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## Florida Cat Fund in Best Financial Shape Ever

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BRADENTON, Fla. – The Florida Hurricane Catastrophe Fund says it's in its best financial shape ever, though \$454 million in damage claims have been filed across the state because of Hurricane Matthew.

The FHCF – a state-run, nonprofit reinsurer - can expect some insurance companies to trigger claims payments as a result of Matthew's impact, chief operating officer, Anne Bert, said Tuesday.

While Bert cautioned that insurance companies are still estimating damages, the Cat Fund's reinsurance losses could be less than \$200 million, she said.

The storm damage update came during a biannual report on the financial strength of the Cat Fund, whose bonds are rated AA by Fitch Ratings and S&P Global Ratings, and Aa3 by Moody's Investors Service.

Although Florida has experienced two hurricanes this year – the first to affect the state since 2005 - the Cat Fund remains in its "best financial shape ever," said financial advisor Kapil Bhatia with Raymond James & Associates Inc.

The Cat Fund's on-hand liquid financial resources total \$17.5 billion, while its obligation to pay the claims of participating insurers totals \$17 billion, he said.

In addition to funds on hand, the fund could also go to the municipal bond market and issue debt to pay claims.

The Cat Fund can expect \$7.28 billion in bonding capacity to be available under current market conditions, according to combined estimates of the fund's five underwriters – Bank of America Merrill Lynch, Citi, JPMorgan, and Wells Fargo.

In addition to Hurricane Matthew, Florida also saw Hurricane Hermine make landfall in early September on the state's northwest coast as a category 1 hurricane.

To date, Hermine-related damage loss claims filed with private insurers have totaled \$95 million, according to data collected by the Office of Insurance Regulation.

The Florida Hurricane Catastrophe Fund is a tax-exempt state trust fund created by the Legislature in 1993 to stabilize the property insurance market.

The FHCF has a private-letter ruling from the Internal Revenue Service and can issue tax exempt bonds to pay reinsurance claims after a hurricane hits.



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