

# Citizens Property Insurance Corporation

## Mission Review Task Force

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January 30, 2009

The Honorable Charlie Crist  
Governor  
The Capitol  
Tallahassee, FL 32399

The Honorable Jeff Atwater  
President of the Senate  
409 The Capitol  
Tallahassee, FL 32399

The Honorable Ray Sansom  
Speaker of the House  
420 The Capitol  
Tallahassee, FL 32399

The Honorable Larry Cretul  
Speaker Pro Tempore of the House  
422 The Capitol  
Tallahassee, FL 32399

**RE: Citizens Property Insurance Corporation Mission Review Task Force-Final Report**

Dear Governor Crist, President Atwater, Speaker Sansom, and Speaker Pro Tempore Cretul:

Pursuant to Senate Bill 2860, the Citizens Property Insurance Corporation Mission Review Task Force was created and charged to analyze and compile available data and to develop a report setting forth the statutory and operational changes needed to return Citizens Property Insurance Corporation to its former role as an insurer of last resort. Attached hereto are the recommendations of Mission Review Task Force.

Please direct any questions you or your staff may have regarding the transmittal of these recommendations to Christine Turner at (850) 513.3746.

Respectfully,



G. Bruce Douglas  
Chairman

Cc: The Honorable Garrett Richter, Chairman - Senate Banking & Insurance Committee

The Honorable Pat Patterson, Chairman - Insurance, Business, & Financial Affairs Policy Committee

# Citizens Property Insurance Corporation

## Mission Review Task Force

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### EXECUTIVE SUMMARY

The Citizens Property Insurance Corporation Mission Review Task Force (Task Force) was created by the Legislature during the 2008 Legislative Session. The mission of the Task Force is “to develop a report setting forth the statutory and operational changes needed to return Citizens Property Insurance Corporation to its former role as a state-created, noncompetitive residual market mechanism.” Importantly, the Task Force did not debate or reconsider the underlying public policy basis of its charge that Citizens be returned to a non-competitive residual market mechanism. Instead, the Task Force assumed that public policy objective and focused on the statutory and operational changes necessary to accomplish that goal.

### CHARGE OF THE TASK FORCE

In addition, and “at a minimum” the Task Force was directed by statute to provide recommendations on the following ten specific topics relating to a range of issues regarding Citizens:

(a) The nature of Citizens Property Insurance Corporation's role in providing property insurance coverage only if such coverage is not available from private insurers.

(b) The ability of the admitted market to offer policies to those consumers formerly insured through Citizens Property Insurance Corporation. This consideration shall include, but not be limited to, the availability of private market reinsurance and coverage through the Florida Hurricane Catastrophe Fund and the capacity of the industry to offer policies to former Citizens Property Insurance Corporation policyholders within existing writing ratio limitations.

(c) The relationship of rates charged by Citizens Property Insurance Corporation to rates charged by private insurers, with due consideration for the corporation's role as a noncompetitive residual market mechanism.

(d) The relationships between the exposure of Citizens Property Insurance Corporation to catastrophic hurricane losses, the corporation's history of purchasing any reinsurance coverage, and the corporation's capital capacity to meet its potential claim obligations without incurring large deficits.

(e) The projected assessments on all policies required to offset the lack of capital to pay claims.

(f) The projections under paragraph (e) shall be specific to losses of \$3 billion, \$12 billion, and \$23 billion caused by a storm or a group of storms in any given year.

(g) The operational implications of the variation in the number of policies in force over time in Citizens Property Insurance Corporation and the merits of outsourcing some or all of its operational responsibilities.

(h) Changes in the mission and operations of Citizens Property Insurance Corporation to reduce or eliminate any adverse effect such mission and operations may be having on the promotion of sound and economic growth and development of the coastal areas of this state.

(i) Appropriate and consistent geographic boundaries of the high-risk account.

(j) The rankings, by county, of the average approved rates in Citizens Property Insurance Corporation and any savings associated with policyholder choice in selecting Citizens.

### **TASK FORCE MEMBERSHIP**

The membership of the Task Force was statutorily specified and consists of 11 members appointed as follows:

Two members appointed by the Speaker of the House of Representatives;  
Two members appointed by the President of the Senate;  
Three members appointed by the Governor;  
Two members appointed by the Chief Financial Officer;  
One member representing Citizens; and  
The Commissioner of Insurance Regulation or his designee.

To accomplish its statutory charge, the Task Force held a series of public meetings to receive public comment, to compile and analyze data and to consider evidence and to receive testimony provided by various experts and other interested parties. The Task Force met on October 10, 2008 in Tampa, on November 20, 2008 in Orlando, on December 10, 2008 in Jacksonville, on January 6, 2009 in Tampa, and on January 22, 2009 in Jacksonville. This Executive Summary identifies the specific statutory and operational recommendations made by the Task Force, which is followed by the comprehensive report and recommendations of the Task Force.

### **TASK FORCE RECOMMENDATIONS**

**The Task Force recommends that the Legislature enact the following statutory changes:**

1. Create programs to encourage the strengthening of homes.
2. Amend current law so as to provide that upon expiration of the Citizens rate freeze, a “glide-path” to implement rate increases over time should be implemented, with specified increases per year, excluding coverage changes and surcharges, as follows:
  - Limit the overall average statewide increase by line to no more than 10% per year;

- Limit the rate increase by territory by line to no more than 15% per year; and
  - Limit the rate increase for any individual policyholder to no more than 20% per year.
- 3. Amend current law to enforce the 15% Eligibility Rule by requiring that agents and applicants for coverage certify, as a part of the application process on a separate form, that they are eligible for coverage under the law.
- 4. Require that agents and policyholders affirm each year, as a condition of renewal, that they are still eligible for coverage with Citizens. This recommendation will require agents and policyholders to shop for coverage each year.
- 5. Enact a statute to require that Citizens obtain a new application from all policyholders who have had a policy in-force with Citizens for more than three years.
- 6. Enact a statute to limit automatic renewals for Citizens business to two, thereby requiring policyholders to reapply for coverage every three years.
- 7. Enact a statute to provide for the adoption of fines or other penalties (such as losing eligibility) for applicants that violate Citizens eligibility standards or make false statements on Citizens applications.
- 8. Eliminate the statutory language in Section 627.0655 F.S., that allows companies to offer multi-policy discounts on automobile business when the same agent places a homeowners' policy with Citizens. This change would not prohibit companies from offering multi-policy discounts that were actuarially justified.
- 9. Repeal Section 631.65, F.S., which prohibits agents from discussing the existence of the Florida Insurance Guaranty Association.
- 10. Enact a statute to provide that effective as of a specified date, no new structure erected seaward of the 30 year erosion projection line or in Coastal Barrier Resources System designated areas is eligible for coverage with Citizens.
- 11. Readdress the boundaries of the High-Risk Account in an effort to make them more geographically consistent, with the goal of reducing Citizens' wind exposure.
- 12. Repeal the language in Section 627.351(6), F.S., that requires Citizens to write commercial non-residential wind-only and commercial non-residential multi-peril coverage.

13. Require that a study be undertaken to determine what actions could be taken to move more of Citizens commercial residential business to the private market.
14. Amend current law to require that agents demonstrate annually an appointment with at least one property insurer that is actively writing and not engaged in massive non-renewals.

**The Task Force recommends the following operational changes:**

1. Improve the quality and quantity of policy level data made available to takeout companies to encourage additional depopulation.
2. Expand the Florida Market Assistance Plan to require that 100% of Citizens policy data, within applicable privacy laws, be made available as many as 120 days before a policy is set to renew.
3. Adopt fines or other penalties (such as losing appointment with Citizens) for agents that violate Citizens eligibility standards or make false statements on Citizens applications.

# **Citizens Property Insurance Corporation**

## **Mission Review Task Force**

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### **INTRODUCTION**

The Citizens Property Insurance Corporation Mission Review Task Force (Task Force) was created by the Legislature during the 2008 Legislative Session. The mission of the Task Force is “to develop a report setting forth the statutory and operational changes needed to return Citizens Property Insurance Corporation to its former role as a state-created, noncompetitive residual market mechanism.” In addition, and “at a minimum” the Task Force is directed to provide recommendations on ten specific topics relating to a range of issues regarding Citizens including the availability of property coverage in the private market, rates for coverage, potential Citizens assessments, Citizens’ exposure and its purchase of reinsurance, among others. The membership of the Task Force was statutorily specified and consists of 11 members appointed as follows:

Two members appointed by the Speaker of the House of Representatives;  
Two members appointed by the President of the Senate;  
Three members appointed by the Governor;  
Two members appointed by the Chief Financial Officer;  
One member representing Citizens; and  
The Commissioner of Insurance Regulation or his designee.

To accomplish its statutory charge, the Task Force held a series of public meetings to receive public comment, to compile and analyze data and to consider evidence and testimony provided by various experts and other interested parties. The Task Force met on October 10, 2008 in Tampa, on November 20, 2008 in Orlando, on December 10, 2008 in Jacksonville, on January 6, 2009 in Tampa, and on January 22, 2009 in Jacksonville. We respectfully submit this report of the Task Force to the Governor, the President of the Senate, and the Speaker of the House of Representatives. .

### **BACKGROUND OF CITIZENS PROPERTY INSURANCE CORPORATION**

Citizens was created by the Legislature in 2002 by the merger of two existing associations: the Florida Residential Property and Casualty Joint Underwriting Association (FRPCJUA) and the Florida Windstorm Underwriting Association (FWUA). The FRPCJUA provided full-coverage personal and commercial residential policies in all counties of Florida while the FWUA provided just personal and commercial residential wind-only coverage in designated territories. At the time of the merger, both the FRPCJUA and the FWUA had outstanding long-term debt obligations and each association was authorized by law to levy assessments on Florida insurers, which passed them on to their policyholders if claims payments exceeded assets. Partly in recognition of the legal and financial restrictions surrounding that debt, Citizens was created with three separate accounts:

**1. HIGH-RISK ACCOUNT (HRA) – WIND-ONLY AND MULTIPERIL POLICIES**

Consists of all business formerly written by the FWUA – personal lines wind-only policies, commercial residential wind-only policies and commercial non-residential wind-only policies issued in limited eligible coastal areas. In addition, in 2007, Citizens began offering personal and commercial residential multiperil policies in the HRA.

**2. PERSONAL LINES ACCOUNT (PLA) – MULTIPERIL POLICIES**

Consists of the personal lines of the FRPCJUA – homeowners, mobile homeowners, dwelling fire, tenants, condominium unit owners and similar policies.

**3. COMMERCIAL LINES ACCOUNT (CLA) – MULTIPERIL POLICIES**

Consists of the commercial lines of the JUA – condominium associations, apartment buildings and homeowners’ association policies.

Each of these accounts is a separate statutory account and therefore has separate calculations of surplus, plan year deficit and assessment base. By statute, assets may not be commingled or used to fund losses in another account. However, for certain purposes – primarily coverage from the Florida Hurricane Catastrophe Fund and the securing of financial liabilities – the PLA and CLA are treated as a combined entity.

Citizens operates as a tax-exempt, not-for-profit corporation which is defined by statute as a government entity that is an integral part of the State of Florida and not a private insurance company.

As originally created, applicants for coverage with Citizens were limited to those “applicants who are in good faith entitled, but are unable, to procure insurance through the voluntary market.” The eligibility rules for coverage with Citizens have been statutorily amended over time to respond not only to availability issues but also to affordability issues as well.

### **ELIGIBILITY REQUIREMENTS**

Then Governor-Elect Charlie Crist and the Florida Legislature convened a Special Session in January of 2007 to develop a comprehensive reform plan to address a crisis in the availability and affordability of property insurance coverage in Florida. Governor Bush declared that “(t)he lack of available and affordable property insurance is the biggest threat to our economy – we cannot wait until the 2007 Legislative Session to find the solutions that our families and businesses need.”

The Special Session was held following a series of actions by property insurers in Florida to either withdraw from Florida, to nonrenew existing policyholders, to substantially increase rates or to cease writing new policies in Florida. To address these availability and affordability concerns, one of the reforms enacted by the Florida Legislature during the 2007 Special Session was to change the eligibility rules for Citizens. Under this new statutory language, an applicant could be eligible for coverage with Citizens even if they had an offer of coverage from a licensed insurer at its approved rates if that offer of coverage was more than 25% higher than the premium Citizens would charge for comparable coverage. For the first time, the statutory standards for eligibility for coverage with Citizens explicitly recognized an affordability component.

In the 2007 Regular Session, the Florida Legislature further codified the affordability component of Citizens' mission by amending the statute to specifically address affordability issues and to provide that "the absence of affordable property insurance threatens the public health, safety and welfare and likewise threatens the economic health of the state." In furtherance of this finding, Citizens was directed to provide "affordable property insurance" and to continue to provide it "as long as necessary" and to "strive to increase the availability of affordable property insurance in this state..." During the 2007 Regular Session, the eligibility standard for coverage with Citizens was amended to provide that an applicant could be eligible for coverage with Citizens even if the applicant had an offer of coverage from a licensed insurer at its approved rates if that offer of coverage was more than 15% more expensive (not 25%) higher than the premium Citizens would charge for comparable coverage.

These revised eligibility standards and the specific inclusion of an affordability element changed the character and mission of Citizens, altering it theoretically from an insurer which provided coverage only when no other offer was available, regardless of price or coverage, to an alternative insurer which could provide coverage if a private market offer was at least 15% more expensive for comparable coverage than Citizens.

