



Reinsurance to Assist Policyholders Program (RAP)

Overview:

The Reinsurance to Assist Policyholders program (RAP), created by the Florida Legislature and signed into law on May 26, 2022, established [Section 215.5551, Florida Statutes](#). The RAP program will be administered by the State Board of Administration (SBA). The RAP program provides a non-recurring total of \$2 billion in coverage for a portion of a RAP insurer's hurricane losses.

Qualifying Insurers:

RAP insurers include insurers participating in the Florida Hurricane Catastrophe Fund (FHCF) on June 1, 2022, and insurers that meet the qualifications outlined in 215.5551, F.S. Citizens Property Insurance Corporation (Citizens) and any company the Office of Insurance Regulation (OIR) certifies is in an unsound financial condition, will not qualify for RAP coverage. Qualifying companies will receive a calculated share of the \$2 billion; therefore, a qualifying company's percentage share of the RAP limit will be different than its percentage share of the FHCF's \$17 billion limit outlined in Section 215.555, Florida Statutes.

RAP Program Details:

The RAP program is unrelated to the FHCF, and is designed to be accessed prior to the FHCF layer of coverage. At no charge to the insurer, the RAP program provides a layer of coverage that is below the FHCF industry retention. RAP insurers will be reimbursed 90% of their covered losses from each covered event in excess of their RAP retention, plus a 10% loss adjustment expense allowance, not to exceed the RAP limit. A RAP insurer that has any private reinsurance that duplicates the RAP coverage must defer coverage until 2023-2024.

The retention and payout multiples for the FHCF layer and the RAP layer must be treated separately for each company. These multiples cannot be combined and applied to the industry FHCF premium because FHCF industry premium includes companies that do not qualify for RAP coverage. Multiples for both retentions and limits must be calculated separately for each program, adjusting the ratio for the industry limits for the qualifying percentage of RAP coverage.