

ATTENTION Florida Hurricane Catastrophe Fund (FHCF) Participants

2017 FHCF Contract Year Commutation Information

The commutation period for the 2017 FHCF Contract Year is quickly approaching. No later than June 1, 2023, your company will be required to file a final Proof of Loss Report (POL) and a Detailed Claims Listing (DCL) for Hurricane Irma and/or Hurricane Nate, along with the supporting commutation documentation outlined below. **The FHCF will contact your company to initiate the commutation process.** To ensure that your company is prepared, please review the following list of documentation that will need to be provided at that time:

OUTSTANDING LOSS SUPPORT

For each claim reported on the final POL and DCL with outstanding losses, your company will need to provide:

1. Declarations page for the policy in effect at the time of loss.
2. First Notice of Loss.
3. Payment history (must reconcile to the amount reported in the DCL).
4. Reserve history including the original reserve posted and any reserve transactions through the date of the final POL.
5. All adjuster's reports and/or claims letters which provide a description and estimate of the loss.
6. Listing of all paid and outstanding policyholder fees, on behalf of or inuring to the benefit of the policyholder (attorney fees, public adjuster fees, etc.) that were included in the amount(s) as reported on the DCL, including clearly labeled supporting documentation.

INCURRED BUT NOT REPORTED (IBNR) LOSS SUPPORT

A signed opinion on the capitalized (present) value of the IBNR losses will be required from a company actuary or your company's actuarial consultant. The opinion for all applicable hurricanes may be combined as one document as long as each hurricane is specifically addressed. The following criteria must be considered in the opinion:

1. Ensure that the value of IBNR reported on the final POL(s) does not exceed the selected value in the actuarial opinion.
2. Ensure that the selected IBNR value(s) is/are for covered loss only, i.e., direct incurred losses and additional living expenses, and appropriately exclude losses not covered under the [2017 FHCF Reimbursement Contract](#), such as loss adjustment expense and ex-wind, non-habitational, and non-Florida losses.
3. Ensure that the underlying data provided in support of the IBNR selection is for the single company's reported losses as opposed to being inclusive of data for other companies within a group. If the underlying data does include other companies, the methodology and data sources used for the adjustments to FHCF covered losses for the company must be included in the signed opinion or supporting documentation.
4. If the IBNR value(s) is/are discounted, ensure that the details of the discount assumption and payout are included.
5. Please include a description of the methodology used, including applicable derivation calculations and underlying sources of data used in the assumptions. Examples of assumptions include projected counts, projected averages, projected dollars, curve selections, and curve parameters.

VOLUNTARY EARLY COMMUTATION

If your company's reportable losses for Hurricane Irma and Hurricane Nate will not trigger reimbursement from the FHCF, you may commute for zero dollars in lieu of filing the upcoming quarterly Proof of Loss Report(s). To do so, please email your request to commute to the FHCF Administrator at FHCFAdministrator@paragon.aonbenfield.com.

If you have questions, please contact Kathy Mackenthun or Martin Helgestad with the FHCF Administrator, Paragon Strategic Solutions Inc., at 800-689-3863, or by email to FHCFAdministrator@paragon.aonbenfield.com.