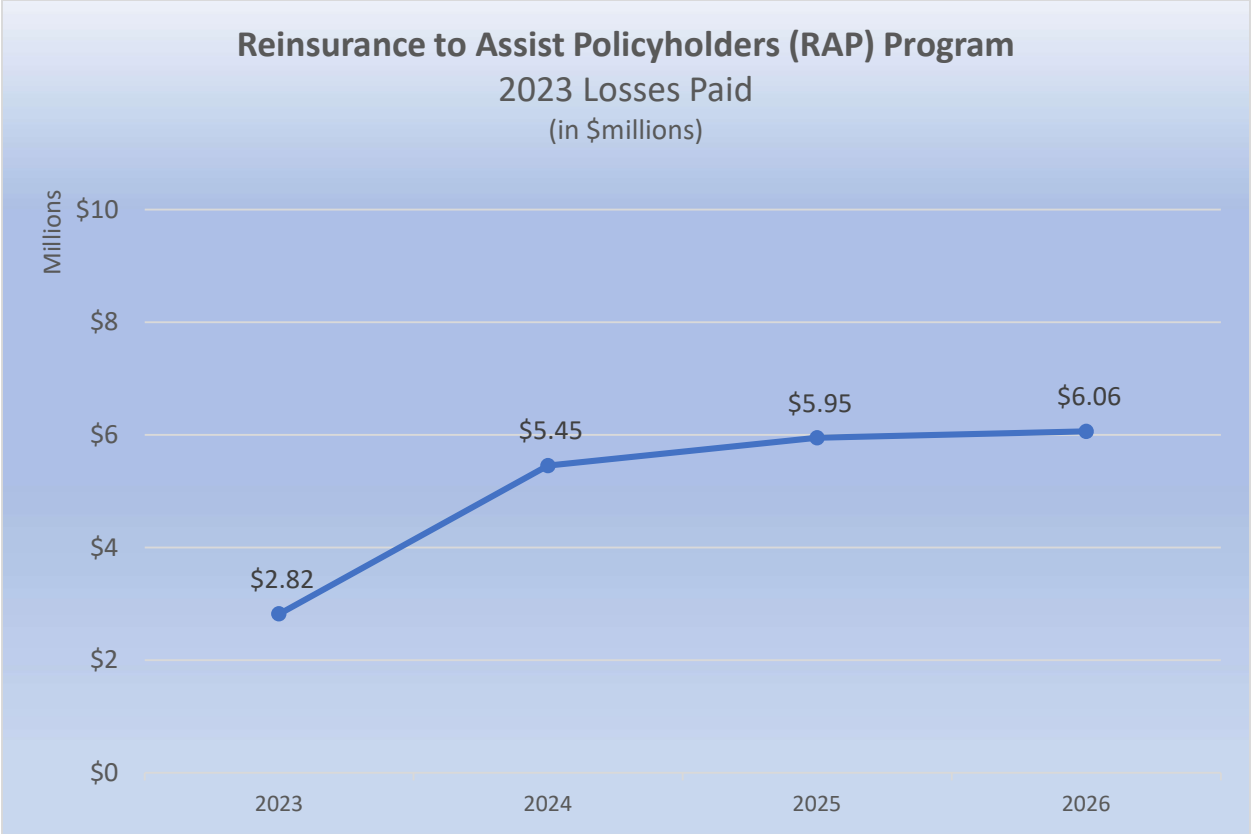
As of September 30, 2026, 49 RAP insurers have been reimbursed a total of $752,115,203 for losses from Hurricane Ian. Of those 49 insurers, 40 have received their maximum RAP payout. Ultimately, 50 companies are expected to receive a RAP payout, with the maximum payout currently projected to be approximately $761 million. Insurers that have not maxed out for the 2022-2023 contract year will file a final proof of loss requesting reimbursements no later than June 1, 2028, and the SBA will negotiate a final settlement through a commutation process unless commuted earlier.

Hurricane Nicole – Contract Year 2022

On November 10, 2022, Hurricane Nicole made landfall south of Vero Beach, Florida, as a category 1 hurricane. RAP insurers' reported losses indicate that RAP reimbursements will not be necessary for Hurricane Nicole. However, should that change, RAP insurers can request reimbursements through June 1, 2028, unless commuted earlier.

