

Comparison of Coverage - Florida Hurricane Catastrophe Fund (FHCF) and Reinsurance to Assist Policyholders program (RAP)
Contract Year 2022
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 2022, 81.9242% = 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 2022 is based on 2021-2022 FHCF premiums as of 12/31/21 adjusted to 90% based on 2022-2023 coverage selections. |
| 8 Final Qualification Ratio | n/a | For 2022, 77.3199% = 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. | Based on 2022-2023 FHCF premiums as of 12/31/22, adjusted to 90% coverage. |
| 9 Industry Per Event Retention (2 largest events) | \$8.513 billion | \$8.513 B minus (\$2 B/RAP Qualifying Ratio) | Industry retentions are the sum of all company retentions. |
| 10 Retention Drop Down (3rd and smaller events) | \$2.838 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 | 85.9% | 90% | Based on 2021 FHCF exposures and 2022 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 | \$1.389 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 2022-2023 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 12/31/2022 will be the basis for limit calculations for the 2022-2023 contract year RAP reimbursements. |
| 19 90% | 12.4201 | 1.7039 | |
| 20 75% | 12.4201 | 2.0447 | |
| 21 45% | 12.4201 | 3.4079 | |
| 22 Preliminary 2022-2023 Retention Multiples (by Coverage %) | | | RAP retention multiples equal FHCF retention multiples minus RAP limit multiples. |
| 23 90% | 5.9418 | 4.2379 | |
| 24 75% | 7.1302 | 5.0855 | |
| 25 45% | 11.8837 | 8.4758 | |
| 26 Final 2022-2023 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 12/31/2022 will be the basis for limit calculations for the 2022-2023 contract year RAP reimbursements. |
| 27 90% | 12.2371 | 1.7638 | |
| 28 75% | 12.2371 | 2.1166 | |
| 29 45% | 12.2371 | 3.5277 | |
| 30 Final 2022-2023 Retention Multiples (by Coverage %) | | | RAP retention multiples equal FHCF retention multiples minus RAP limit multiples. |
| 31 90% | 5.9418 | 4.1780 | |
| 32 75% | 7.1302 | 5.0136 | |
| 33 45% | 11.8837 | 8.3560 | |
| 34 Multiple Basis | FHCF Premium | FHCF Premium | |
| 35 Exposure Evaluation Date | 6/30/2022 | n/a | RAP coverage uses FHCF exposure data |
| 36 Exposure Reporting Deadline | 9/1/2022 | n/a | |
| 37 Source of Loss Reimbursements | Held assets from premiums and investment earnings; post - event financing if needed | Transfer from the state's General Revenue | |
| 38 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. |
| 39 Preliminary 2022-2023 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. |
| 40 90% | | 2.8967% | |
| 41 75% | | 1.1587% | |
| 42 45% | | 0.5267% | |
| 43 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 the 2023-2024 FHCF industry retention minus the 2023-2024 RAP limit |