

# First Mutual Transportation Assurance Company

## Finance Committee Presentation

May 20, 2024



# FMTAC Overview

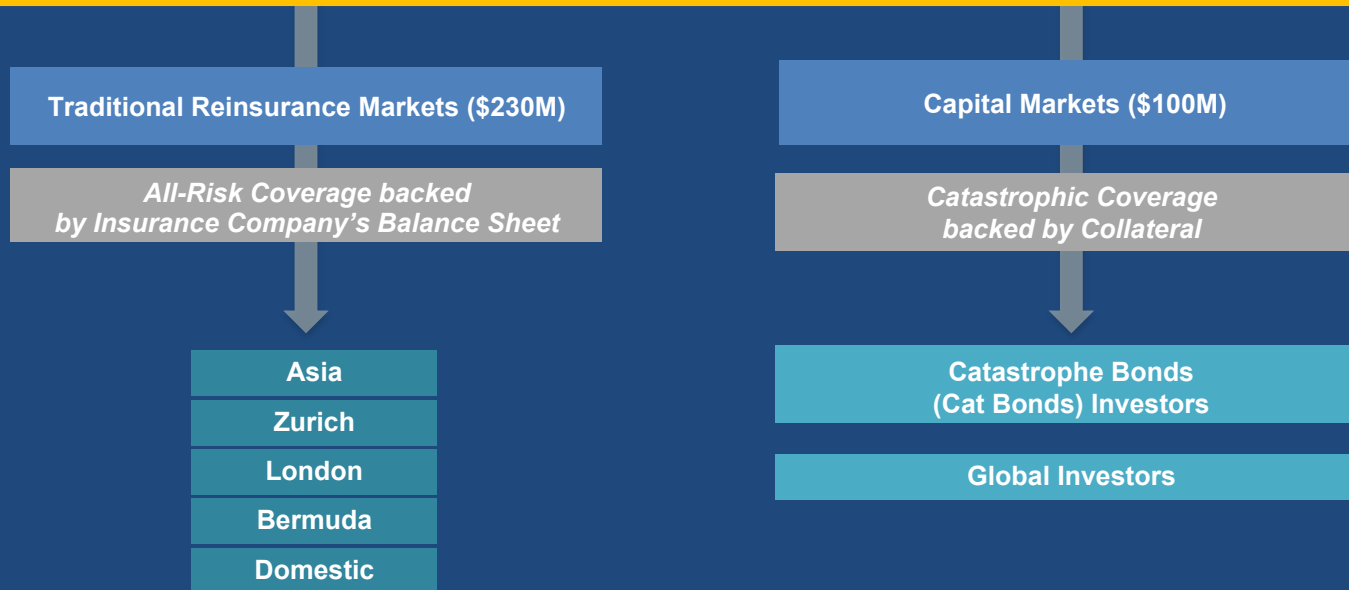
## The following are FMTAC Insurance Programs:

- All Agency Property Insurance
- All Agency Excess Liability
- MTA Premises Liability
- Property Terrorism
- Station and Force Liability
- Owner Controlled Insurance Program (OCIP)
- Automobile Liability
- All Agency Protective Liability (AAPL)

- ❑ For the year ending 12/31/2023, FMTAC incurred a net gain of \$82 million resulting from operating revenues of \$34 million and net investment income of \$48 million.
- ❑ As a result, FMTAC Net Position (or Equity) was increased to \$275 million from \$193 million. This compares to an average equity position over the prior 3 years of \$230 million.
- ❑ Accordingly, FMTAC key ratios, which measure financial strength and adequacy of reserves, improved in every category and remain well within favorable insurance industry recommended levels.
- ❑ In addition, FMTAC's Actuary provided a positive Statement of Actuarial Opinion regarding FMTAC's reasonableness of reserves given its exposures as well as FMTAC's compliance with the relevant requirements under New York State insurance laws.
- ❑ Overall, FMTAC had a successful year and its balance sheet grew the financial strength of the Captive.