The previous eligibility standard was termed a "theoretical" standard because many agents and insurers complained that risks were insured by Citizens even when coverage was available in the voluntary market either because the agent who wrote the policy with Citizens personally had no relationship or appointment with insurers actively offering to write new business or the applicant was given a private market quote they did not like and "went down the street" to another Citizens agent. There are no reliable numbers to quantify how many policyholders insured by Citizens had other offers from the voluntary market but chose to procure coverage from Citizens in violation of the eligibility rules. Likewise, there are no reliable numbers to quantify how many policyholders now insured by Citizens became eligible with the advent of the "15% rule." However, it is also possible that the new eligibility rules were non-impacting on new business levels since during this period of time many new companies (a total of 36 since 2006) including 13 capitalized with state matching funds available from the Insurance Capital Build-Up Incentive Program (ICBUIP) in 2007, were authorized and/or began writing new policies that might have otherwise come to Citizens. According to ICBUIP reports (SBA website) the 13 carriers receiving matching funds alone had the capacity to write an estimated additional 1,713,135 policies; over 600,000 more than Citizens total current policy count. Despite such dramatic capacity from voluntary admitted carriers, Citizens receives approximately 50,000 new applications each month.

## **DEPOPULATION**

Citizens is required by law to "adopt one or more programs to reduce the number of new and renewal policies written by the corporation." To achieve this statutory goal, Citizens has developed depopulation programs which have been approved by the Office of Insurance Regulation (the Office) under which companies approved by the Office are authorized to remove a specified number of policies from Citizens over an 18 month period of time. The companies participating in these assumptions earn no bonus and are required by agreement with Citizens and the Office, to continue to renew the policies



assumed for a period of at least three years after the assumption at rates no greater than Citizens rates for one year. This program has fostered the creation of a number of smaller, domestic, monoline insurers in Florida. Many of which are not only actively participating in depopulation programs, but also actively writing new personal residential policies in this state; which also assists Citizens in reducing its policy count.

The statutory requirement that depopulation programs be developed to encourage the assumption of policies began in 1995 when the policy count of the FRPCJUA, one of Citizens' predecessors, reached almost one million policies. At that time, the FRPCJUA developed a series of depopulation programs over a six year period, which paid companies varying amounts of dollar bonuses to remove specified numbers and types of policies in designated geographic regions. In 2001, at the conclusion of these programs, the FRPCJUA policy count stood at 86,000.

The law in effect at the time that this depopulation activity occurred provided that an applicant or policyholder insured by the FRPCJUA was not eligible for coverage if any other offer of coverage existed. Therefore, if an applicant or policyholder received a takeout offer or any other offer of coverage, regardless of the cost or level of that coverage, they were not eligible for coverage with the FRPCJUA and must accept the takeout or other offer or seek coverage elsewhere.

The legislation which created Citizens in 2002 changed this eligibility standard. For the first time, Florida law provided that a Citizens policyholder need not accept an offer of coverage from a takeout insurer if the agent for the insured was "unable or unwilling to accept an appointment from the takeout insurer." Under this provision, denoted in law as "Consumer Choice," the assumption of a policy from Citizens by a takeout insurer required the consent of the producing agent, in default of which, the policy could not be removed. Then, in 2007 Florida law was further amended to also permit the insured to decline to consent to the assumption and to choose to remain insured by Citizens. As implemented, an insured must opt out within 30 days of receipt of a takeout offer or the policy will be eligible for assumption. For calendar year 2008, data provided to the Task Force reflects that 418,101 policies were selected by companies for assumption, and only 33,017 policyholders opted out of the assumption. In other words, despite consumers having the option to reject the takeout company offers, 385,084 policies were taken out. This number is in addition to those policies for which the agent was has refused to permit the assumption of the policy because he or she is "unable or unwilling" to be appointed by the takeout insurer.

## FINDINGS OF THE TASK FORCE

The overall charge of this Task Force is to identify what statutory and operational changes are needed to return Citizens “to its former role as a state-created, noncompetitive residual market mechanism.” To accomplish this task, the report of the Task Force will be divided into two parts: one which deals with recommended statutory and operational changes and another which deals with additional recommended changes for Citizens as well as recommendations to encourage the growth and maintenance of a healthy property insurance market in Florida.

### RECOMMENDED STATUTORY CHANGES

The Task Force makes the following recommendations for statutory changes in order to return Citizens to a noncompetitive residual market mechanism. The Task Force did not debate or challenge the public policy basis of its charge. Rather, the Task Force has identified and made recommendations relating to existing statutory provisions that are inconsistent with a noncompetitive residual market mechanism.

#### **1. Create programs to encourage the strengthening of homes.**

Strengthening homes is an important part of the long term solution to hurricane exposure in Florida. Programs encouraging mitigation should be developed and promoted by the Legislature whenever possible.

#### **2. Permit Citizens to Achieve Actuarially Sound Rates using specified increments.**

The rates charged by Citizens for coverage have been frozen by law since 2007. The rates Citizens is currently charging for most types of coverage are based on the rates in effect in 2005 for the Top 20 largest writers of residential property insurance in Florida. Current law requires that Citizens make a rate filing for each line of insurance that it writes by July 15, 2009, for implementation no earlier than January 1, 2010.

The Task Force recommends that the Legislature take no action to extend the Citizens rate freeze past 2010. The Task Force further recommends that the Legislature retain the current statutory requirement that Citizens file recommended actuarially sound rates on an annual basis for all lines of coverage beginning in 2010. Finally, to assist Citizens policyholders in the transition to actuarially sound rates and to provide certainty and predictability to those policyholders, the Task Force recommends that the Legislature amend the Citizens rate statute to specify that actuarially sound rates be implemented for some or all lines of Citizens business in specified increments, excluding coverage changes and surcharges.

Specifically, the Task Force recommends a “transition” or “glide-path” to achieving actuarially sound rates. The transition plan would have three separate limits:

- The overall statewide rate increase by line would be limited to no more than 10% per year;
- The rate increase by territory, by line, would be limited to no more than 15% per year; and

- The rate increase for any individual policyholder would be limited to no more than 20% per year.

**3. Enforce the 15% eligibility rule.**

Applicants for coverage should be required to affirmatively certify that they have diligently searched the private market, that they have no offers of coverage from private insurance companies or be required to list the offers of coverage that they have received. The Task Force recommends that applicants for coverage, for all lines of business subject to the 15% rule, be required to certify that they are eligible as a part of the application.

**4. Require annual affirmation of eligibility.**

Requiring that agents and policyholders affirm each year, as a condition of renewal that they are still eligible for coverage with Citizens will require agents and policyholders to shop for coverage each year.

**5. Enact a statute to require that Citizens obtain a new application from all policyholders who have had a policy in force with Citizens for more than three years.**

Adopting this recommendation will require policyholders to reaffirm eligibility while allowing Citizens to ensure it has the most accurate and current underwriting data on policies to encourage additional depopulation activity.

**6. Enact a statute to limit automatic renewals for Citizens' business to two, thereby requiring policyholders to reapply for coverage every three years.**

Adopting this recommendation will, like the recommendation above, require policyholders to reaffirm eligibility while allowing Citizens to ensure it has the most accurate and current underwriting data on policies to encourage additional depopulation activity.

**7. Adopt fines or other penalties for applicants that violate Citizens' eligibility standards.**

Adopting fines or other penalties for applicants that violate Citizens' eligibility standards will encourage applicants for coverage to more aggressively shop for other coverage prior to accepting a policy with Citizens.

**8. Eliminate the statutory language in Section 627.0655, F.S., which allows companies to offer multi-policy discounts on automobile business when the same agent places a homeowners' policy in Citizens.**

This change would not prohibit companies from offering multi-policy discounts that are actuarially justified.

**9. Repeal the statutory prohibition of discussion regarding existence of the Florida Insurance Guaranty Association (FIGA).**

The Task Force recommends the repeal of Section 631.65, F.S., which prohibits agents from discussing the existence of FIGA. Eliminating this prohibition will allow agents to empower consumers to make more informed decisions when choosing an insurance provider, which will likely result in fewer policies being written by Citizens.

**10. Enact a statute to provide that effective as of a specified date, no new structure erected seaward of the 30 year erosion projection line or in Coastal Barrier Resources System designated areas is eligible for coverage with Citizens.**

Imposing an eligibility change such as limiting where Citizens can offer coverage on newly constructed buildings will limit the amount of development in areas subject to high risk of wind damage where private insurers are unwilling to write policies or where coverage from the Federal Flood Insurance Program is not available.

**11. Readdress the boundaries of the High-Risk Account.**

The Legislature should readdress the boundaries of Citizens' High-Risk Account in an effort to make them more geographically consistent with the goal of reducing Citizens' wind exposure.

**12. Eliminate the requirement that Citizens offer commercial non-residential policies.**

Repeal the language in Section 627.351(6), F.S., which requires Citizens to write commercial non-residential wind-only and commercial non-residential multi-peril coverage. This change in statute will reduce Citizens' exposure, which will also reduce the likelihood and amount of assessments on Floridians.

**13. Require that a study be undertaken to determine what actions could be taken to move more of Citizens commercial residential business to the private market.**

Citizens currently insures more than 60% of Florida's commercial residential structures. This concentration of exposure is of significant concern so as to justify that a study be conducted in an effort to move more of Citizens commercial residential business to the private market.

**14. Amend Citizens' agent appointment requirements.**

Amend current law to require that agents demonstrate annually an appointment with at least one property insurer that is actively writing and not engaged in massive non-renewals.

**RECOMMENDED OPERATIONAL CHANGES**

**1. Improve the quality and quantity of policy level data made available to takeout companies.**

Citizens should review the data it provides to companies interested in removing risks from Citizens to assure that it is accurate and contains sufficient detail to facilitate the removal of risks from the corporation. This review should include an analysis of existing law to identify any statutory language that may preclude disclosure and recommend what legislative action needs to be taken to make the data available for purposes of depopulation.

**2. Expand the Florida Market Assistance Plan (FMAP) to include all available data on in-force policies at least 120 days prior to the policy renewal date.**

Citizens should expand FMAP to include data on its policies in-force in an effort to place coverage in the private market wherever possible. This additional data should be made available to property insurance companies actively writing in Florida and should be provided within applicable privacy laws.

### **3. Adopt fines or penalties for agents who violate eligibility standards.**

Citizens should adopt fines or penalties (such as losing appointment with Citizens) for agents that violate Citizens eligibility standards or make false statements on Citizens' applications.

## **STATUTORILY REQUIRED RESPONSES AND RECOMMENDATIONS**

In addition to recommending what statutory and operational changes need to be made, the statute identifies ten specific items that the Task Force must address. Each item appears in italics below, followed by the Task Force response or recommendation.

*(a) The nature of Citizens Property Insurance Corporation's role in providing property insurance coverage only if such coverage is not available from private insurers.*

The law which now governs Citizens' operation provides that applicants are eligible for coverage with Citizens even if coverage is available from a licensed insurer at its approved rate, if that offer of coverage is more than 15% higher than the premium charged by Citizens for comparable coverage. As such, Citizens sometimes functions, not only as an insurer of last resort, when no other coverage is available, but also as an alternative insurer, which provides more affordable coverage than what is available in the voluntary market.

**Recommendation:** To ensure that Citizens provides insurance coverage only if such coverage is not available from private insurers the Task Force recommends, as has been discussed above:

- Stricter enforcement of the 15% rule;
- Requiring that agents and policyholders affirm each year, as a condition of renewal, that they remain eligible; and
- Requiring that all policyholders reapply for coverage every three years.

*(b) The ability of the admitted market to offer policies to those consumers formerly insured through Citizens Property Insurance Corporation. This consideration shall include, but not be limited to, the availability of private market reinsurance and coverage through the Florida Hurricane Catastrophe Fund and the capacity of the industry to offer policies to former Citizens Property Insurance Corporation policyholders within existing writing ratio limitations.*

The Task Force heard testimony from Benfield, a reinsurance intermediary, in October 2008 that private market reinsurance coverage is available in Florida and that the cost of reinsurance has softened somewhat. Benfield also compared the amount of exposure in Florida to the exposure in the rest of the nation to demonstrate the high proportion of exposure that Florida has. However, the Task Force recognizes that the current dynamic capital market environment may seriously impact the availability of reinsurance and the cost of such reinsurance. See Exhibit One.

The Task Force also received testimony from Jack Nicholson, Executive Director of the Florida Hurricane Catastrophe Fund (FHCF), regarding the coverage provided by the

FHCF. The 2008 capacity of the FHCF has been severely limited by the current world-wide financial crisis. Estimates of the FHCF's reduced 2008 capacity are included in its report of the FHCF Advisory Council dated October 14, 2008 and attached as Exhibit Two.

