



**PUERTO RICO FISCAL AGENCY  
AND FINANCIAL ADVISORY AUTHORITY**  
GOVERNMENT OF PUERTO RICO

**THIRD ADDENDUM**

ANSWERS SUBMITTED TO QUESTIONS TO THE  
REQUEST FOR QUALIFICATIONS AND REQUEST  
FOR PROPOSALS ("RFQ / RFP")

Seeking firms that can develop an insurance plan  
to meet FEMA's Obtain and Maintain Insurance  
Requirements and Consulting Services and  
Placement Services to meet FEMA's Obtain and  
Maintain Insurance Requirements

For The

The Commonwealth of Puerto Rico

**RFQ / RFP Issuance Date: May 29, 2025**

Documents will only be received electronically.

No Telephone Queries Will Be Accepted

## ANSWERS SUBMITTED TO QUESTIONS TO THE REQUEST FOR QUALIFICATIONS | REQUEST FOR PROPOSALS

On May 29, 2025, the Puerto Rico Fiscal Agency and Financial Advisory Authority ("AAFAF"), the Department of the Treasury of Puerto Rico ("Treasury") and the Puerto Rico Office of the Insurance Commissioner ("OCS"; together with AAFAF and Treasury, collectively referred to as the "Government Parties") issued a RFQ | RFP seeking interested parties that might provide the services associated with the Purpose and Scope of the RFQ | RFP, as further defined in Section 2.1 of the RFQ | RFP, for the benefit of the Government of the Commonwealth of Puerto Rico ("Commonwealth").

Copy of the RFQ/RFP was published on the following web page:

<https://www.aafaf.pr.gov/administrative-document/rfps-rfqs>

Also, copy of the RFQ/RFP was published on the Puerto Rico Treasury Department webpage

As indicated, the RFQ | RFP does not commit nor obligate the Government Parties nor the Commonwealth to award any contract nor to pay any costs incurred by any entity in answering the RFQ | RFP. The Government Parties reserve the right to qualify one or more of the interested parties that respond to the RFQ | RFP, to accept or reject any or all qualifications received under the RFQ | RFP, to consider or not any and all proposals received, or to modify or cancel the RFQ | RFP in part or in its entirety as described in Section 4.1 regarding disclaimers and reservation of rights by the Government Parties.

Pursuant to the terms and conditions and specifically Section 3.8 of the RFQ | RFP, the Government Parties herein in this THIRD ADDENDUM include the questions with their respective answers.

Please note that the questions included herein are as submitted, unedited and as received under the RFQ | RFP process by electronic mail.

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1. What Commonwealth entities are included in the Insurance Requirement?

ANSWER: The potential group of Government Parties to be included in the Insurance Requirement are those included in the Commonwealth of Puerto Rico's Certified Fiscal Plan Certified on June 6, 2025 by the Financial Oversight and Management Board for Puerto Rico (the "Oversight Board" or "FOMB") (the "Fiscal Plan"). Copy of the Fiscal Plan can be obtained at: <https://www.aafaf.pr.gov/financial-documents-3/fiscal-plans>

2. Can you share a Statement of Values per Government agency covered under the engagement? If not, can you provide the aggregate amount of insurable values?
  - a. If amounts are provided, aggregate total or per agency, does AAFAF believe it is accurate? If not, can you offer estimated short/over percentage?

AAFAF RESERVES THE RIGHT TO REJECT ANY AND ALL PROPOSALS, TO FURTHER NEGOTIATE ANY PROPOSAL AND TO WAIVE ANY IRREGULARITIES OR NON-COMPLIANCE WITH THE INSTRUCTIONS SET FORTH HEREIN, AT ITS SOLE DISCRETION. ALL PROPOSALS BECOME PROPERTY OF AAFAF UPON SUBMISSION.

- b. Has FEMA provided any information of this type?

**ANSWER:** See attached Exhibits

3. Projected Total Insured Values to be included in program:
- Have any appraisals been made within the last 5 years? If yes, to what percentage of total values?
  - Do they have current COPE (construction, occupancy, protection, exposure) information on each location?
  - Is there a current Loss Control/Engineering Program in place?
  - Is there a current Risk Management Program in place?

**ANSWER:** See attached Exhibits

4. Do you have FEMA detailed loss experience records for the Puerto Rican archipelago you can share?

**ANSWER:** See attached Exhibits

5. Can you provide information regarding FEMA payments in relation to the aftermath of the September 2017 hurricanes (Irma and Maria) and the 2019, 2020 earthquakes?