# FMTAC Property



- ❑ FMTAC employs a strategy of maximizing tension/competition inside each market, as well as between the traditional reinsurance and capital markets.
- ❑ Record insurer profitability in 2023 has stabilized the property marketplace during Q1 2024. However, risk classes such as Infrastructure/Rail and loss driven accounts have experienced greater rate fluctuation.
- ❑ In the 2024 renewal, FMTAC purchased \$230M for a total cost of \$29M, as compared to \$353M in 2023 for a total cost of \$40M.
- ❑ Placement challenges of this program:
  - MTA specific large property losses inclusive of IDA Storm and COVID coupled with industry loss events (Bridge Collapse, Collision, Derailment).
  - Several large reinsurers reduced and withdrew capacity for the 2024 property renewal.



# FMTAC Aggregate Portfolio

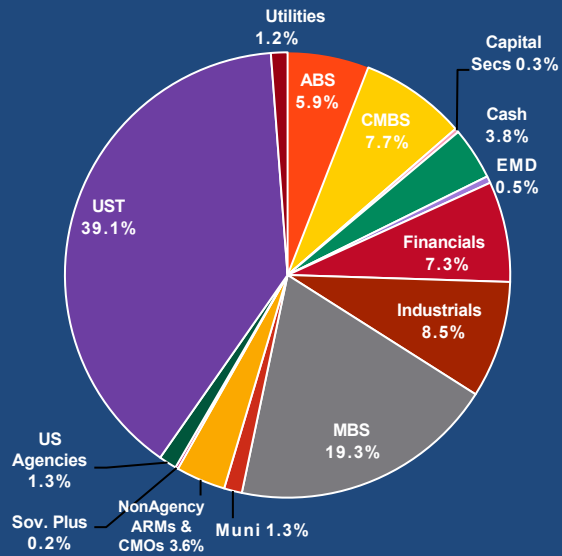
FMTAC-AGG



# Total Portfolio: Sector Positioning & Characteristics

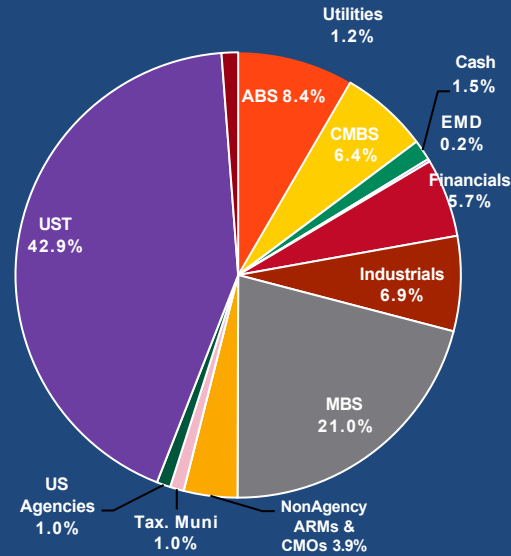
## Portfolio Change

As of 12/31/22



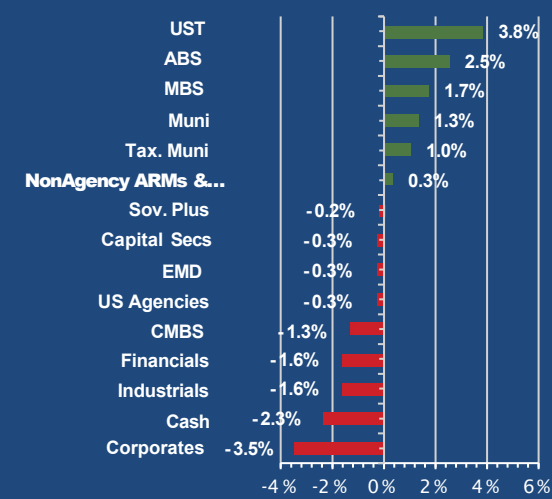
	Portfolio
Duration	4.48
Avg. Moody's/S&P Rating	Aa1/AA
Market Yield	4.81
Book Yield (excl. Cash)	2.61
YTD Interest Income (\$000)	18,948
Net Asset Value (\$000)	775,580

