return times for different levels within the FHCF coverage layer, Paragon uses a detailed company approach which includes an additional analysis based on model results by zip code and type of business and each individual company retention, company limit, and coverage selection. The following table compares the return times and corresponding ground up losses from these two methods for selected FHCF layer loss levels. The FHCF layer loss includes an allowance of 10% for loss adjustment expenses.

Layer	FHCF Layer Loss ($ in Billions)	Return Times (Years) for Aggregate FHCF Layer Liabilities Only[1]	Ground Up Losses for Aggregate FHCF Layer Liabilites Only ($ in Billions)[1]	Return Times (Years) for Average AIR and RMS Company Retention Limit Aggregate[2]	Ground Up Losses for Average AIR and RMS Company Retention Limit Aggregate ($ in Billions)[2]
Maximum FHCF Statutory Limit	17.0	36	26.0	333	89.9
Project Fund Balance and Pre-Event Bonds Exhaustion	14.8	32	23.6	63	38.0
Project Fund Balance Exhaustion	11.3	25	19.9	33	25.0
Hurricane Irma Level Event	7.8	19	16.3	21	18.3
$5 Billion Event	5.0	16	13.4	16	14.4
$1 Billion Event	1.0	11	9.1	9	7.2

Source: Paragon Strategic Solutions
Return times and ground up losses are shown for illustrative purposes only.

[1] The relevant data is shown aggregated for 157 FHCF participating insurers and the return times are presented as if all of the participating insurers had uniform exposures, coverage selections and loss experiences.
[2] The relevant data is shown for the sum of the 157 participating insurers with each having its own retention and coverage limits based upon its projected market share exposures, and therefore each participating insurer has its own unique probabilities of triggering its FHCF coverage and reaching its FHCF coverage limit.

The chart on the following page shows gross losses versus detailed company FHCF layer losses, simulated events (blue dots) and trended actual events (black diamonds). Note there are many possible FHCF layer losses for each gross loss level. The red line is based on the combined industry approach which has one FHCF layer loss outcome for each gross loss level. The green line is based on the average of the detailed company approach. The black line is set at the $11.3 billion projected year-end fund balance. The brown line is the total liquidity level at $14.8 billion and is the sum of the $11.3 fund balance and the $3.5 billion pre-event bonds. The FHCF has funds to cover an event (blue dots) below the funded black line and liquidity to cover an event below the brown line without immediate post-event bonding. Events above the brown line will require post-event bonding for a portion of their payments. For gross industry losses between $12.5 billion and $16.7 billion, the two methods generate similar average annual FHCF layer loss estimates. The combined industry approach (red line) underestimates the FHCF layer loss below $12.5 billion gross industry losses and overestimates the FHCF layer losses above $16.7 billion gross losses.