

Overview of Selected State-Sponsored Catastrophe Insurance Entities with Bonding Capability

Dec. 2010

Function	Insurer	Reinsurer	Guaranty Fund	Insurer	Insurer	Insurer	Insurer	Insurer
Ratings	Residential and Commercial Property Insurance, including Wind in FL	Residential Property Reinsurance in FL	Pay Covered Claims of Insolvent Insurers in FL	Residential and Commercial Property Reinsurance, including Wind in NC	Residential Earthquake Insurance Policies in CA	Residential and Commercial Property Insurance, including Wind in LA	Residential and Commercial Property Insurance, including Wind in TX	
	AZ/A+/NR	A3/A+/AA	A3/A+/NR	None	A3/NR/A	Baa2/A-	In Process	
Debt Service Covenant	None	1.25x Coverage	2.00x Coverage	None	3x Coverage	None, but stabilization fund required	In Process	
Accumulated Capital / Surplus	\$4.4B	\$4.6B	N/A	\$650MM	\$3.6B	\$117MM	0	
Claims Paying Capacity Before Assessments and/or Bonding	\$10B before assessments	\$9.4B before assessments/bonding	\$122.3MM before assessments	Approximately \$4B before assessments	\$7B before assessments	Approximately \$480MM before assessments	Approximately \$75MM before bonding/\$1.8 before assessments	
Outstanding Debt	\$4.5B	\$5.4B	None	None	\$189MM	\$900MM	None	
Pledged Revenues	Net Premiums, Investment Earnings, Pre-Event Proceeds, FHCF Reimbursements, and Assessments	Reimbursement Premiums, Investment Earnings, Pre-Event Proceeds and Assessments	Regular and Emergency Assessments, Investment Earnings	Catastrophe Recovery Charges (policyholder surcharge levied after event causing a deficit)	Net Premium, Investment Earnings, Swap Revenues	Regular and Emergency Assessments; Emergency Stabilization Funds	Class 1 Bonds - Premiums Class 2 Bonds - Policyholder Surcharges and Member Assessments Class 3 Bonds - Member Assessments	
Assessment Ability	Three types: (1) surcharges on Citizens' policyholders (up to 15% per year per account); (2) recoupable p&c insurer assessments (up to 6% per year per account); (3) direct p&c policyholder assessments statewide (cumulatively unlimited to repay debt)	Direct p&c policyholder assessment statewide (maximum 6% for one storm season and 10% cumulative annual limit)	Recoupable p&c insurer assessments (up to 2% per year as a regular assessment, and up to an additional 2% per year as an emergency assessment)	Two types: (1) Nonrecoupable assessments levied on Member Insurers up to \$1 billion; (2) Policyholder surcharges not to exceed 10% per year; however, no limit on the number of years it is applied	(1) Nonrecoupable member assessments - total cumulative amount \$2.7B; (2) Policyholder assessment up to 20%	Two tiers: (1) recoupable p&c insurer assessment (maximum 10%); (2) direct p&c policyholder assessment (maximum 10% annually)	(1) Nonrecoupable member assessments - maximum \$800MM annually (2) Policyholder surcharges on coastal policyholders - to repay Class 2 bonds (issuable up to \$700MM annually	
Assessment Base	(1) Policyholder Surcharge Base - \$2,604B; (2) Regular Assessment Base - \$30,708B; (3) Emergency Assessment Base - \$33,312B	\$33,312B	\$14.6B	(1) Member Insurer Assessment Base - N/A; (2) Policyholder Base - \$2,786B	(1) Member Base - N/A; (2) Policyholder Assessment Base - \$506,867MM	(1) P&C Insurer Assessment Base - \$1,916B; (2) P&C Base - \$9,379B	Coastal county P&C base approximately \$3.4 B	
Direct Written Premium (2009)	\$2.2B	\$1.4B	N/A	\$295MM	\$585MM	\$228MM	\$382MM	
2009 Net Income	\$764MM	\$833MM	\$20.8MM	\$103MM	\$295MM	\$58MM	\$268MM	
Number of Policies (Approx)	1.24MM	Reinsurance - 184 Companies Participate Representing over 6.5 Million Policies	Includes all insurers as a condition of their authority to transact business in Florida	174,841	800,000	128,195	242,321	
1 in 100 Year PML	\$21.4B	\$18.7B ²	N/A	\$3.2B	\$5.1B	\$950MM	\$3.5B	
Private Reinsurance	None	None	None	\$2,30B including \$505MM of Cat Bonds ³	\$3.1B	\$380MM	None	

¹ All Citizens financial information is shown cumulatively for its three accounts - the HRA, PLA, and CLAs; however, for most financial purposes (including the calculation of deficits and assessments), these accounts are separate. Therefore, the data shown may not reflect the actual resources and potential liabilities on an account-by-account basis.
² Maximum 2010 FHCF statutory obligation, equates to approximately a 1 in 44 years PML
³ Private reinsurance is for both the North Carolina Insurance Underwriting Association and the North Carolina Joint Underwriting Association

All information is from publicly available sources and reflects most recently available information as of December 2010

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