As of 12/31/23



	Portfolio
Duration	4.52
Avg. Moody's/S&P Rating	Aa1/AA
Market Yield	4.65
Book Yield (excl. Cash)	3.59
YTD Interest Income (\$000)	24,031
Net Asset Value (\$000)	880,337

Portfolio Change 12/31/2022 vs. 12/31/2023



Portfolio Change 12/31/2022 vs. 12/31/2023	
Chg. in Active Duration	+4 bps
Avg. Moody's/S&P Rating	No Change
Active Market Yield	-16 bps
Book Yield (excl. cash)	+98 bps
Net Assets Value(\$000)	104,757
Unrealised G/L(\$000)	175,162

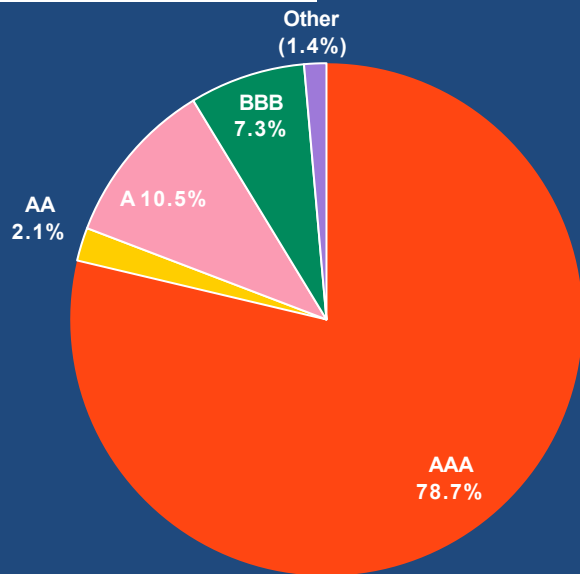
Note: MBS above consists of 30YR & 15 YR passthroughs, agency ARM's & CMO's. Other credit includes HY, EM, and sovereign plus  
Benchmark: No Benchmark



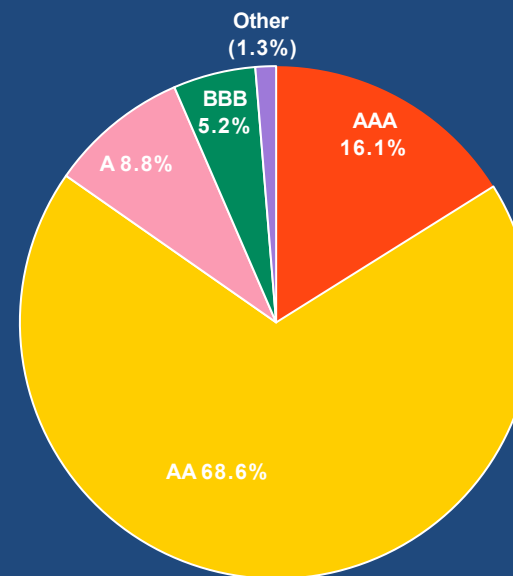
# Total Portfolio: Ratings & Key Rate Duration

## Portfolio Change

As of ~~September 30, 2023~~ **September 30, 2023**



As of ~~September 30, 2023~~ **December 31, 2023**



### Effective Duration Buckets as of ~~December 31, 2023~~ **December 31, 2023**

	Total	<1Y	1Y-5Y	5Y-10Y	10Y-20Y	20Y+
Duration	4.52	0.34	3.26	6.40	14.97	-
Market Value%	100.00%	12.11%	52.26%	29.85%	5.79%	0.00%