Information on the ability of the admitted market to offer policies to former Citizens Property Insurance Corporation policyholders was provided by the Office of Insurance Regulation (OIR). The information presented by OIR indicates that there may be as much as \$1.2 billion of additional capacity in the Florida admitted market. This number is only theoretical as it assumes writing ratios that insurers may not be willing to adhere to at this time. The OIR reported that 20 new carriers entered the Florida market in 2006 and 2007, while five others have added a homeowners' line of business during the same timeframe. Additionally, eight surplus lines carriers entered the market during the same two years. In total more than \$3.6 billion of new capital has become available in Florida since 2006. See Exhibit Three. Citizens also provided historical data reflecting that the number of new applications for coverage received over the past 12 months has trended downward, with limited exceptions. See Exhibit Four. This trend seems to point to an increased capacity in the Florida market and an appetite by some insurers for the writing of new business. Citizens also provided information to the Task Force about its depopulation programs which reflect that private insurers have capacity to provide coverage to former Citizens insureds and are actively assuming policies from Citizens. Through August 31, 2008, more than 236,000 policies were removed from Citizens by private insurers (See Exhibit Four) and Citizens projects that more than 400,000 policies will be removed from Citizens by the end of 2008. The barrier to removal of Citizens policies is not primarily the capacity of the market, but underwriting criteria by private carriers that excludes older homes and mobile homes from assumption selections. In addition to this barrier to removal, wind-only policies are generally not available for removal unless there is a way to provide a full policy including the non-wind portion of the coverage.

However, the information provided to the Task Force by the Office related only to personal residential policies, and not to commercial residential policies. According to data provided to the Task Force (See Exhibit Four), Citizens currently covers more than 60% of the commercial residential market (condominium associations, apartment complexes and homeowners' associations) with a total exposure of approximately \$128 billion. Although 601 commercial residential policies with total exposure of just over \$2 billion were removed from Citizens in 2008, the Task Force received no other evidence as to the capacity of the voluntary market to issue policies to the approximately 8,810 commercial residential policies in force or the 15,000 commercial residential wind-only policies in force.

**Recommendation:** The Task Force finds that the capacity of insurers to provide personal residential coverage in Florida is increasing. However, the Task Force is concerned with Citizens' significant share of the commercial residential market in Florida and therefore recommends:

- A study be undertaken to determine what actions can be taken to move Citizens commercial residential risks to private carriers.

The Task Force further finds private sector reinsurance is now generally available, but recognizes that it may become increasingly unavailable in the future or increasingly expensive and acknowledges that Florida's domestic insurance industry is heavily dependent on reinsurance. Further, because of the interrelationship between Citizens and the FHCF, the Task Force strongly recommends that the Legislature address potential solutions to the FHCF's capacity and act early in Session with potential remedies.

*(c) The relationship of rates charged by Citizens Property Insurance Corporation to rates charged by private insurers, with due consideration for the corporation's role as a noncompetitive residual market mechanism.*

Citizens provided testimony and exhibits (See Exhibit Five) regarding its rates and the statutes which govern those rates. The data reflects that Citizens' rates, on average, are lower in most counties than those approved for private insurers, but higher in some counties. Current statutory language does not require that Citizens function as a noncompetitive residual market mechanism and that its rates be noncompetitive, but rather that its rates be "actuarially sound."

The rates currently being charged by Citizens were frozen by statute in 2007. Citizens was directed to continue to charge the rates which were in place prior to January 1, 2007. The rates in place in 2006 were based upon the then requirement that Citizens' rates be based on the highest rate charged for the Top 20 insurers in 2005.

The current rating language continues Citizens' rate freeze until January 1, 2010. Citizens is directed by statute to make an actuarially sound rate filing for all lines of business by July 15, 2009, for implementation no earlier than January 1, 2010. Since January 25, 2007, the statutory standard for rates for Citizens has been only the actuarially sound standard, rather than the "noncompetitive residual market mechanism" standard. However, because of the rate freeze, Citizens has not yet implemented actuarially sound rates. Its first opportunity to do so will be the rates to be effective no earlier than January 1, 2010.

**Recommendation:** As discussed above, the Task Force recommends the following:

- Citizens be required to file actuarially sound rates for all lines of business by July 15, 2009, for implementation no earlier than January 1, 2010, with no extension of the rate freeze;
- That a glide-path or stair-step for rate increases be adopted as referenced above; and
- That Citizens and the OIR work to implement the new rates as soon as practicable after January 1, 2010.

*(d) The relationships between the exposure of Citizens Property Insurance Corporation to catastrophic hurricane losses, the corporation's history of purchasing any reinsurance coverage, and the corporation's capital capacity to meet its potential claim obligations without incurring large deficits.*

Citizens provided the members of the Task Force with testimony and data concerning its exposure, its history of purchasing reinsurance, its coverage from the FHCF, its surplus,

its liquidity and financing plan, and its assessment potential. See Exhibit Six. Citizens provided information showing that in the PLA/CLA, losses from a single event would have to exceed approximately \$5.979 billion before the need for any assessments. In the HRA, a hurricane causing losses in excess of \$1.425 billion would result in a Citizens policyholder surcharge of at least \$88 million before triggering recoveries from FHCF and private reinsurance. The amount of the Citizens policyholder surcharge in excess of \$88 million would depend on the proportion of losses attributable to Commercial Non-Residential policies, which are not covered by the FHCF.

The breakdown of hurricane losses among accounts and policy types (i.e. Commercial Non-Residential policies within the CLA and HRA) are based on the weighted results of thousands of simulated events. If Florida were to experience seasonal hurricane losses of \$3 billion, \$12 billion or \$23 billion, the assessments could be materially different from the results presented, depending on the number and path of the hurricanes, and the types of policies that are affected. See Exhibit Six.

**Recommendation:** Citizens is required by law to “make its best efforts to procure catastrophe reinsurance at reasonable rates, to cover its projected 100-year probable maximum loss as determined by the board of governors.” The Task Force recommends that Citizens continue to annually evaluate the advisability and affordability of the purchase of private reinsurance and continue to build surplus in each of the three accounts (PLA, CLA and HRA) to reduce its reliance on assessments.

*(e) The projected assessments on all policies required to offset the lack of capital to pay claims.*

**Recommendation:** See Exhibit Six and analysis and recommendation under subsection (d) above.

*(f) The projections under paragraph (e) shall be specific to losses of \$3 billion, \$12 billion, and \$23 billion caused by a storm or a group of storms in any given year.*

The Task Force received information with projected assessments for a storm or storms causing \$3 billion, \$12 billion and \$23 billion in losses as well as other information. \$3 billion in storm losses is projected to create a \$400 million deficit in the HRA with no deficits in the PLA or CLA. \$12 billion in storm losses is projected to create between \$1.1 and \$2.6 billion deficit in the HRA with no deficits incurred in the PLA or CLA. \$23 billion in storm losses is projected to create a deficit totaling approximately \$8.9 billion among the HRA, PLA and CLA. Any deficits incurred by the corporation would be recouped through Citizens Policyholder Surcharges, Regular Assessments and Emergency Assessments as outlined in Exhibit Four. These results are based on assumptions regarding the number and severity of storms, as well as their possible path and the types of policies affected. If Florida were to experience seasonal hurricane losses of \$3 billion, \$12 billion or \$23 billion the assessments could be materially different from the results presented. See Exhibit Six.

**Recommendation:** See Exhibit Six and the analysis and recommendation under subsection (d) above.



*(g) The operational implications of the variation in the number of policies in force over time in Citizens Property Insurance Corporation and the merits of outsourcing some or all of its operational responsibilities.*

Citizens provided the Task Force with data which tracked the number of policies in-force that Citizens has had since 2002 and described its use of outsourcing to respond to the variations in the number of policies in-force. According to the data provided, Citizens outsources some of its policy administration, including the issuance of new business policies, to a contracted provider to manage fluctuations in new business and to efficiently allocate work queues between Citizens staff and the outsourced provider.

Citizens also provided data to the Task Force which described its use of outsourcing to supplement its claim operation. Citizens annually estimates its number of projected claims, including catastrophe claims, and utilizes a blend of internal and external adjusters to assure adequate claims adjusting resources are available. In 2008, Citizens utilized five contracted claims administrators to assist in the adjustment of non-catastrophe claims. Citizens also had contracts in place in 2008 with 43 independent adjusting firms with commitments to provide 6,000 independent adjusters to Citizens for catastrophe response.

**Recommendation:** The Task Force recommends that Citizens continue the prudent and effective use of outsourcing to respond to market fluctuations, to augment its catastrophe resources and to keep its staffing levels as efficient as possible. The Task Force further recommends that Citizens develop and implement a robust vendor training and oversight function to assure that its outsourced providers are properly trained and appropriately supervised to maintain high levels of customer service.

*(h) Changes in the mission and operations of Citizens Property Insurance Corporation to reduce or eliminate any adverse effect such mission and operations may be having on the promotion of sound economic growth and development of the coastal areas of this state.*

A representative from the Department of Environmental Protection (DEP) testified before the Task Force about the programs they have in place to regulate coastal development, especially as it relates to population density requirements. Although the focus of his testimony related to DEP programs, the representative stated that the existence of coverage from Citizens did impact coastal development.

The Task Force members expressed concern with the continued development of fragile coastal areas of Florida and the role that Citizens plays in encouraging such development by providing essentially guaranteed insurance coverage in these areas.

**Recommendation:** The Task Force recommends that the Legislature adopt eligibility guidelines for Citizens that as of a certain date and time prohibit the corporation from providing coverage for new construction along the coast seaward of the 30 year erosion projection line or in designated Coastal Barrier Resource System (CBRS) areas. This restriction would not replace or interfere with other coastal construction requirements and would not prohibit construction in these designated areas. However, new structures constructed as of a specified date and time within these designated areas would not be eligible for coverage with Citizens.

*(i) Appropriate and consistent geographic boundaries of the high-risk account.*

**Recommendation:** The Task Force recommends that the boundaries of the high-risk account be readdressed in order to make them more geographically consistent with an emphasis on reducing wind exposure in Citizens.

*(j) The rankings, by county, of the average approved rates in Citizens Property Insurance Corporation and any savings associated with policyholder choice in selecting Citizens.*

OIR provided the Task Force with a chart of the rankings by county of the average approved rates by Citizens as compared to the average approved rates for the Top 20 writers of personal residential coverage in Florida. The average ranking of Citizens rates compared to other private market carriers vary greatly depending upon the line of business, insured value and age of home of the structure. For example, Citizens rates are, on average, 40% higher among the 67 counties for a 2005 year built, \$300,000 risk written on a homeowners (HO3) policy. As compared to a 1990 year built, \$150,000 risk written on a dwelling fire policy, where Citizens rates are, on average, 14.0% lower among the 67 counties. See Exhibit Three. Information provided to the Task Force demonstrated however, that for older homes in certain areas, there may be situations where Citizens rates are encouraging business to come to Citizens even when private market choices are available. See Exhibit Seven. Therefore, in the upcoming rate filing, Citizens should look at the rates particularly for older homes in these areas to determine whether an adjustment needs to be made.

## CONCLUSION

The members of the Task Force sincerely appreciate the opportunity to be of service to the State of Florida. We hope that these recommendations are useful to the public policy makers of this State and that they may serve as a framework for potential actions to improve the Florida property insurance market.

In preparing this report, and in supporting the activities of the Task Force over the past several months, we gratefully acknowledge the assistance of the staff of Citizens.

Respectfully Submitted,

G. Bruce Douglas, Chair  
Terri Johnston, Vice-Chair  
Kurt Ball  
Russell Beck  
Sharon Binnun  
Senator Locke Burt

Chip Merlin  
Gary Micetich  
Belinda Miller  
Scott Johnson  
Jason Schupp

# Exhibit One



# **Citizens Property Insurance Corporation**

Mission Review Task Force: Capacity Availability Discussion

October 10, 2008





- **Benfield Florida Overview**
- **Florida and the Reinsurance Market**
- **Florida Market Dynamics**

1



## Benfield Florida Overview



# Benfield Overview



- **More than \$3.5B Florida-only reinsurance limit\* was placed by Benfield in 2008**
  - \$20B in the US and \$42B Worldwide
- **Benfield is broker to 6 of the top 10 insurance companies in Florida**
- **Benfield Florida customers represent more than 50% of the Homeowners DWP**
- **FHCF relationship**
  - Master Administrator since inception
  - Actuarial Consultant since 1995

## Top 50 by 2007 Florida HO DWP

| Benfield Clients       | Market Share Rank | Market Share % |
|------------------------|-------------------|----------------|
| Citizens               | 1                 | 29.00%         |
| Universal P&C          | 3                 | 4.50%          |
| Tower Hill Group       | 4                 | 3.22%          |
| Allstate               | 5                 | 2.88%          |
| Royal Palm             | 8                 | 2.46%          |
| Liberty Mutual         | 9                 | 2.39%          |
| Federated National     | 20                | 1.00%          |
| Southern Fidelity      | 21                | 0.93%          |
| Florida Peninsula      | 24                | 0.84%          |
| Gulfstream             | 30                | 0.57%          |
| Homewise               | 32                | 0.53%          |
| Amica                  | 34                | 0.49%          |
| Olympus                | 44                | 0.30%          |
| Hillcrest              | 45                | 0.28%          |
| Horace Mann            | 47                | 0.27%          |
| Philadelphia Indemnity | 49                | 0.23%          |

\*Includes only FL-domestic co. reinsurance limits

# Benfield's Florida Citizens Depopulation Record



- **Benfield clients depopulated approximately 60% of the policies taken out of Citizens since 2003**
- **Since depopulation of the FWUA and FRPCJUA began, Benfield has depopulated nearly 2 million policies**

| <b>Benfield Client</b> | <b># of Policies Depopulated Since 2003</b> |
|------------------------|---|
| Federated National     | 14K   |
| First Home             | 40K   |
| Florida Peninsula      | 167K  |
| Gulfstream             | 80K   |
| Homeowners Choice      | 25K   |
| Homewise               | 80K   |
| Magnolia               | 91K   |
| Southern Fidelity      | 46K   |
| Universal P&C          | <u>63K</u>                                  |
| <b>TOTAL</b>           | <b>606K</b>                                 |