**ANSWER:** See attached Exhibits

6. What licenses and/or certifications must the proponent have in order to participate and qualify for the RFQ/RFP and/or be awarded the Program?

**ANSWER:** You should provide copies of the required licenses and regulatory approvals as required by the Commonwealth of Puerto Rico and as required by the U.S. Federal Government.

7. What is the latest and/or current Government Parametric Insurance Program? If so, can you provide the details of coverage and current limits?

**ANSWER:** The Government of Puerto Rico has budgeted ~\$35 million to cover the Commonwealth's annual cost of parametric insurance or viable equivalent. The budgeted amount is intended to cover (i) insurance costs/premiums associated with compliance with the Insurance Requirement and (ii) the necessary consulting/advisory fees associated with the Comprehensive Program. Refer to Section 1.6 of the RFQ / RFP.

8. Does the Commonwealth have a Cat Bond currently in place? If so, what are the details of coverage and current limits?

**ANSWER:** Yes, the Commonwealth has a Cat-Bond that expires on June 2027. Coverage and limits will be disclosed to the selected entity.

9. In addition to Wind coverage, please confirm if additional perils such as Earthquake and Flood are to be considered?

ANSWER: Pursuant to FEMA's Public Assistance Policy on Insurance, "Applicants must insure against future losses from the hazard(s) that caused the damage to the property."

10. Is there a Probable Maximum Loss report that can be shared with proponents?

ANSWER: No.

11. Will proponent be compensated on a fee or commission basis? If commission basis, will there be a fixed percentage of premium?

ANSWER: Compensation based on fixed fee basis.

12. Parametric Insurance Structure

- Parametric Structure Details:
  - Can the Government provide details of the parametric structure currently in place? Specifically, we are interested in:
    - Structure
    - Perils covered
    - Triggers
    - Limits purchased

ANSWER: The Government Parties are seeking proposals to comply with the Insurance Requirement which will include coverage for wind, earthquake and flood events, or any hazard(s) that caused damage to the property. The amount of coverage will be a function of the Government's available budget as included in the Fiscal Plan or at the time of purchase of the insurance policies.

13. Budget and Financial Considerations

- Budget Clarification:
  - Does the budget include Cat Bond expenditures for the one issued in June 2024 (with a redemption date of June 2027)? If so, what amount or share is allocated to the Cat Bond?

ANSWER: Refer to Section 1.6 of the RFQ / RFP.

- Inclusion of Cat Bond in RFP:
  - Is the Cat Bond included in the RFP, or is it solely focused on direct parametric solutions?

ANSWER: The RFQ / RFP relates to a comprehensive insurance program including parametric insurance or viable equivalent. Refer to section 1.6 of the RFQ/RFP.

14. Coverage and Entities

- Government Entities Covered:
  - Can the Government confirm which entities are included in the insurance requirements, along with their respective locations throughout Puerto Rico?

ANSWER: The potential group of Government Parties to be included in the Insurance Requirement are those included in the Commonwealth of Puerto Rico's Certified Fiscal Plan Certified on June 6, 2025 by the Financial Oversight and Management Board for Puerto Rico (the "Oversight Board" or "FOMB") (the "Fiscal Plan"). Copy of the Fiscal Plan can be obtained at: <https://www.aafaf.pr.gov/financial-documents-3/fiscal-plans>.

Regarding geographic location, there is no current report detailing location of properties.

- Property Coverage Details:
  - Can the Government provide details about the properties to be covered under the program, including:
    - Available risk assessments and valuations
    - Information on current traditional insurance (indemnity) policies in place

ANSWER: The potential group of Government Parties to be included in the Insurance Requirement are those included in the Commonwealth of Puerto Rico's Certified Fiscal Plan Certified on June 6, 2025 by the Financial Oversight and Management Board for Puerto Rico (the "Oversight Board" or "FOMB") (the "Fiscal Plan"). Copy of the Fiscal Plan can be obtained at: <https://www.aafaf.pr.gov/financial-documents-3/fiscal-plans>.

15. Existing Insurance Program

- Existing Insurance Program Database:
  - Can the Government provide a database summarizing the existing insurance program, including:
    - Policies
    - Locations
    - Limits purchased
    - Structure of property insurance policies

ANSWER: This detailed information will be provided to the awarded entity, pursuant to the terms and conditions of the RFQ / RFP.

16. Perils and Coverage Confirmation

- Perils Coverage Confirmation:
  - Can the Government confirm which perils are to be covered by this solution? Specifically:
    - Is this limited to TC-only, or does it include EQ coverage as well?
    - What limits are being pursued?
    - Is flood coverage included?

