

CONTRACT ID:	2017 Risk Transfer Program Traditional and Capital Markets Risk Transfer for the Coastal Account																				
BUDGETED ITEM	<p>Multiple layers of coverage in the total amount of approximately \$1.33 billion as depicted in the layer charts, summarized as follows (in millions):</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>Cover</th> <th>Attach</th> <th>Coverage Type</th> </tr> </thead> <tbody> <tr> <td>Layer 1</td> <td>\$ 350</td> <td>\$ 504</td> <td>Occurrence (ex-CNR)</td> </tr> <tr> <td>Layer 2</td> <td>\$ 880</td> <td>\$ 2,151 \$ 504</td> <td>Aggregate (ex-CNR), no inuring Aggregate (ex-CNR), inuring</td> </tr> <tr> <td>Layer 3</td> <td>\$ 100</td> <td>\$ 406</td> <td>Occurrence (CNR only)</td> </tr> <tr> <td>TOTAL</td> <td>\$ 1,330</td> <td></td> <td></td> </tr> </tbody> </table> <p>Layer 1 of this program would work in tandem with the mandatory coverage provided by the FHCF to include 1) the 10% of losses not covered by the FHCF (note that the FHCF reimburses 90% of covered losses), and 2) coverage of losses in excess of the FHCF limit. <i>(Traditional Market)</i></p> <p>Layers 2 of this program would provide annual aggregate loss coverage, protecting Citizens against multiple storms in a single season. Layer 2 may also provide coverage for 2 or 3 seasons. <i>(Traditional Market and Capital Market)</i></p> <p>Layer 3 of this program would provide coverage for CNR losses not covered by other layers of the program and for which Citizens has no FHCF coverage. <i>(Traditional Market)</i></p>		Cover	Attach	Coverage Type	Layer 1	\$ 350	\$ 504	Occurrence (ex-CNR)	Layer 2	\$ 880	\$ 2,151 \$ 504	Aggregate (ex-CNR), no inuring Aggregate (ex-CNR), inuring	Layer 3	\$ 100	\$ 406	Occurrence (CNR only)	TOTAL	\$ 1,330		
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CONTRACT AMOUNT	The 2017 cost to Citizens for this traditional and capital markets risk transfer program will not exceed \$94 million.																				
PURPOSE / SCOPE	Florida Statutes provide that Citizens must make its best efforts to procure catastrophe reinsurance at reasonable rates to cover its projected 100-year probable maximum loss. Citizens' Board of Governors, at its December 7, 2016 meeting, approved in concept that a portion of the risk transfer program for the Coastal Account will be in the form of coverage provided through the traditional and capital markets.																				
CONTRACT TERM(S)	The contract terms vary from one to three years.																				
PROCUREMENT METHOD	The procurement of insurance is not a good or service under Citizens' purchasing policy; therefore a competitive solicitation is not required.																				
RECOMMENDATION	<p>It is recommended that Citizens' Board:</p> <ol style="list-style-type: none"> 1) Approve the recommendation to purchase traditional and capital markets risk transfer in the Coastal Account at a cost not to exceed the amount of \$94 million; and 2) Authorize staff to take any appropriate or necessary action consistent with this Action Item. 																				
CONTACTS	Jennifer Montero, Chief Financial Officer																				