Source: Policy Counts are from Citizens Website thru 8/12/08



2



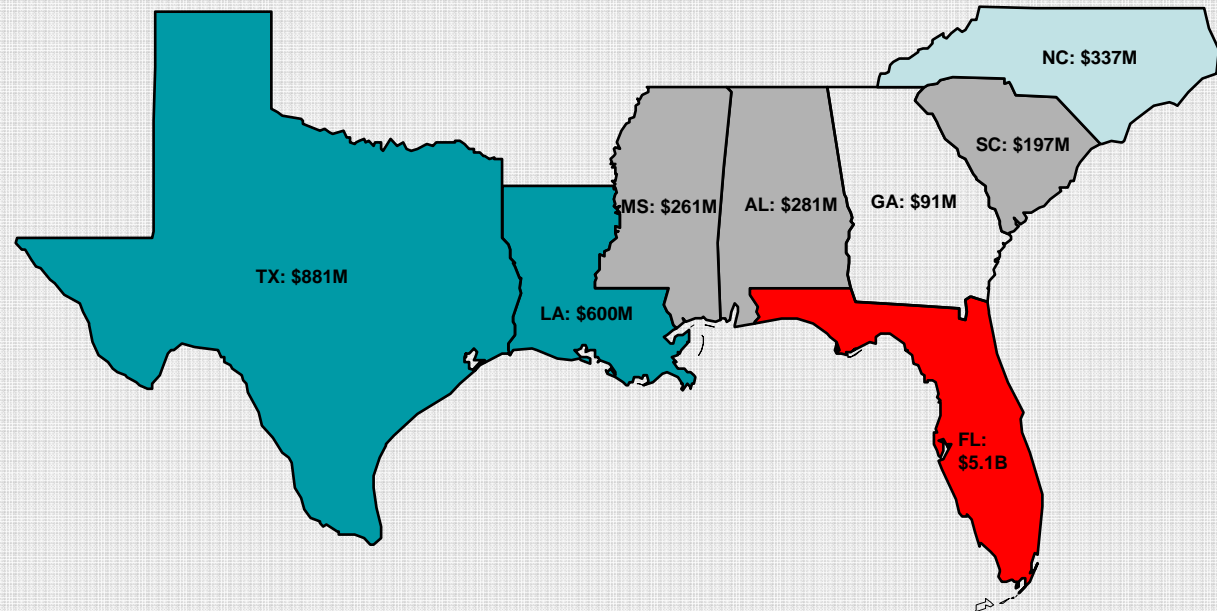
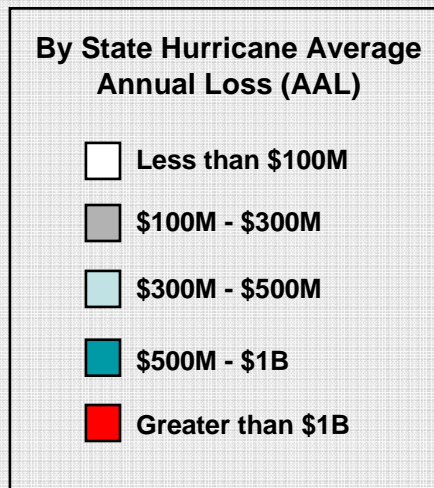
## Florida and the Reinsurance Market

# Florida is the Peak of Insured Catastrophe Exposure



- Florida accounts for 59% of total US hurricane average annual loss (AAL)

## Modeled Hurricane AAL by State

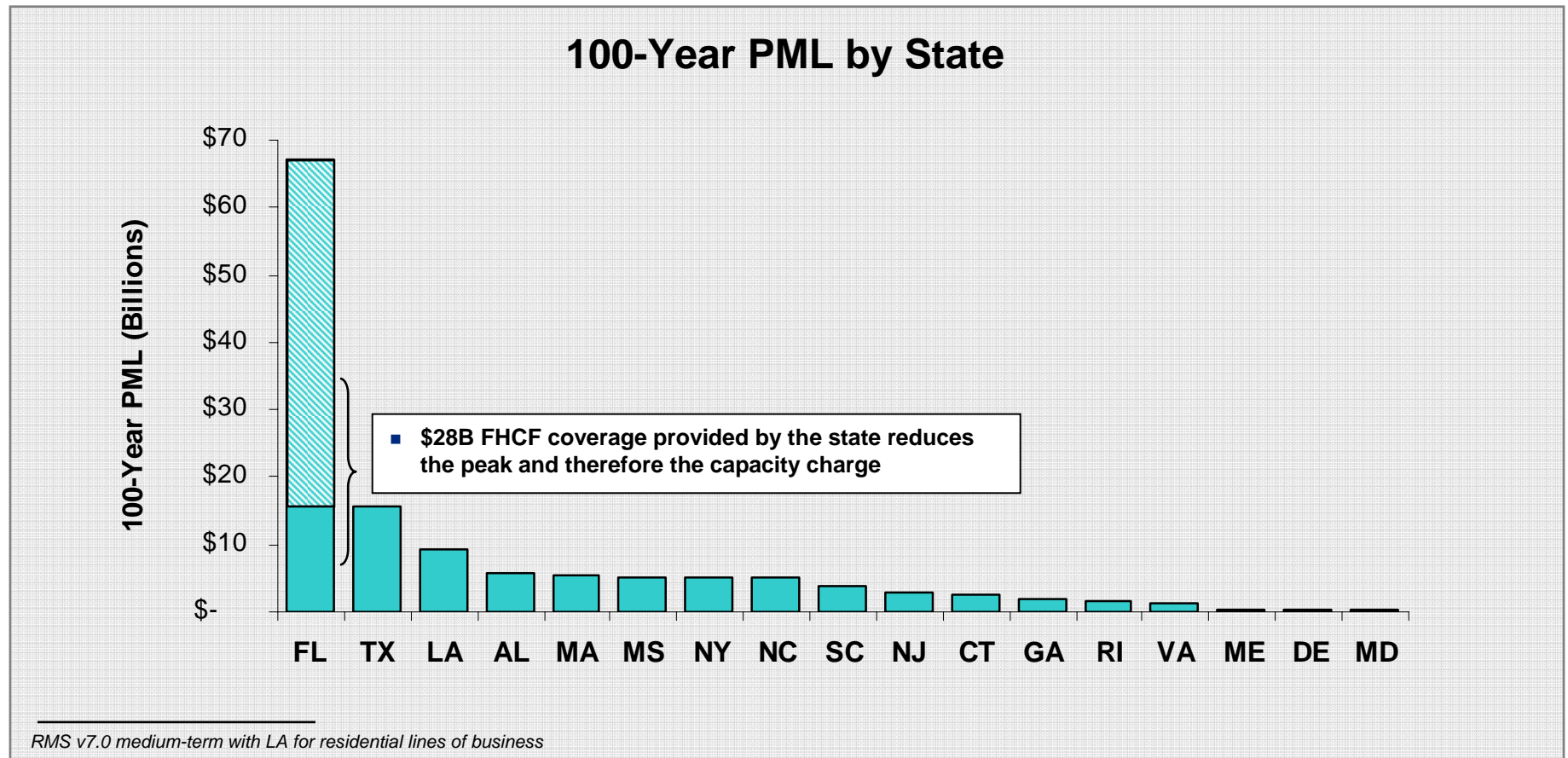


RMS v7.0 medium-term with LA for residential lines of business

# Florida is the Peak of Insured Catastrophe Exposure



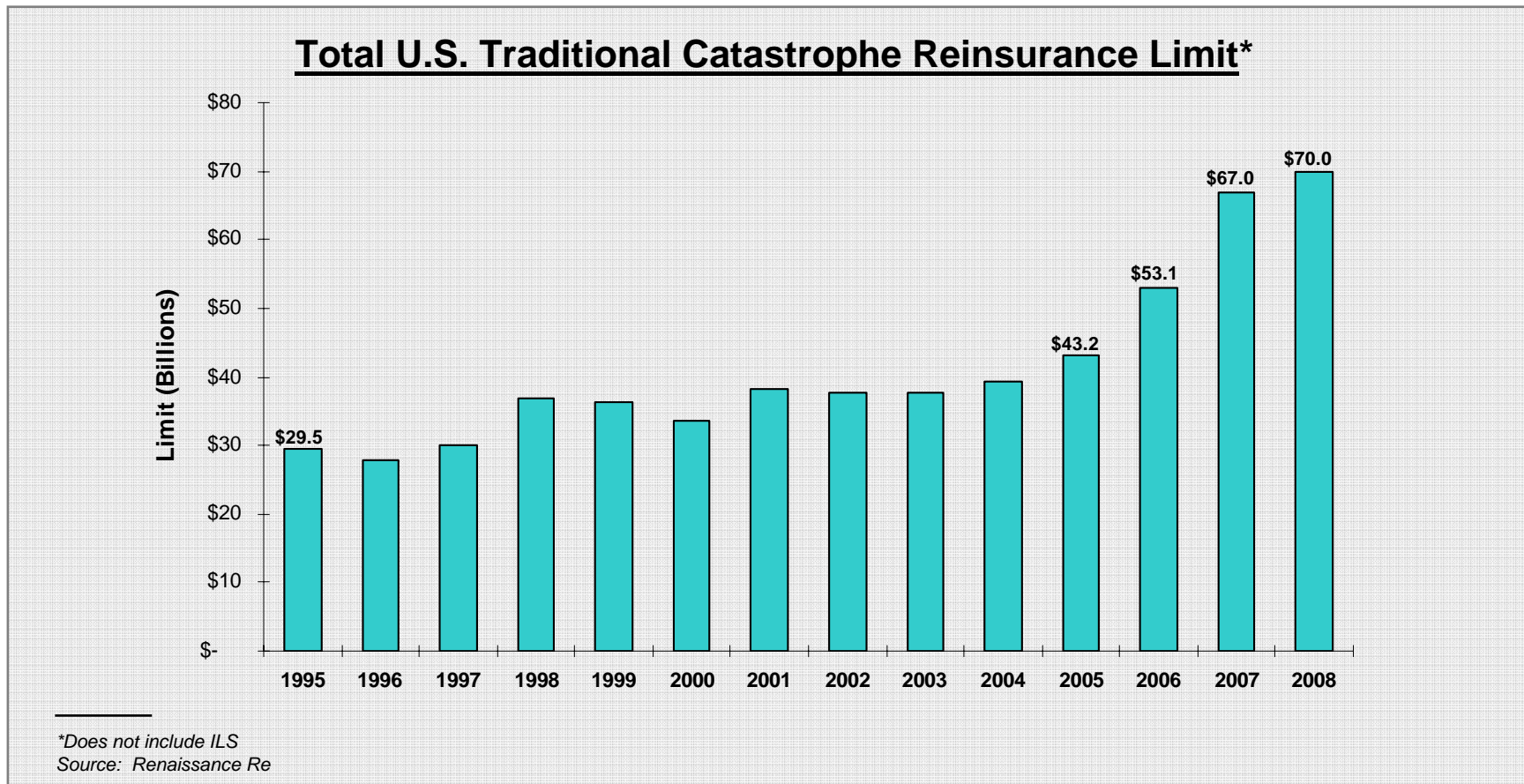
- **Florida's 100-year PML vastly exceeds other states**
  - Excess need has no other zone to be diversified against



# Reinsurance Capacity



- In General Reinsurance Market Capacity Has Kept Pace with Exposure Change, Model Change and Rating Agency Requirements

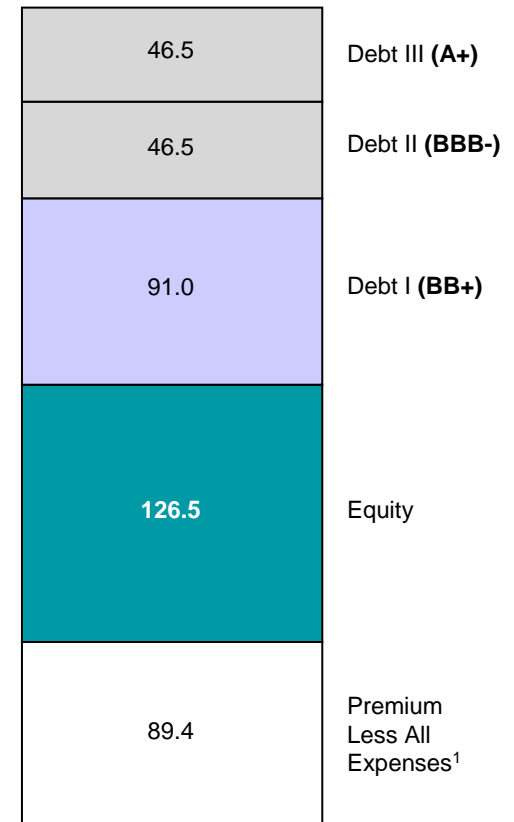


# Sidecars: Starbound Re



- **Benfield’s Response to Shortage of Market Capacity**
  - Starbound I: \$310.5M in Additional FL Capacity
  - Starbound II: \$341.5M in Additional FL Capacity
- **Predominantly (> 90%) Florida Personal Lines Capacity**