ANSWER: Pursuant to FEMA's Public Assistance Policy on Insurance, "Applicants must insure against future losses from the hazard(s) that caused the damage to the property."

17. Consulting Services

- Consulting Hours Estimation:
  - The insurance program that is out to bid has been in place for no less than 36 months. Can the Government provide the estimated annual average of hours

devoted strictly to consulting related to risk analysis since FY 2022, including assessments of expected insurance requirements costs on a building-by-building basis?

ANSWER: No information is available regarding the number of hours. Current policy based on event / geographical parameters.

18. Program Status and Financial Structure

- Program Status Confirmation:
  - Please confirm that the program(s) related to this RFQ/RFP are currently active and in good standing.
- Investment Confirmation:
  - Could you please confirm that the \$35 million annual investment is intended mainly for premium?
- Insured Parties:
  - Who will be listed as the insured? Will the payment be made to the insured for discretionary distribution, or can it be structured as a direct payment to the beneficiaries?

ANSWER: The Government has an active CAT-Bond that expires in June 2027.

The Government of Puerto Rico has budgeted ~\$35 million to cover the Commonwealth's annual cost of parametric insurance or viable equivalent. The budgeted amount is intended to cover (i) insurance costs/premiums associated with compliance with the Insurance Requirement and (ii) the necessary consulting/advisory fees associated with the Comprehensive Program. Refer to Section 1.6 of the RFQ / RFP.

The potential group of Government Parties to be included in the Insurance Requirement are those included in the Commonwealth of Puerto Rico's Certified Fiscal Plan, certified on June 6, 2025 by the Financial Oversight and Management Board for Puerto Rico (the "Oversight Board" or "FOMB") (the "Fiscal Plan"). Copy of the Fiscal Plan can be obtained at: <https://www.aafaf.pr.gov/financial-documents-3/fiscal-plans>.

Insurance will be under the Department of Treasury name, who will receive the funds once the insurance is triggered, and the Department of the Treasury will distribute the funds at its sole discretion.

19. Coverage Timeline and Historical Data

- Coverage Start Date:
  - Do you have an estimated date for when the coverage is expected to begin?
- Historical Data Availability:
  - Is there historical data available on past events or risk assessment studies that could inform the structuring of the requested solution?

ANSWER: Insurance coverage must begin and be active as soon as possible.

20. Evaluation Criteria

- Evaluation Criteria Significance:
  - In terms of evaluation criteria, should we consider each bullet point to be of equal significance, or will there be a distinct level of importance to evaluating each element?

**ANSWER:** You must consider with equal importance each element of the evaluation criteria. The Government Parties reserve their right to assign a different level of importance to the individual components of the evaluation criteria.

21. Would you please provide EXISTING reinsurance/cat bond structure?

- a) What is the existing retention for Puerto Rico. Is there a captive to insure retention?
- b) What are the limits?
- c) Are the total limits of \$282M correct, including cat bond?
- d) What are the effective dates and expiration dates for cat reinsurance/non-cat reinsurance?
- e) What are the effective dates and expiration dates for cat bond?
- f) Is the cat bond issued in 2024 still active?
- g) Is the limit for the cat bond \$85M?
- h) Is the parametric trigger for the cat bond hurricane with category 4 or more and earthquake with magnitude of 7.0 or more in Puerto Rico, regardless of the damage?
- i) Would you please provide the reinsurance agreements?
- j) What are annual premiums?

**ANSWER:** There is no retention element attached to these policies. Payouts will depend on magnitude of Tropical Cyclone ("TC") or Earthquake ("EQ") within the pre-established geographical parameters.

22. Would you please provide last year's RMS cat modeling analysis for windstorm and earthquake perils with the various return periods, such as 1 in 250, 1 in 100, etc. as well as pure premium (AAL)?

23. To what return period are you purchasing reinsurance/cat bond?

24. Would you please provide any property risk assessment by an engineer or equivalent for each of the properties?

**ANSWER:** Not available.

25. Would you please provide detailed historical premiums?

26. Would you please provide detailed historical losses?

27. What is the change in exposure this year compared to last year? Would you need to increase limits as a result?

**ANSWER:** Coverage will be a function of the available budget and the coverage coverage presented.

28. Would you please provide any other insurance/reinsurance that you have active?

**ANSWER:** Information to be shared with the selected proponent.

29. Would you please provide anything else that you consider relevant?

**ANSWER:** The Government of Puerto Rico must secure as much capacity as possible to reduce the gap in 2024 pertaining to Obtain and Maintain requirement.

This THIRD addendum of the RFQ / RFP does not modify nor change in any way the terms & conditions set forth in the RFQ / RFP.