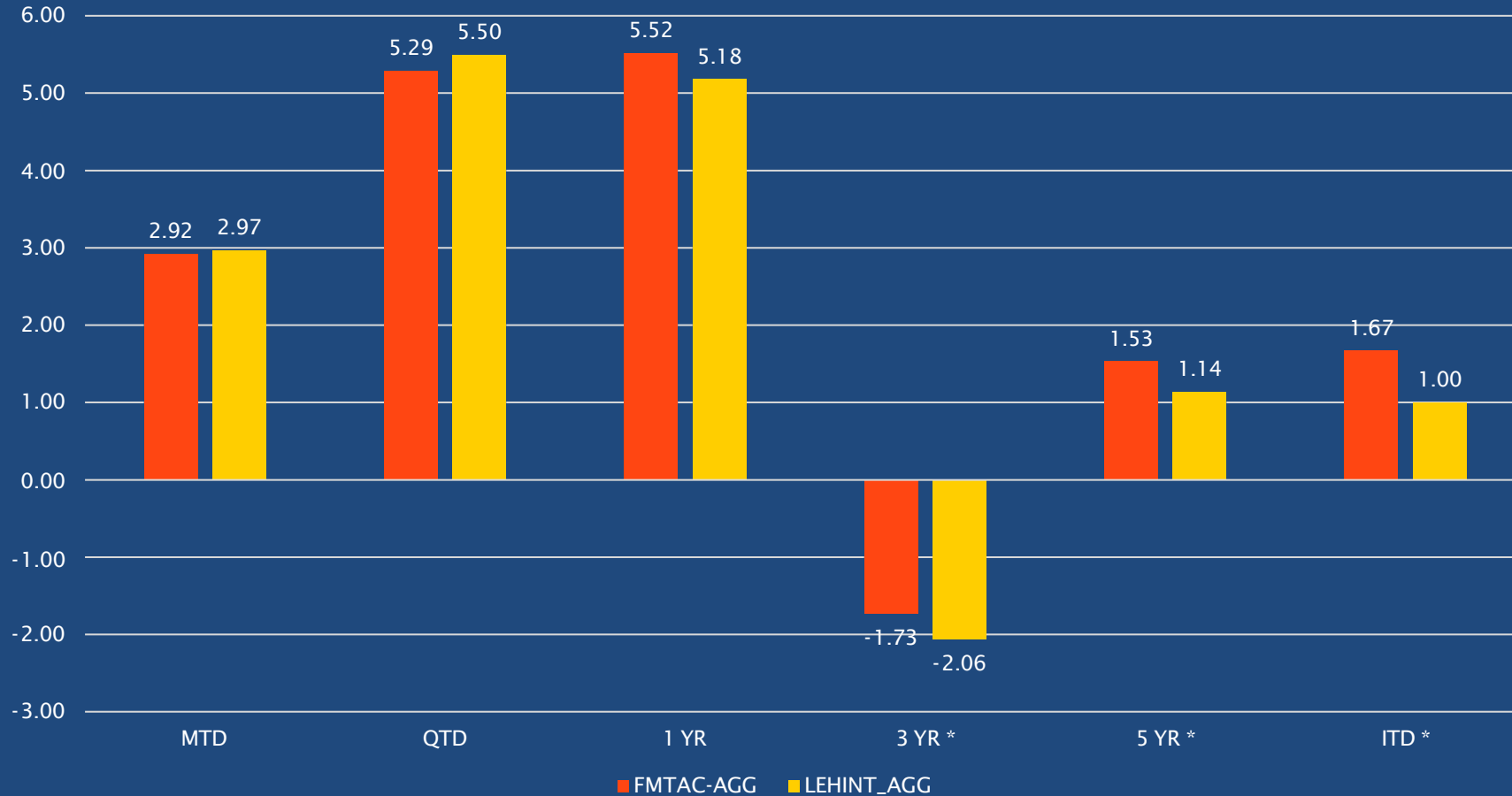
Standard Barclays Rating  
Benchmark: No Benchmark

The decrease in AAA rated securities is due to the US Government Debt rating downgrade by Fitch from AAA to AA+ on August 2, 2023



