

ACTION ITEM

CONTRACT ID:	2016 FLORIDA HURRICANE CATASTROPHE FUND (FHCF)		
BUDGETED ITEM:	Yes		
CONTRACT AMOUNT:	Mandatory layer of coverage through the FHCF for both the PLA/CLA and Coastal Account under the following provisions (in millions)		
		PLA/CLA	Coastal
	Gross Exhaustion Point:	\$ 1,519	\$ 3,228
	Retention:	\$ 341	\$ 609
	Coverage (90%):	\$ 983	\$ 1,754
	Premium:	\$ 67	\$ 119
			Total
			\$ 186
	The estimated cost of coverage is approximately \$186 million (\$67 million for the PLA/CLA and \$119 million for the Coastal Account).		
PURPOSE / SCOPE:	Citizens is required by statute to purchase the mandatory layer of coverage offered by the FHCF. This coverage layer provides risk-transfer at rates below rates offered in the private market. Mandatory FHCF coverage is estimated at approximately \$2.7 billion, at 90% of covered losses after retention. FHCF reinsurance is only available for residential coverages (personal and commercial residential lines). Commercial non-residential policies are not covered by the FHCF.		
CONTRACT TERM(S):	One-year contract with the FHCF		
PROCUREMENT METHOD:	The procurement of insurance is not a good or service under Citizens' purchasing policy; therefore a competitive solicitation is not required.		
RECOMMENDATION:	Citizens' staff recommends that Citizens Board of Governors: <ul style="list-style-type: none"> a) Approve the purchase of the mandatory layer of FHCF coverage; and b) Authorize staff to take any appropriate or necessary action consistent with this Action Item. 		
Contacts	Jennifer Montero, Chief Financial Officer		