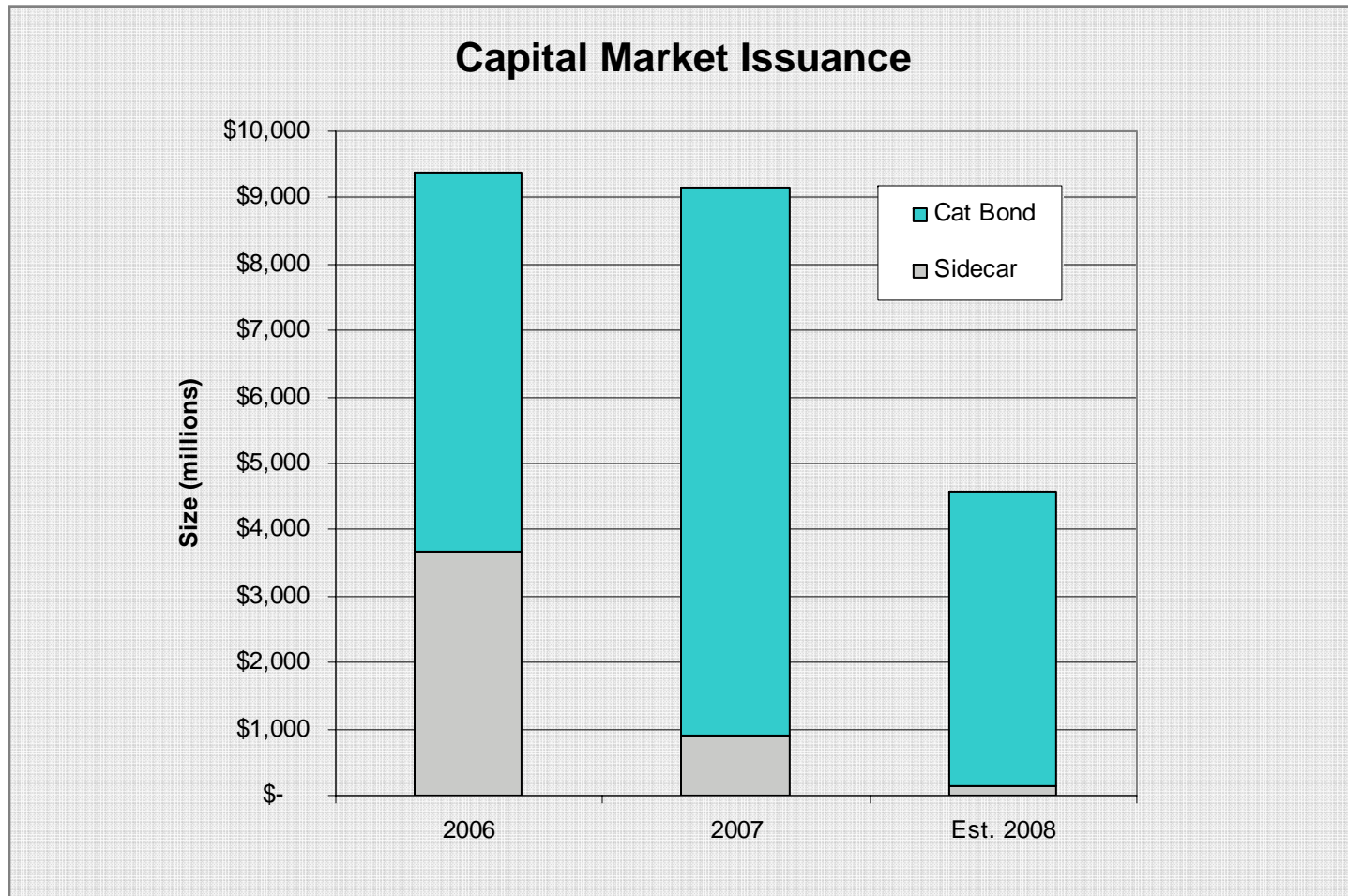
Sidecar Schematic:  
Starbound I



# Capacity Shortages Increased Capital Markets Involvement



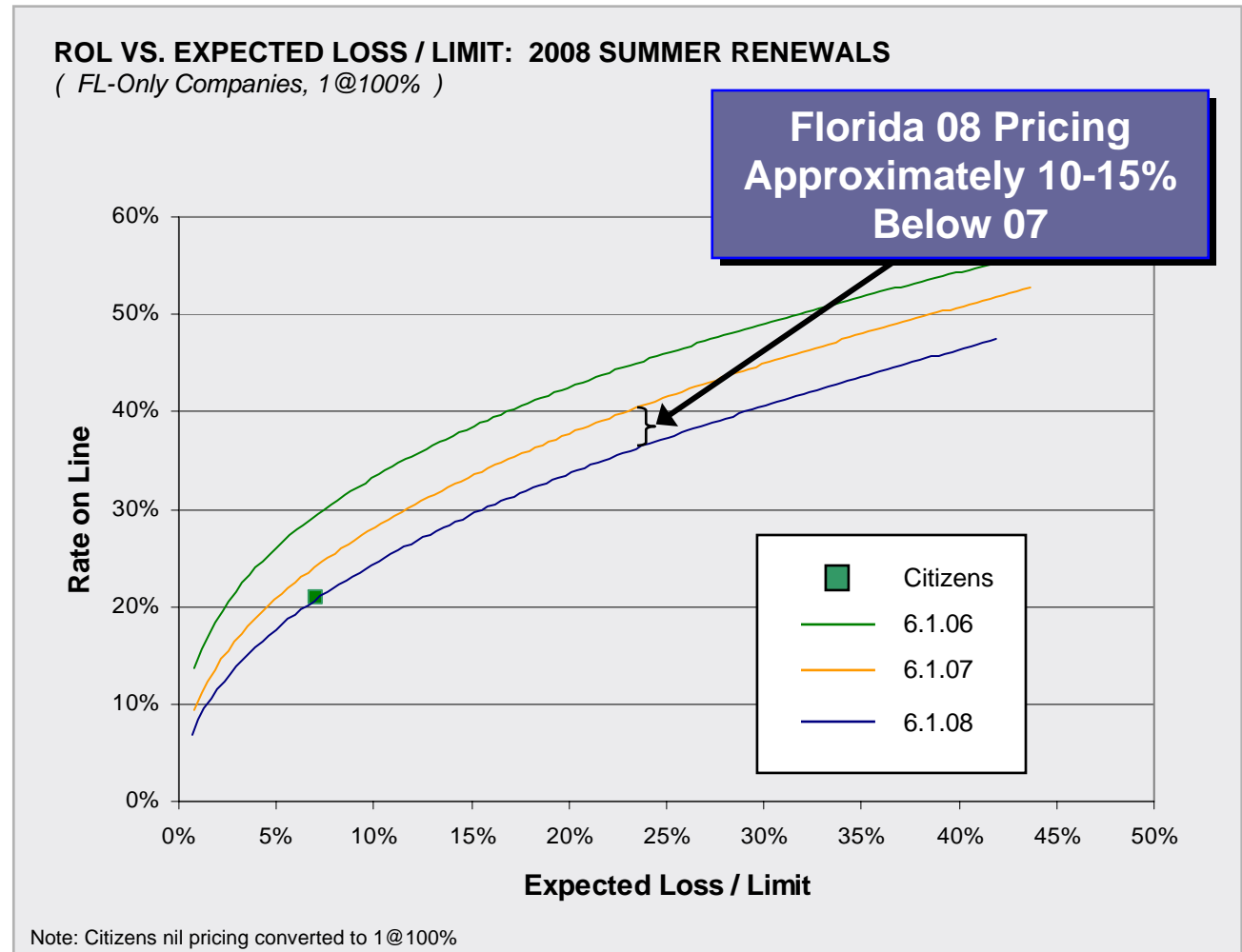
- Approximately \$5B in additional capacity could be developed again given the right price



# Florida-only Price Decrease

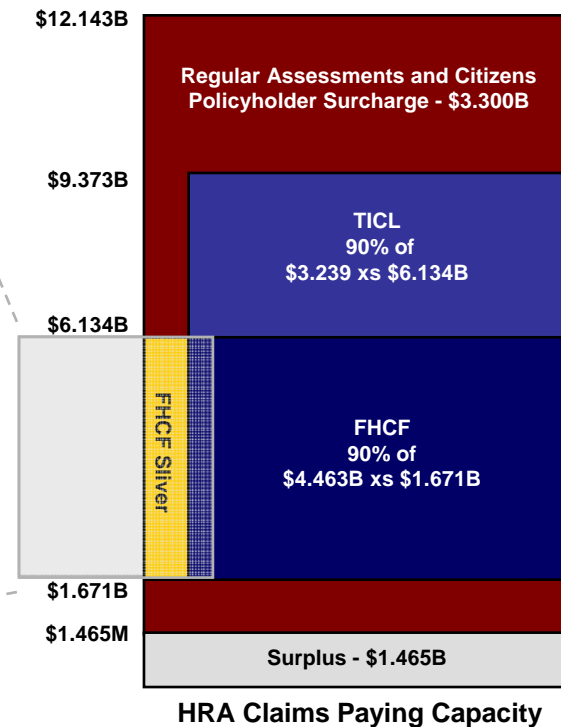
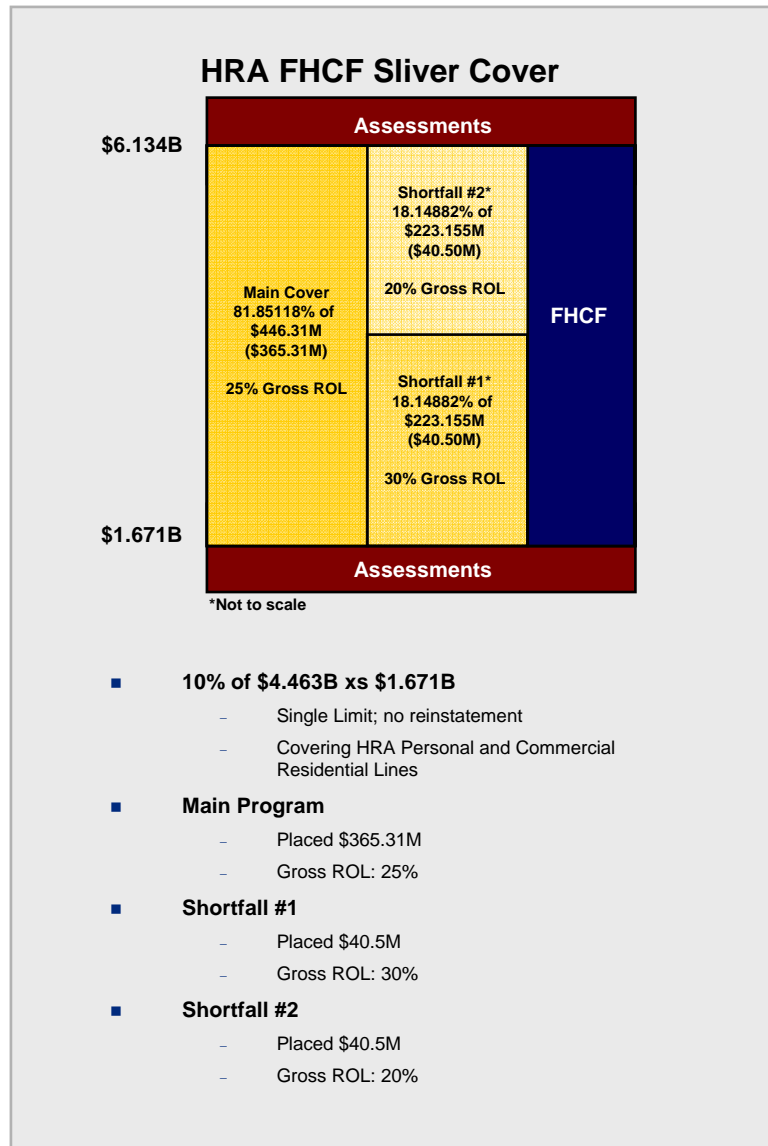


- Florida reinsurance prices have decreased significantly since 2006
- Citizens' pricing was in line with other Florida-only writers



Near-term RMS v6.0 with LA, no SS for 2006 & 2007 Renewals  
 Near-term RMS v7.0 with LA, no SS for 2008 Renewals