# Aggregate Portfolio Performance (%)

As of December 31, 2023



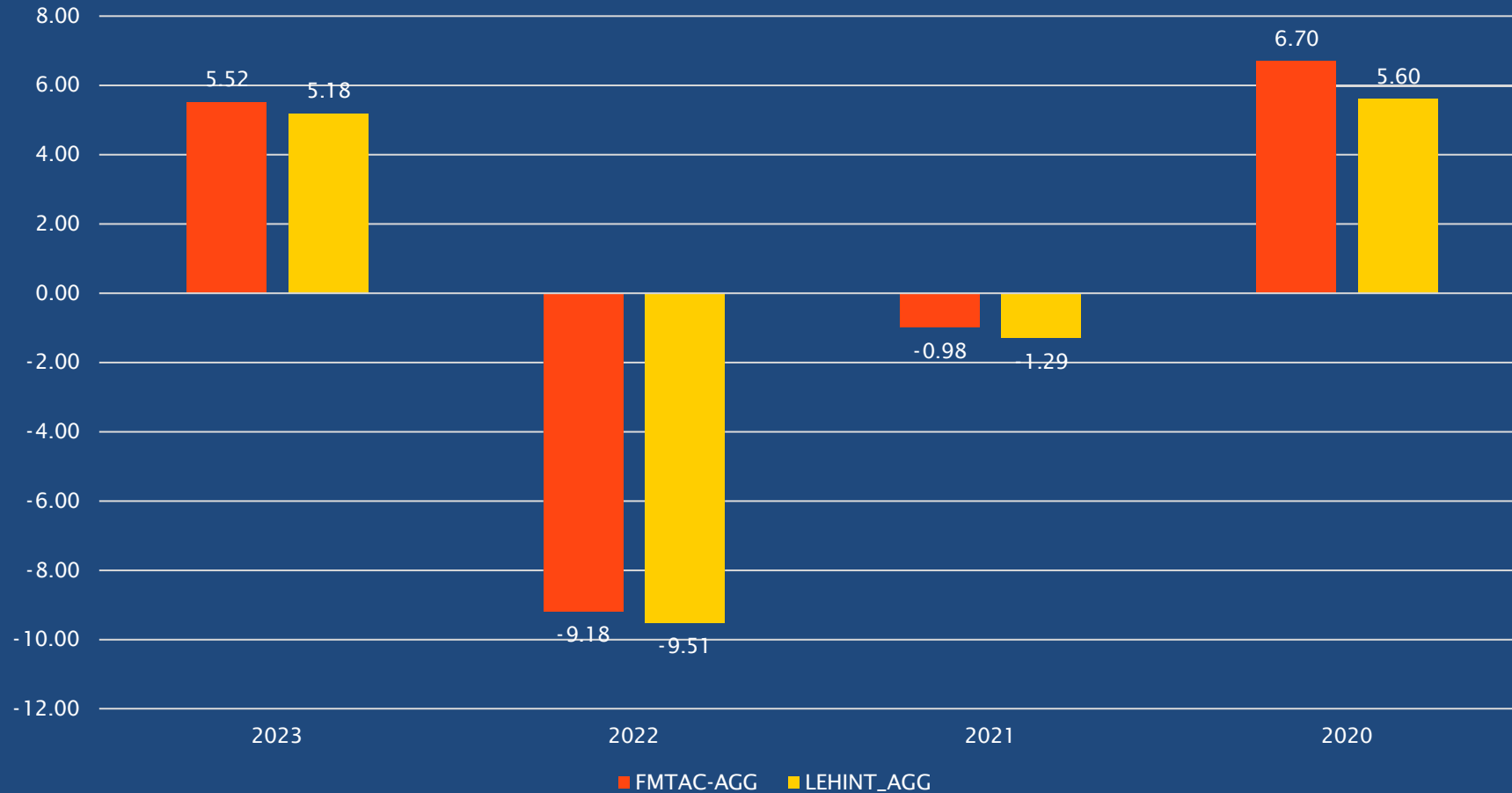
\*Annualized Performance

- LEHINT\_AGG = BBG Intermediate Aggregate Index
- The Aggregate Portfolio is not managed to an official benchmark
- The listed index is for illustrative purposes at the request of FMTAC but is not an official contracted benchmark to the Aggregate Portfolio. This index was selected as it has comparable asset classes and duration to the Aggregate Portfolio.
- Official performance is measured at the individual portfolio level as displayed on slide 35



# Aggregate Portfolio Performance (%)

## Annual Performance 2022-2023



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