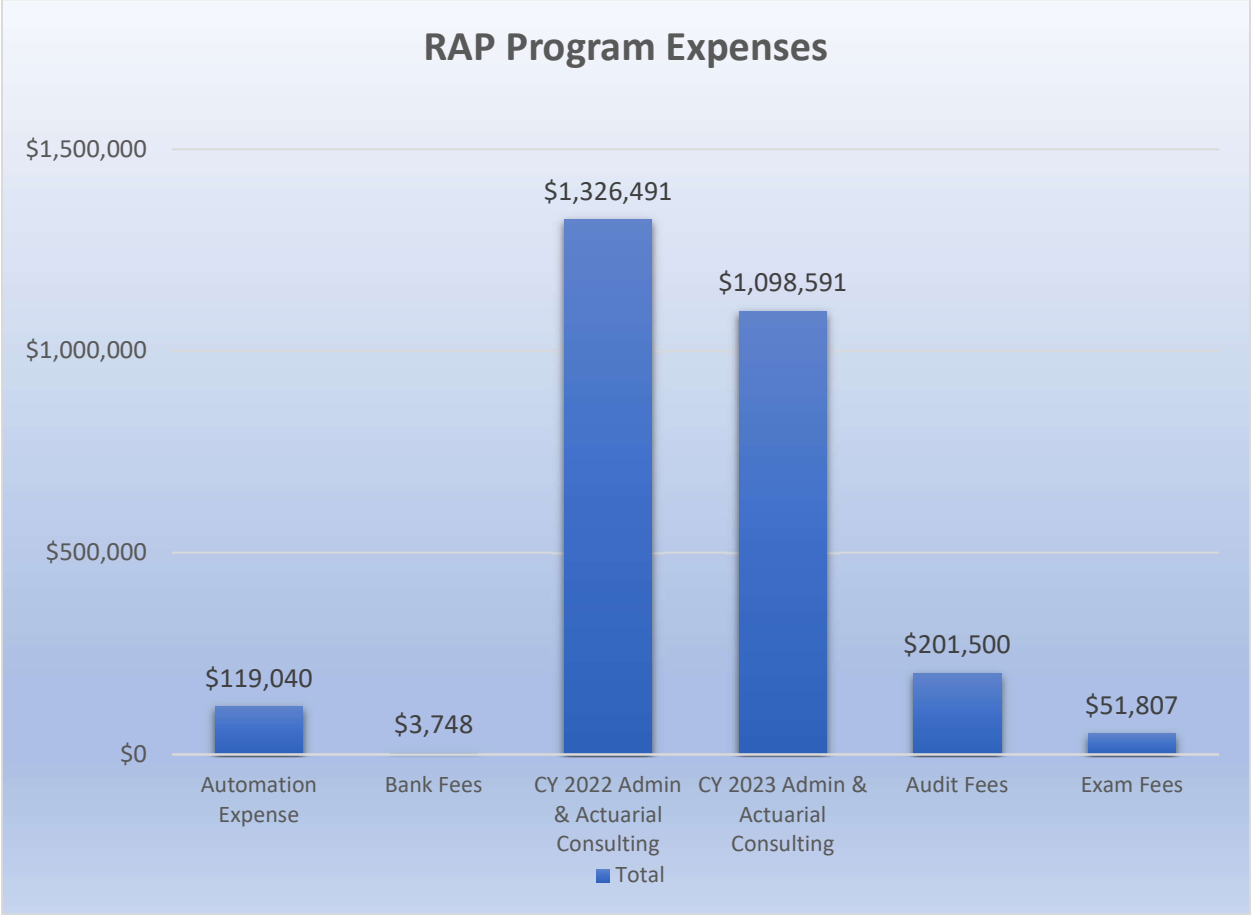
Hurricane Idalia – Contract Year 2023

On August 30, 2023, Hurricane Idalia made landfall near Keaton Beach, Florida, as a category 3 hurricane. Current loss development reported by RAP insurers indicates that the impact to the RAP program will be approximately $10 million. Based on initial actuarial estimates, the SBA requested and received $15 million from General Revenue to fund these losses. We will continue to monitor the actuarial estimates as losses develop. The chart below shows the current trajectory of losses paid for Hurricane Idalia under the RAP program through September 30, 2026.



The remaining balance of General Revenue funds being held for payment of Hurricane Idalia reimbursements is approximately $8.9 million. This does not include any investment income earned on the funds prior to payout.

As of September 30, 2026, two RAP insurers have been reimbursed a total of $6,063,546 for losses from Hurricane Idalia. Currently, two companies are expected to receive RAP reimbursements totaling $10 million for this storm. Insurers requesting reimbursements for the 2023-2024 contract year will file a final proof of loss requesting reimbursements no later than June 1, 2028, and the SBA will negotiate a final settlement through a commutation process unless commuted earlier.

Administrative Expenses

The SBA executed a five-year contract for administrative and actuarial services for the implementation and administration of the RAP program with Paragon Strategic Solutions Inc. Fees are paid on a quarterly basis and are scalable to allow for variability in expenses, depending on the occurrence of hurricanes. The SBA has received a total of $3.9 million for administrative expenses from General Revenue. This is projected to be sufficient to cover all remaining expenses over the life of the program including costs for claims examinations. As of September 30, 2026, an aggregate of approximately $2.8 million has been paid for expenses under the RAP program, as detailed in the following chart.