# 2008 Reinsurance Program

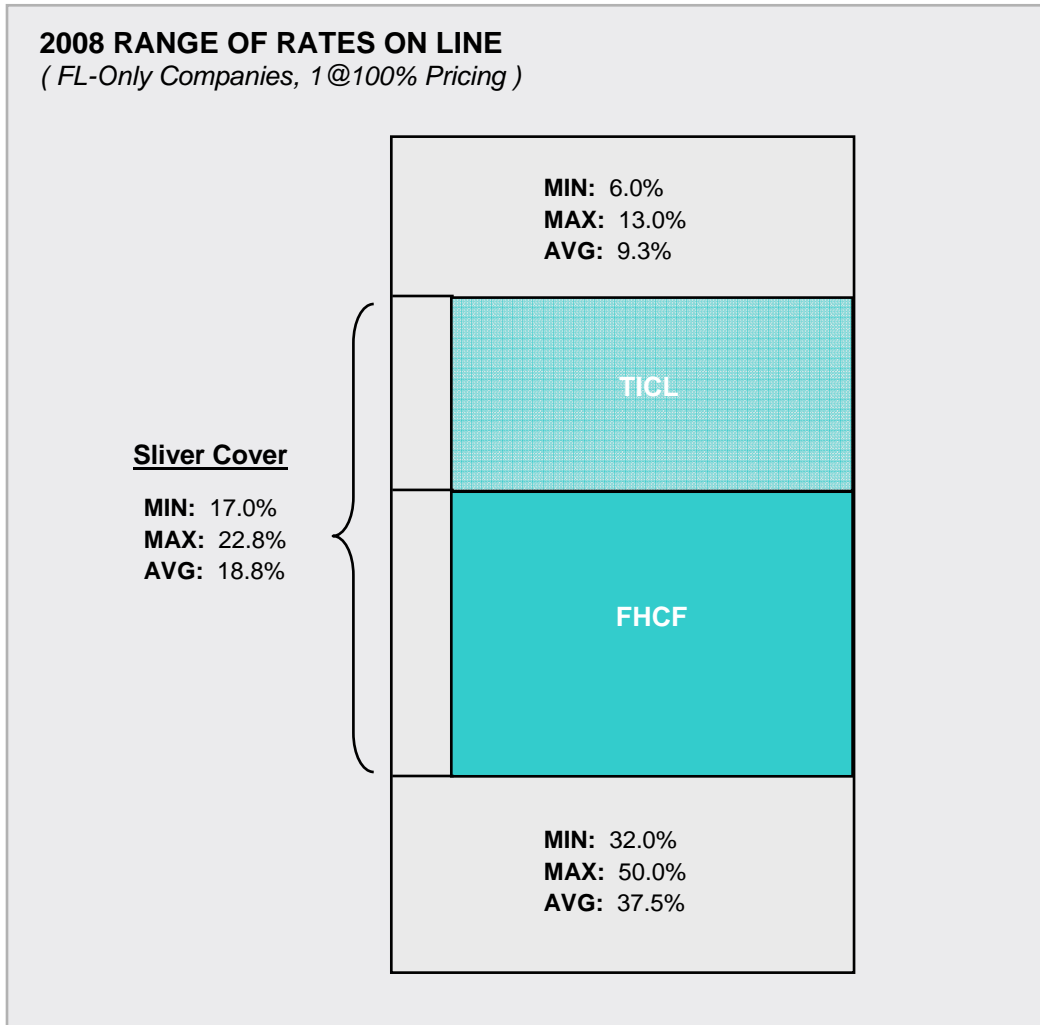




# Pricing Around the FHCF: Florida-Only Accounts



- **FHCF attaches and exhausts at different return times depending on individual company PML curve**
  - Range of ROL is greater below and above the FHCF and minimal for the sliver covers alongside
- **Return time of attachment for lowest layer as a percent of FHCF attachment:**
  - MIN: 31.5%
  - MAX: 80.9%
  - AVG: 51.8%



3

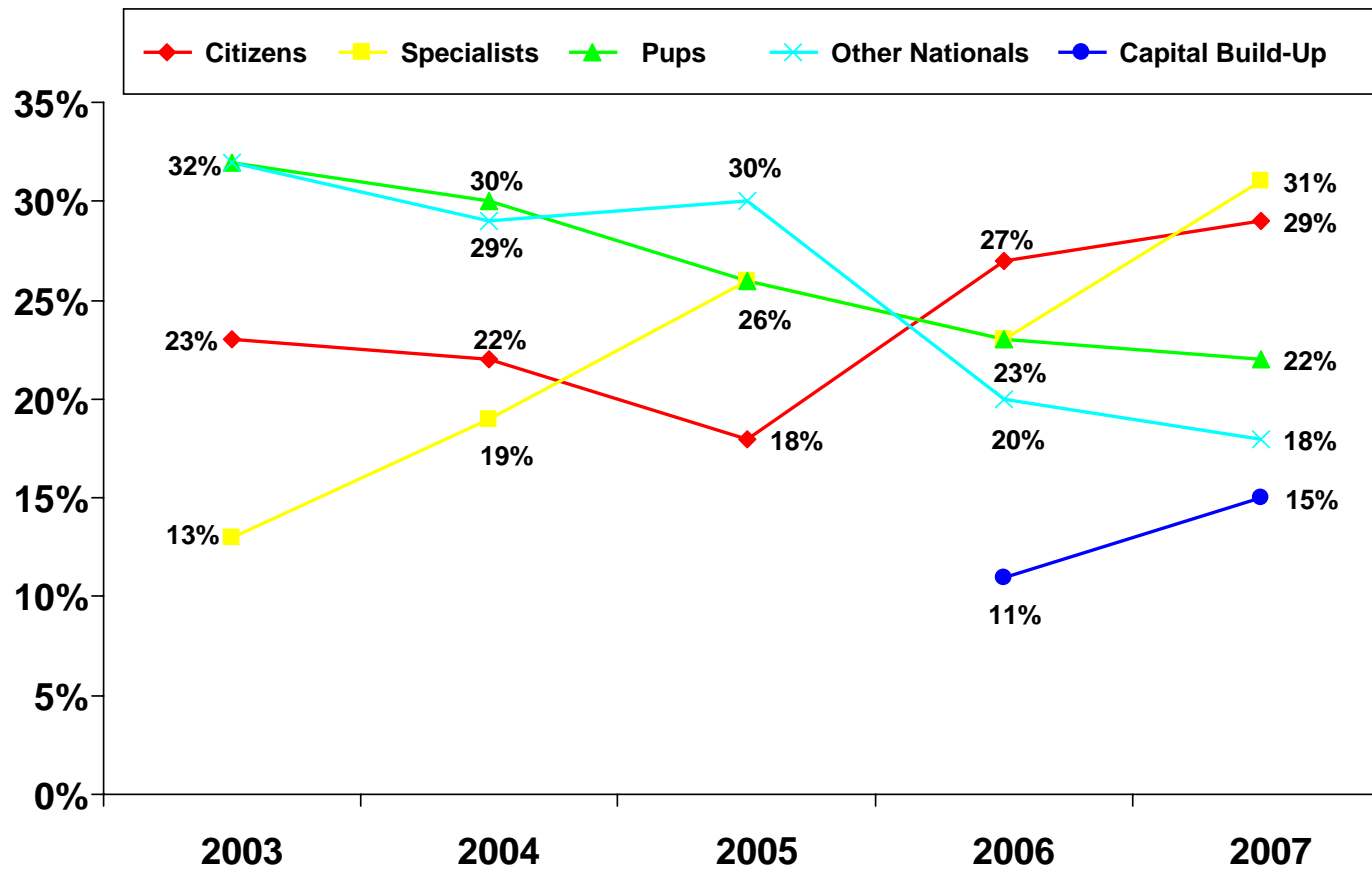


## Florida Market Dynamics

# New Capital is Coming to Florida



- **Citizens has facilitated development of new insurance companies in the state**
  - Many of these may were non-renewed pup company policies
- **Specialist writers wrote only 3% of premium 11 years ago**



Source: VJ Dowling

# Citizens Modeled Exposure



- **Citizens cannot be viewed as a whole**
  - The dynamics are significantly different by account
- **Realistically the PLA is the most attractive for depopulation efforts**

| Probability of Non-Exceed               | Avg Return Time (Years) | HRA                           |                           |                             | PLA/CLA               |                       |                           | All Accounts                   |
|---|-------------------------|-------------------------------|---------------------------|-----------------------------|-----------------------|-----------------------|---------------------------|--------------------------------|
|   |                         | 3/31/2008 FHC Subject (000's) | 3/31/2008 Non-FHC (000's) | 3/31/2008 All Lines (000's) | 3/31/2008 PLA (000's) | 3/31/2008 CLA (000's) | 3/31/2008 PLA/CLA (000's) | 3/31/2008 All Accounts (000's) |
| 99.00%                                  | 100                     | \$14,869,510                  | \$1,807,529               | \$16,576,450                | \$6,392,835           | \$3,256,154           | \$9,630,658               | \$26,151,361                   |
| 98.00%                                  | 50                      | \$9,288,907                   | \$1,189,356               | \$10,448,107                | \$4,121,480           | \$2,058,377           | \$6,165,722               | \$16,452,301                   |
| 96.00%                                  | 25                      | \$5,356,033                   | \$742,082                 | \$6,090,178                 | \$2,640,489           | \$1,213,914           | \$3,850,061               | \$9,889,156                    |
| 95.00%                                  | 20                      | \$4,474,121                   | \$633,701                 | \$5,100,286                 | \$2,262,462           | \$1,007,206           | \$3,268,532               | \$8,320,712                    |
| 90.00%                                  | 10                      | \$2,481,677                   | \$355,321                 | \$2,840,618                 | \$1,298,361           | \$513,374             | \$1,811,728               | \$4,614,148                    |
| 80.00%                                  | 5                       | \$1,107,407                   | \$158,855                 | \$1,267,021                 | \$564,162             | \$192,943             | \$765,281                 | \$2,050,070                    |
| <b>Portfolio Summary</b>                |                         |                               |                           |                             |                       |                       |                           |                                |
| Insurance In Force (000s)               |                         | \$224,557,949                 | \$18,936,170              | \$243,494,119               | \$141,675,108         | \$66,429,674          | \$208,104,782             | \$451,598,901                  |
| Premium In Force (000s)                 |                         | \$1,148,553                   | \$85,183                  | \$1,233,736                 | \$1,152,359           | \$453,481             | \$1,605,840               | \$2,839,576                    |
| Location Count                          |                         | 489,035                       | 44,869                    | 533,904                     | 660,698               | 92,033                | 752,731                   | 1,286,635                      |
| <b>Average Annual Loss &amp; Ratios</b> |                         |                               |                           |                             |                       |                       |                           |                                |
| Average Annual Loss                     |                         | \$1,148,401,907               | \$150,989,727             | \$1,299,391,634             | \$538,623,549         | \$227,814,290         | \$766,437,839             | \$2,065,829,473                |
| PML:Premium - 100 year                  |                         | 12.9:1                        | 21.2:1                    | 13.4:1                      | 5.5:1                 | 7.2:1                 | 6:1                       | 9.2:1                          |
| Loss Ratio (%)                          |                         | 100.0%                        | 177.3%                    | 105.3%                      | 46.7%                 | 50.2%                 | 47.7%                     | 72.8%                          |

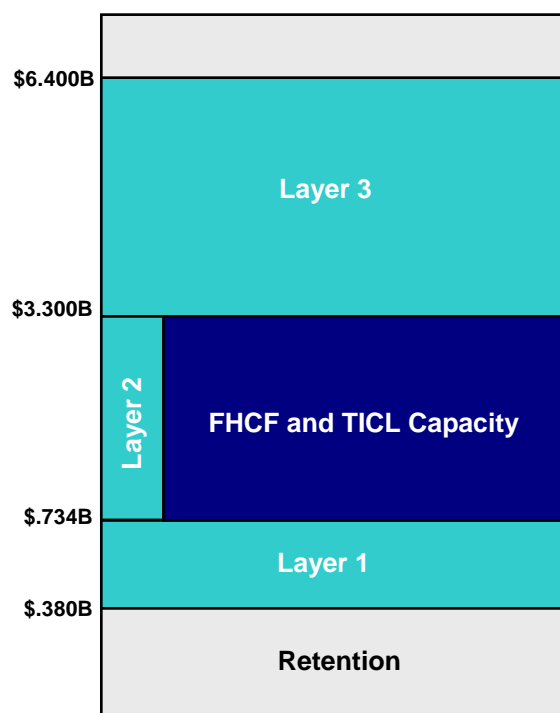
RMS RiskLink v7.0, Near-Term Frequency, Includes Loss Amplification, Excludes Storm Surge

Data as of March 31, 2008

# Privatized PLA: Estimated Reinsurance Needs



- **Additional capacity limits to privatize PLA account are approximately \$4B**
  - Assuming there is a solution to the FHCF capacity issue this capacity could be accommodated within the current risk transfer market (reinsurance / capital markets)



| <u>Layer</u> | <u>Limit</u>    | <u>ROL</u>    | <u>Premium</u>  |
|--------------|-----------------|---------------|-----------------|
| 1            | \$354M          | 42.50%        | \$150.5M        |
| 2            | \$257M          | 19.00%        | \$48.8M         |
| 3            | <u>\$3,100M</u> | <u>9.25%</u>  | <u>\$288.3M</u> |
| <b>Total</b> | <b>\$3,711M</b> | <b>13.14%</b> | <b>\$487.6M</b> |

## Exhibit Two



# Florida Hurricane Catastrophe Fund

Estimated Loss Reimbursement Capacity

October 2008

# Executive Summary: The Big Picture

- The FHCF is a statutorily created reinsurer of covered residential hurricane losses in Florida.
- The FHCF reimburses participating insurers for covered losses.
- Potential sources of reimbursement include:
  - Fund balance available to pay claims (i.e. surplus)
  - Pre-event borrowing proceeds and related liquidity instruments (e.g. put option)
  - Post-event borrowing proceeds (secured by emergency assessments)
  - Reinsurance proceeds (if any)
- In May and October of each year, the FHCF is required to publish an estimate of its *“estimated borrowing capacity and projected balance of the fund as of December 31.”*
- The presentation is meant to provide information and perspective to assist the FHCF in meeting this requirement.



