

# STABILITY & FINANCIAL IMPACT REPORT



## PROTECTION + FINANCIAL STRENGTH

Reinsurance is back-up disaster coverage, or insurance for insurance companies. Every year, Florida homeowners insurance companies purchase reinsurance and most programs are in place by June 1.

- » **Security First Insurance has more than \$930 million in total reinsurance coverage** available to pay customer claims for **multiple storms in a single year**, and
- » **\$73 million in surplus** (capital) to cover the amount of retention we must first pay to gain access to recovery funds. *Retention is the deductible we are required to pay. For 2023/24 our net retention is less than \$6 million per event.*

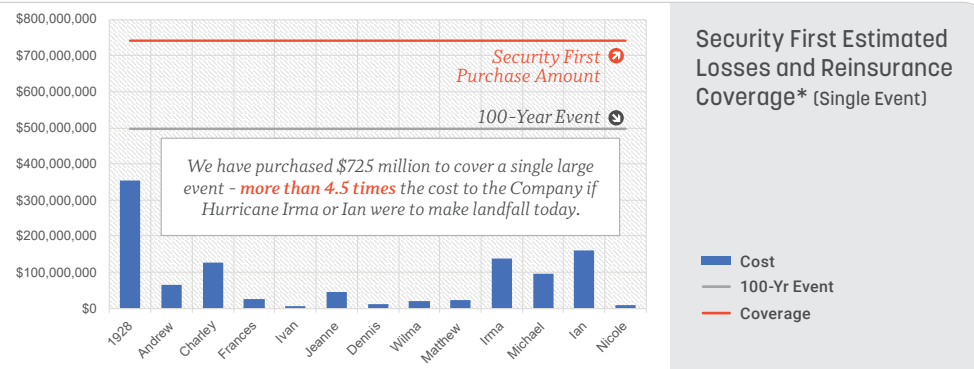
Florida regulators suggest insurance companies purchase, at minimum, enough reinsurance to pay all policyholder claims caused by a large catastrophic event (one in 130-year) *and* one 50-year event after a 100-year event.

- » **Security First purchases more than the recommended amount**, up to 1 in 187-year event, to ensure our ability to pay claims for multiple storms in a single hurricane season, far exceeding the recommended minimum.
- » **A 50-year event has a 2% chance** of occurring in any given year.
- » **\$725,000,000** – Funds available to pay claims **for a single large event.**

## STABILITY + LONGEVITY

By analyzing our exposure to storms using approved hurricane models, we ensure our level of reinsurance purchase exceeds every modeled historical loss contained in the hurricane model's entire event catalogue. **We do this to ensure the financial strength to be there for our customers storm after storm, year after year®.**

The following graph shows the cost to Security First Insurance if historical storms since 1900 were to make landfall today.



		Security First Retention	Cost Today	Remaining Reinsurance* Available for Future Claims
2017/18	Hurricane Irma	\$5,326,560	\$137,000,000	\$793,355,991
	Hurricane Michael	\$5,326,560	\$97,000,000	\$833,355,991
2022	Hurricane Ian	\$5,326,560	\$160,000,000	\$770,355,991

This chart illustrates the effect historical hurricane seasons would have on our current policyholder surplus and the amount of reinsurance we'd have left over to pay additional claims if they were to occur today. Hurricane Nicole was not significant for the Company and won't impact our catastrophe reinsurance program.

\* Based on modeled historical events modeled in KCC Certified Model, exposures projected to 9-30-2023.

Demotech serves the insurance industry by providing accurate and proven Financial Stability Ratings® (FSRs) for Property & Casualty insurance companies, Title underwriters, and other risk-bearing entities.

© 2023 Security First Managers and/or its affiliates. All rights reserved. Rev 2023.08.28

## AT A GLANCE

**\$930 M**

Total Reinsurance Coverage Purchased for Multiple Events

**187 YR**

Level of Reinsurance Purchased

**\$73 M**

Surplus to Cover Retention

**A+**

Better Business Bureau Rating



**Security First Insurance**™

Storm after Storm, Year after Year®