

CONTRACT ID:	2018 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 \$943 million (total 2018 risk transfer coverage of \$1.42 billion including 2017 placement) as depicted in the layer charts, summarized as follows (in millions):</p> <table border="1" data-bbox="505 583 1377 911"> <thead> <tr> <th></th> <th>Cover</th> <th>Attach</th> <th>Coverage Type</th> </tr> </thead> <tbody> <tr> <td>Layer 1</td> <td>\$ 183</td> <td>\$ 435</td> <td>Occurrence (ex-CNR)</td> </tr> <tr> <td>Layer 2</td> <td>\$ 400</td> <td>\$ 1,735 \$ 435</td> <td>Aggregate (ex-CNR), no inuring Aggregate (ex-CNR), inuring</td> </tr> <tr> <td>Layer 3</td> <td>\$ 300</td> <td>\$ 618</td> <td>Aggregate (ex-CNR), inuring</td> </tr> <tr> <td>Layer 4</td> <td>\$ 60</td> <td>\$ 267</td> <td>Occurrence (CNR only)</td> </tr> <tr> <td>Total 2018</td> <td>\$ 943</td> <td></td> <td></td> </tr> <tr> <td>Existing 2017</td> <td>\$ 480</td> <td></td> <td></td> </tr> <tr> <td>Grand Total</td> <td>\$ 1,423</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 the 10% of losses not covered by the FHCF (note that the FHCF reimburses 90% of covered losses). <i>(Traditional Market)</i></p> <p>Layer 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 annual aggregate loss coverage, protecting Citizens against multiple storms in a single season. <i>(Traditional Market)</i></p> <p>Layer 4 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> <p>In addition to the 2018 placement layers, there are \$480 million in existing risk transfer from the 2017 season that will remain in place for the 2018 season - \$180 million in multi-year coverage in the traditional market and \$300 million in capital markets risk transfer through Everglades Re.</p>		Cover	Attach	Coverage Type	Layer 1	\$ 183	\$ 435	Occurrence (ex-CNR)	Layer 2	\$ 400	\$ 1,735 \$ 435	Aggregate (ex-CNR), no inuring Aggregate (ex-CNR), inuring	Layer 3	\$ 300	\$ 618	Aggregate (ex-CNR), inuring	Layer 4	\$ 60	\$ 267	Occurrence (CNR only)	Total 2018	\$ 943			Existing 2017	\$ 480			Grand Total	\$ 1,423		
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CONTRACT AMOUNT	The 2018 cost to Citizens for this traditional and capital markets risk transfer program will not exceed \$92 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 13, 2017 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	It is recommended that Citizens' Board: <ol style="list-style-type: none">1) Approve the recommendation to purchase the 2018 traditional and capital markets risk transfer in the Coastal Account at a cost not to exceed the amount of \$92 million; and2) Authorize staff to take any appropriate or necessary action consistent with this Action Item.
CONTACTS	Jennifer Montero, Chief Financial Officer