## Executive Summary: The Approach

- Past “Estimated Claims-Paying Capacity” presentations have included a calculation of the FHCF’s borrowing capacity based on statutorily available revenue repayment streams.
  - The implicit assumption was that there was a strong likelihood the FHCF could actually access the market for the full amount of its bonding needs over time; previous market conditions were conducive to such an assumption.
- The ongoing global financial crisis has made access to the capital markets significantly more difficult for institutions around the world.
  - Given the FHCF’s reliance on post-event financing, this has a negative impact on the FHCF’s funding capability.
- This presentation incorporates both a theoretical calculation of loss reimbursement capacity AND an estimate of the loss reimbursement capacity for the 2008/2009 contract year.
  - This estimated loss reimbursement capacity is based primarily on input from the FHCF’s three senior managing underwriters (Citi, Goldman Sachs and JP Morgan) of borrowing capacity given current market conditions.

# Executive Summary: The Results

- The single season maximum loss reimbursement obligation for the FHCF is currently approximately \$27.8 billion (approximately \$55.6 billion for two seasons).
- **THEORETICAL CAPACITY:**
  - Given its statutory capabilities, available resources, and currently outstanding debt, the FHCF has a theoretical multi-year loss reimbursement capacity of \$42.189 billion, broken down as follows:

|                   | Projected Fund Balance | Pre-Event & Other Liquidity Resources* | Post-Event Borrowing Capacity | Total Loss Reimbursement Capacity | Annual Assessment % |
|-------------------|------------------------|--|-------------------------------|-----------------------------------|---------------------|
| Initial Season    | \$2.786 B              | \$7.500 B                              | \$16.167 B                    | \$26.453 B                        | 6%                  |
| Subsequent Season | \$1.191 B              | -                                      | \$14.545 B                    | \$15.736 B                        | 4% **               |
| <b>Total</b>      | <b>\$3.977 B</b>       | <b>\$7.500 B</b>                       | <b>\$30.712 B</b>             | <b>\$42.189 B</b>                 | <b>10%</b>          |

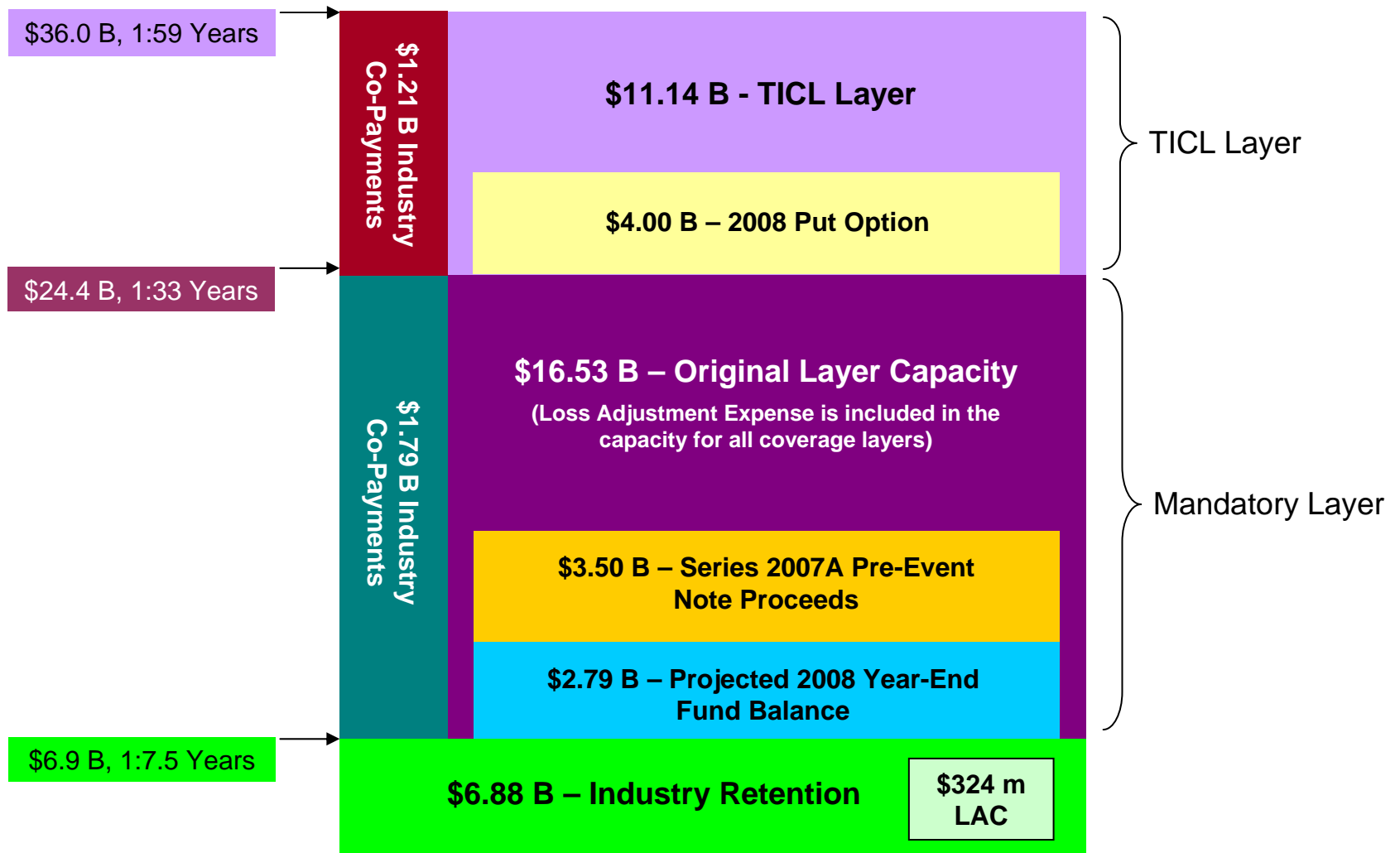
- **ESTIMATED CAPACITY:**
  - Given the state of the financial markets and the FHCF’s senior managing underwriters’ estimate of current borrowing capacity, the FHCF has an estimated loss reimbursement capacity of \$11.786 billion over the next 6 months and \$13.286 billion over the next 12 months, broken down as follows:

|                | Projected Fund Balance | Pre-Event & Other Liquidity Resources* | Post-Event Borrowing Capacity         | Total Loss Reimbursement Capacity | Annual Assessment %         |
|----------------|------------------------|--|---------------------------------------|-----------------------------------|-----------------------------|
| Initial Season | \$2.786 B              | \$7.500 B                              | \$1.500 B (6-mo)<br>\$3.000 B (12-mo) | \$11.786 B<br>\$13.286 B          | 2.3% (6-mo)<br>2.7% (12-mo) |

\* Includes Series 2007A Notes and 2008 Put Option, but does not include Series 2006B Extendible Notes as 95% of these Notes will be defeased by March 2009 and are therefore not available to pay claims. The 2008 Put Option is designed not to trigger until FHCF reported losses reach the TICL layer.

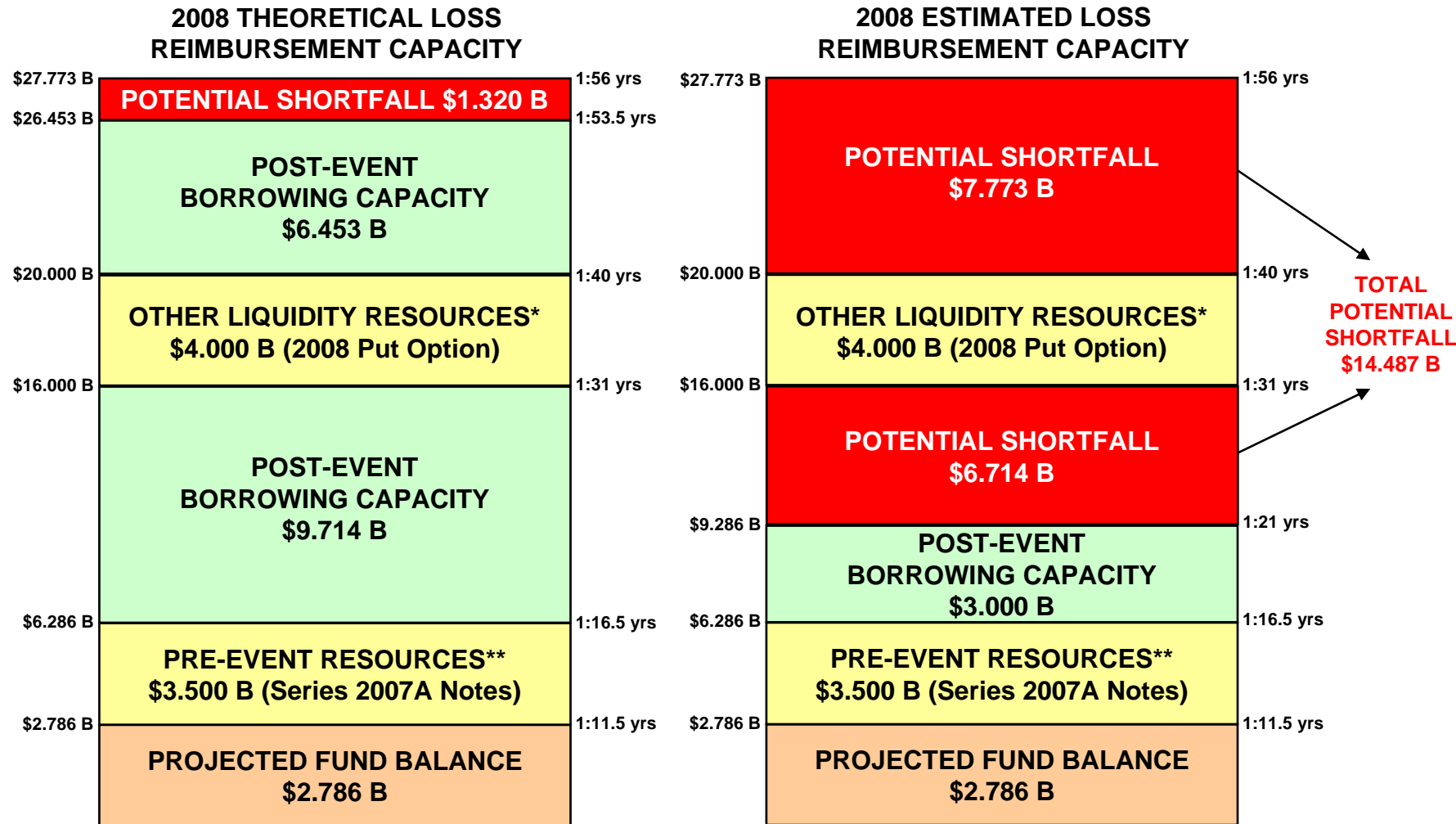
\*\* Uses a maximum of 3% of total emergency assessments until 2014 when the Series 2006A Bonds and Series 2008A Bonds reach final maturity.

# The FHCF's Potential Obligations



\* Group up losses only.

# Overview of Loss Reimbursement Funding Sources



\* The 2008 Put Option is designed not to trigger until FHCF reported losses reach the TICL layer (approximately \$16 billion in FHCF losses).

\*\* Does not include Series 2006B Extendible Notes as 95% of these Notes will be defeased by March 2009 and are therefore not available to pay claims.

# Breakdown of Three Main Funding Sources

▪ **Fund Balance:**

|                      |                        |
|----------------------|------------------------|
| • As of 6/30/08      | \$2,087,428,000        |
| • Additions          | \$1,325,322,000        |
| • Subtractions       | <u>(\$626,478,000)</u> |
| • Projected 12/31/08 | \$2,786,272,000        |

▪ **Pre-Event & Other Liquidity Resources\*:**

|                                     |                        |
|-------------------------------------|------------------------|
| • Floating Rate Notes, Series 2007A | \$3,500,000,000        |
| • 2008 Put Option                   | <u>\$4,000,000,000</u> |
| • Total                             | \$7,500,000,000        |

**TOTAL  
POTENTIAL  
LIQUIDITY  
\$10.286 B**

▪ **Post-Event Borrowing Capacity (Initial Season):**

|  |   |
|--|---|
| • Theoretical Borrowing Capacity       | \$16,167,000,000                              |
| • Estimated Borrowing Capacity (6-mo)  | \$1,500,000,000 (provided by senior managers) |
| • Estimated Borrowing Capacity (12-mo) | \$3,000,000,000 (provided by senior managers) |

▪ **Total Loss Reimbursement Capacity (Initial Season):**

|                              |                  |
|------------------------------|------------------|
| • Theoretical Capacity       | \$26,453,272,000 |
| • Estimated Capacity (6-mo)  | \$11,786,272,000 |
| • Estimated Capacity (12-mo) | \$13,286,272,000 |

\* Does not include Series 2006B Extendible Notes as 95% of these Notes will be defeased by March 2009 and are therefore not available to pay claims. The 2008 Put Option is designed not to trigger until FHCFC reported losses reach the TICL layer.

## Fund Balance

- The FHCF fund balance is comprised primarily of Accumulated Reimbursement Premiums and Net Investment Income
  - The FHCF available fund balance is currently approximately \$2.316 billion and is projected to be approximately \$2.786 billion as of 12/31/08.

| Description   | \$ in '000s      |
|---|------------------|
| <b>Balance as of 6/30/08</b>                              | <b>2,087,428</b> |
| Reimbursement Premiums (8/1 & Portion of 10/1)            | 814,839          |
| Investment Income   | 11,795           |
| 2008 Put Option Agreement Cost                            | (224,779)        |
| 2008 Operating and Mitigation Expenses                    | (17,583)         |
| Net Realized Investment Losses                            | (216,959)        |
| Mark-to-Market Adjustment on Investments                  | (139,118)        |
| <b>Net Current Available Balance as of 10/3/08</b>        | <b>2,315,624</b> |
| Projected Reimbursement Premiums (Portion of 10/1 & 12/1) | 479,057          |
| Projected Pre-Event Net Debt Service (2006B & 2007A)      | (28,040)         |
| Projected Investment Income                               | 19,630           |
| <b>Projected Balance as of 12/31/08</b>                   | <b>2,786,272</b> |

- The investments are managed by the State Board of Administration in three separate accounts: Operating Funds, Series 2006B Pre-Event Funds and Series 2007A Pre-Event Funds.
  - Total invested balances are currently \$8.655 billion.

# Pre-Event & Other Liquidity Resources

- Pre-Event funding is designed to provide cash to the FHCF to pay future loss reimbursements.
  - The FHCF has \$10.078 billion in outstanding pre-event and other liquidity resources (excluding fund balance), of which \$7.500 represents available liquidity for loss reimbursements.

## ▪ Series 2007A Floating Rate Notes:

- Description: Taxable floating rate debt sold to various institutional investors in 10/2007
- Par Amount: \$3,500,000,000
- Interest Rate: 1-month LIBOR + 78 bps (reset every month)
- Final Maturity: October 15, 2012 (“bullet” maturity)
- Optional Redemption: October 15, 2008 @ 101%

## ▪ 2008 Put Option:

- Description: Contingent liquidity instrument purchased from Berkshire Hathaway in 08/2008
- Par Amount: \$4,000,000,000
- Exercise Period: Until May 15, 2009 for 2008 hurricane season
- Trigger Point: Based on PCS Index; designed to trigger when FHCF losses reach TICL layer

### **If trigger point is reached and bonds are issued:**

- Interest Rate: 6.50%
- Final Maturity: July 1, 2039
- Optional Redemption: July 1, 2018 @ 100%

## Pre-Event & Other Liquidity Resources (cont.)

- **Series 2006B Extendible Floating Rate Notes:**

- Description: Taxable floating rate debt sold to various institutional investors in 07/2006
- Par Amount: \$2,800,000,000
- Outstanding Par Amount: \$2,577,750,000
- Interest Rate: 1-month LIBOR + 22 bps

- Maturity Schedule:
 

| <u>Date</u> | <u>Defeased</u> | <u>Outstanding</u> |
|-------------|-----------------|--------------------|
| Current     | \$-             | \$2,577,750,000    |
| 10/14/08    | \$75,000,000    | \$2,502,750,000    |
| 11/14/08    | \$80,000,000    | \$2,422,750,000    |
| 12/12/08    | \$952,500,000   | \$1,470,250,000    |
| 1/14/09     | \$30,000,000    | \$1,440,250,000    |
| 3/13/09     | \$1,295,250,000 | \$145,000,000      |
| 6/15/09     | \$100,000,000   | \$45,000,000       |
| 7/15/09     | \$10,000,000    | \$35,000,000       |
| 8/14/09     | \$35,000,000    | \$-                |

- These proceeds are not included as available liquidity due to their pending maturity.



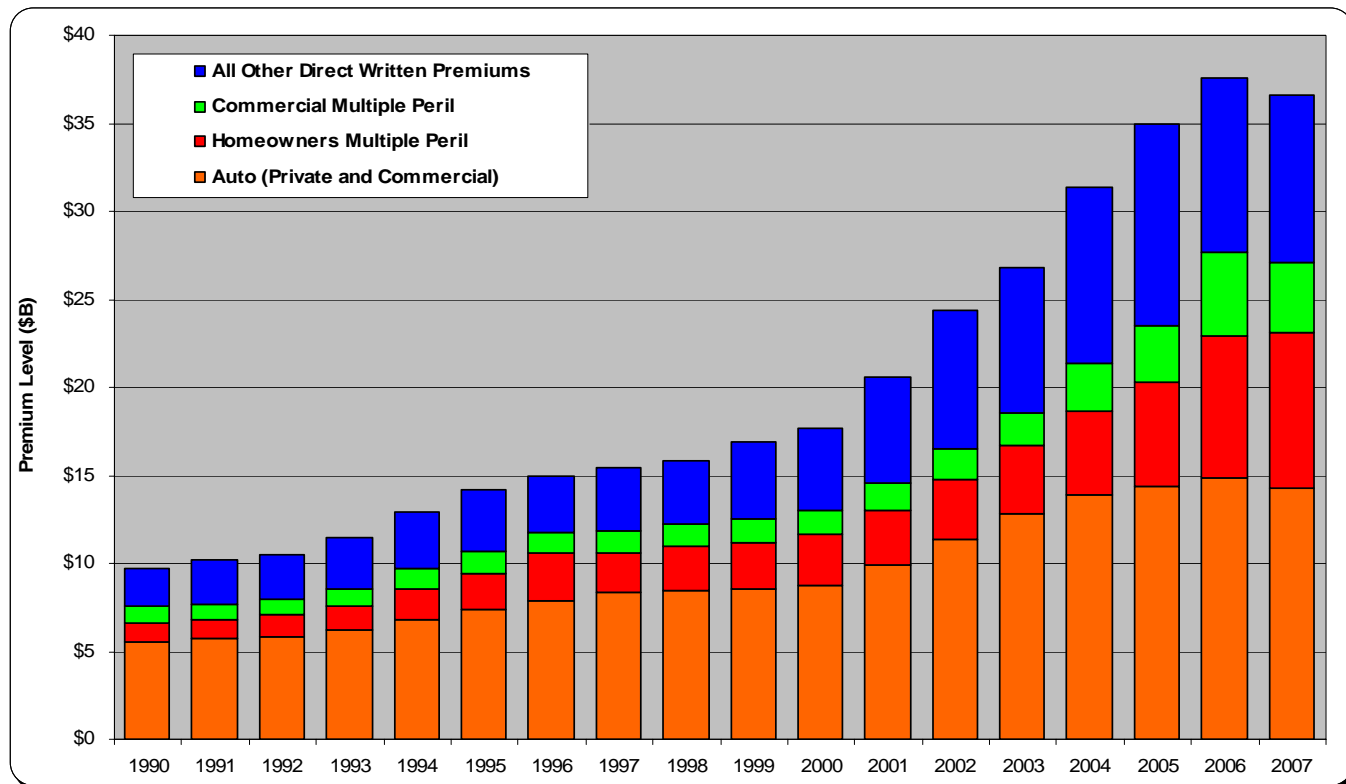
# Post-Event Borrowing Capacity

- The FHCF has the statutory ability to issue tax-exempt bonds secured by emergency assessments to meet its loss reimbursement obligations after a hurricane.
  - Current long-term bond ratings of Aa3/AA-/AA-.
- **Constraints:**
  - Ongoing emergency assessment limit of 6% per year and total combined emergency assessment limit of 10% for both initial and subsequent seasons.
  - Final maturity limit of 30 years from the time of issuance.
  - Coverage requirement on all post-event bonds of 1.25 times.
  - Existing tax-exempt post-event debt:

|              | <u>Series 2006A Bonds</u> |                      | <u>Series 2008A Bonds</u> |                      | <u>Total Post-Event Debt Service</u> |                      |                        | <u>Annual Assessment %</u> |
|--------------|---------------------------|----------------------|---------------------------|----------------------|--------------------------------------|----------------------|------------------------|----------------------------|
|              | <u>Principal</u>          | <u>Interest</u>      | <u>Principal</u>          | <u>Interest</u>      | <u>Principal</u>                     | <u>Interest</u>      | <u>P&amp;I</u>         |                            |
| <b>2009</b>  | \$256,655,000             | \$55,369,575         | \$0                       | \$27,459,536         | \$256,655,000                        | \$82,829,111         | \$339,484,111          | 1.00%                      |
| <b>2010</b>  | 269,485,000               | 42,536,825           | 0                         | 29,865,356           | 269,485,000                          | 72,402,181           | 341,887,181            | 1.00%                      |
| <b>2011</b>  | 282,660,000               | 29,362,575           | 0                         | 29,865,356           | 282,660,000                          | 59,227,931           | 341,887,931            | 1.00%                      |
| <b>2012</b>  | 296,795,000               | 15,229,575           | 0                         | 29,865,356           | 296,795,000                          | 45,094,931           | 341,889,931            | 1.00%                      |
| <b>2013</b>  | 0                         | 0                    | 300,000,000               | 29,865,356           | 300,000,000                          | 29,865,356           | 329,865,356            | 1.00%                      |
| <b>2014</b>  | 0                         | 0                    | 325,000,000               | 15,450,425           | 325,000,000                          | 15,450,425           | 340,450,425            | 1.00%                      |
| <b>Total</b> | <b>\$1,105,595,000</b>    | <b>\$142,498,550</b> | <b>\$625,000,000</b>      | <b>\$162,371,386</b> | <b>\$1,730,595,000</b>               | <b>\$304,869,936</b> | <b>\$2,035,464,936</b> | -                          |

# The FHCF Assessment Base

- The FHCF assessment base includes all property & casualty lines except worker's comp, medical malpractice, accident and health, and Federal flood insurance.
- Current base (as of April 2008) is \$36.6 billion.



# Direct Written Premiums

| Line of Business                                  | Total Market<br>(as of 4-1-08) |
|---|--------------------------------|
| Fire  | \$824,354,624                  |
| Allied Lines                                      | \$2,392,242,751                |
| Multiple Peril Crop                               | \$2,225,194                    |
| Farmowners Multiple Peril                         | \$47,484,082                   |
| Homeowners Multiple Peril                         | \$8,546,080,433                |
| Commercial Multiple Peril (Non-Liability Portion) | \$1,072,175,013                |
| Commerical Multiple Peril (Liability Portion)     | \$634,931,884                  |
| Mortgage Guaranty                                 | \$105,490,814                  |
| Ocean Marine                                      | \$292,276,684                  |
| Inland Marine                                     | \$892,879,153                  |
| Financial Guaranty                                | \$112,171,883                  |
| Earthquake  | \$6,566,446                    |
| Other Liability                                   | \$2,032,198,217                |
| Products Liability                                | \$145,895,711                  |
| Private Passenger Auto No-Fault (PIP)             | \$2,212,308,589                |
| Other Private Passenger Auto Liability            | \$6,312,234,932                |
| Commercial Auto No-Fault (PIP)                    | \$74,033,500                   |
| Other Commercial Auto Liability                   | \$1,458,908,754                |
| Private Passenger Auto Physical Damage            | \$3,800,809,502                |
| Commercial Auto Physical Damage                   | \$412,423,678                  |
| Aircraft (all perils)                             | \$117,418,168                  |
| Fidelity  | \$53,194,886                   |
| Surety  | \$357,097,367                  |
| Burglary and Theft                                | \$8,870,780                    |
| Boiler & Machinery                                | \$48,431,057                   |
| Credit  | \$60,813,728                   |
| Aggregate Write-ins For Other Lines of Business   | \$513,774,596                  |
| Independently Procured Coverage (IPC)             | \$7,823,742                    |
| <b>Total</b>                                      | <b>\$32,545,116,166</b>        |

**2006 DWP:**  
**\$33,346,228,384**  
**% Change in DWP:**  
**-2.40%**

# Surplus Lines Premiums

| Coverage   | 2007 Surplus<br>Lines Premiums<br>(as of 4-23-08) |
|--|---|
| [1000] Commercial Property                           | 1,711,827,414.05                                  |
| [1001] Builders Risk                                 | 57,156,962.19                                     |
| [1002] Business Income                               | 2,833,217.49                                      |
| [1003] Apartments (Commercial)                       | 10,617,658.55                                     |
| [1004] Boiler and Machinery                          | 123,954.51  |
| [1005] Commercial Package (Property & Casualty)      | 246,207,331.70                                    |
| [1006] Condominium Package (Commercial)              | 21,680,302.67                                     |
| [1008] Difference In Conditions                      | 25,456,204.52                                     |
| [1009] Earthquake                                    | 294,327.67  |
| [1010] Flood   | 9,194,780.94                                      |
| [1011] Glass (Commercial)                            | 150.00  |
| [1012] Mortgagee Impairment                          | 650,800.00  |
| [1013] Windstorm &/or Hail                           | 57,737,022.09                                     |
| [1014] Mold Coverage - Commercial                    | 16,649.00   |
| [1016] Excess Flood - Commercial                     | 8,153,225.39                                      |
| [1100] Bankers Blanket Bond                          | 619,130.00  |
| [1101] Blanket Crime Policy                          | 81,399.00   |
| [1102] Employee Dishonesty                           | 56,681.00   |
| [1103] Identity Theft                                | 25,321.00   |
| [1201] Credit Insurance                              | 407,470.53  |
| [1202] Animal Mortality                              | 35,975.25   |
| [1203] Mortgage Guaranty                             | 152,242.00  |
| [1205] Product Recall                                | 362,339.00  |
| [1206] Kidnap/Ransom                                 | 108,993.70  |
| [1207] Surety  | 575,035.00  |
| [1208] Weather Insurance                             | (47,010.00)                                       |
| [1209] Prize Indemnification                         | 786,032.84  |
| [1210] Accident Travel                               | 364,007.00  |
| [1211] Terrorism                                     | 5,753,770.63                                      |
| [2000] