

THE FPHASIF FACTS

Spring: 2013

Florida Public Housing Authority
Self Insurance Fund, Inc.

Volume I, Issue 2

Welcome to the Insurance Solution for Your Public Housing Needs



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FLOOD MAP MODERNIZATION MAY AFFECT YOUR FLOOD COVERAGE

Superstorm Sandy has reinforced the concern that the ongoing flood zone modernization efforts by FEMA are affecting flood insurance coverage. Re-zoning and remapping have resulted in properties not previously in Special Flood Hazard Areas to suddenly be in one. There is no defined protocol or requirement for FEMA to proactively notify lenders, insureds or insurance brokers of the changes and issuance of new maps.

Although behind their original schedule, FEMA is now well along in a new effort to update and remap flood zones in the U.S., which began in 2008, with completion now targeted for 2014 – the goal being to cover 92% of population centers. Revised flood maps can include changes in the flood risk represented.

KNOW YOUR APLHABET

NFIP: National Flood Insurance Program

FIRM: Flood Insurance Rate Maps

FEMA: Federal Emergency Management Agency

SFHA: Special Flood Hazard Area

FPHASIF has access to an online system to determine your flood zones and is ready to assist you in identifying flood exposures for your properties. For additional information on this topic, please contact FPHASIF direct at 800-763-4868.

FPHASIF ANNOUNCES ANCILLARY/CASUALTY LINES POOL

In order to meet additional needs of our insured, FPHASIF is proud to announce long awaited addition of our ancillary/casualty lines pool.

With the addition of these lines, FPHASIF is now able to cover your housing authority:

- Auto Liability
- General Liability

- Public Officials Liability
- Employment Practices Liability

The insurance products offered through FPHASIF are available only to FAHRO members and are a unique benefit from your association that protects and advances the needs of your agency.

All proceeds accumulated from annual premiums become a shared asset of the paying FPHASIF members

and are retained, applied or returned to the members based upon the percentage each housing authority pays into the fund itself.

So, whether your agency needs property, general liability, auto, workers' compensation, directors and officers, public officials or any other type of coverage, FPHASIF is your one-stop shop for all of your insurance needs.



FLORIDA PUBLIC HOUSING AUTHORITY SELF INSURANCE FUND, INC.



Frequently Asked Questions

How does FPHASIF compare to the competitors?

Solvency of a company is its ability to fulfill its contractual obligations and pay its claims in the event of a catastrophic loss. Most providers for public housing agencies and other public entities opt for risk pools allowing for considerably reduced overhead expense, greater understanding of their risk profile, and reduced regulatory burden.

With risk pools the question becomes, what is the maximum probable loss for a certain event or year and how well the company is prepared to meet that burden. To determine solvency, examine the limit, and whether that limit is an annual limit or per occurrence (windstorm, flood, or earth movement). An annual limit will erode more quickly in the event of multiple occurrences in a single year – such as we had in 2004 and 2005. **FPHASIF's limit is \$47.5 million per occurrence.**

The next question is whether that limit is sufficient for the risk covered by the company. It is not as simple as the mere size of the limit. To determine solvency, you need actuarial data. Actuaries compile historical data to predict

what the likely loss figures will be for the year to come and what it will cost a company in claims. Utilizing contemporary methodology through the RMSI I tool, actuaries are able to use all of the data on the properties insured and predict based on the anticipated frequency of a storm of a certain severity, what the probable maximum loss will be.

A real actuarial report from our RMSI I modeling based on our book of business tells you **that out of our approximately \$840 million in total insured values (TIV), our average annual loss is only \$1.7 million and that the "big one" that no one expects to see in our lifetime would cost us \$47.5 million. Therefore, we purchased a \$47.5 million limit to ensure we will be able to cover our maximum probable loss.**

How does a shared limit work?

The limit is not allocated directly to any member, but is instead in place for the equal protection of all. In the event of the "big one," we would institute the claims adjustment process to identify the total loss of all affected members, and utilize the limit to pay those claims. If a program is properly actuarialized, you need not be concerned

with where other members are located, because that has already been taken into account.

What happens in a 500-year storm, which the actuaries tell you, is so unlikely as to not warrant insuring at that level?

In that case, I believe that any insurer you consider will not have sufficient coverage to pay all claims, rendering them all insolvent. For FPHASIF, in the extremely unlikely scenario that losses exceeded our limit, we would pay out our limits based on the member's loss as a percentage of overall loss. *An example being, if we have \$50 million in losses, and Housing Authority "X" had a \$1 million loss, we would equitably distribute the available limit and Housing Authority I would receive approximately \$900K.*

It is important to understand that exceeding our limit, according to all licensed, qualified experts is so unlikely as to be considered virtually impossible. However, it is useful to know that if it did happen, what to expect.

Recognition of New Members

We would like to extend a warm welcome to our newest members: Avon Park, City of Fort Myers, Bartow, Gainesville and Winter Park housing authorities.

2013 Hurricane Season

Hurricane season is rapidly approaching, now would be a great time to review/revise your Disaster Preparedness Plan. FPHASIF has a sample plan available by contacting Brooke Butler: brooke.butler@willis.com If you are interested in participating on the FAHRO Disaster Preparedness Committee, please contact Chairperson Beth Kinsey - BKinsey@bchafl.org

Board of Directors

The FPHASIF Board of Directors, made up of FAHRO members insured by the fund, is dedicated to protecting our members' risks, first and foremost. Each agency on the board of directors is dependent upon this program's success, has no interest in taking chances and is dedicated to the fund's solvency.

HUNT Insurance Group-LLC/Willis

As third party administrator for FPHASIF, Hunt has provided reduced premiums, brokerage services, renewal strategy, pool account services and reporting, claim consulting, information systems support and accounting and marketing services. We are pleased to have Hunt as part of the FPHASIF team.



Hunt Insurance Group, LLC

2013 Calendar of Events

- 05/07/2013 - FPHASIF BOD Meeting - Marriott South Beach
- 06/11/2013 - FPHASIF Board Call
- 07/09/2013 - FPHASIF Board Call
- 08/6-8/2013- FAHRO Annual Conv./Trade Show Portofino Bay Hotel, Orlando, Fla
- 08/06/2013 - FAHRO BOD Meeting
- 08/06/2013 - FPHASIF BOD Meeting
- 09/10/2013 - FPHASIF Board Call
- 10/08/2013 - FPHASIF Board Call
- 11/12/2013 - FPHASIF Board Call
- 12/10/2013 - FPHASIF Board Call

If you have any questions, please contact Corey Mathews at Corey@FPHASIF.com



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