

2024 Risk Transfer Program

 ACTION ITEM
 New Contract
 Contract Amendment
 Other _____

 CONSENT ITEM
 Contract Amendment
 Existing Contract Extension
 Existing Contract Additional Spend
 Previous Board Approval _____

 Other _____

Action Items: Items requiring detailed explanation to the Board. When a requested action item is a day-to-day operational item or unanimously passed through committee it may be moved forward to the board on the Consent Index.

- Move forward as Consent:** This Action item is a day-to-day operational item, unanimously passed through committee or qualifies to be moved forward on the Consent Index.

Consent Items: Items not requiring detailed explanation to the Board of Governors. Consent items are contract extensions, amendments or additional spending authorities for items previously approved by the Board.

Item Description	2024 Risk Transfer Program
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 2023 meeting, approved in concept that a portion of the risk transfer program will be in the form of coverage provided through the traditional and capital markets.
Contract ID	2024 Risk Transfer Program – Citizens Account Contract number, if applicable Recommended vendor, if applicable
Budgeted Item	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>The 2024 Risk Transfer Program includes private reinsurance coverage of approximately \$5.5 billion. This coverage would be comprised of \$500 million of existing private risk transfer remaining from 2023 and \$5.0 billion of new private risk transfer, including new coverage in the traditional market and capital markets as depicted in the layer charts, summarized as follows (in millions):</p>

2024 Risk Transfer Program

	Cover	Attach	Coverage Type
Sliver Layer	\$ 630	\$3,514	Occurrence
Layer 1:			
Traditional/Capital Markets	\$4,400	\$9,809	Occurrence/Aggregate
Lightning Re	\$ 500	\$9,809	Aggregate
Grand Total	\$5,530		
	<ul style="list-style-type: none"> The Sliver Layer of this program would provide annual, per occurrence coverage. (<i>Traditional Market</i>) The Lightning Re renewal provides multi-year, aggregate coverage, protecting Citizens against multiple storms in a single season. (<i>Capital Markets</i>) Layer 1 would provide coverage from the capital and traditional markets. The Capital Markets risk transfer placement provides multiple year, aggregate coverage and the traditional reinsurance market placement provides single year occurrence/aggregate coverage. (<i>Traditional and Capital Markets</i>). 		
Procurement Method	N/A		
Contract Amount	The cost to Citizens for the entire 2024 traditional and capital markets risk transfer program will not exceed \$750 million.		
Contract Terms	The contract terms are for one year in the traditional market, and three years in the capital market.		

Board Recommendation (DOES NOT go through Committee)	<p>Citizens' Staff proposes that the Board of Governors:</p> <ol style="list-style-type: none"> Approve the recommendation to purchase traditional and capital markets risk transfer for the entire 2024 program, not to exceed the amount of \$750 million; and Authorize staff to take any appropriate or necessary action consistent with this Action Item.
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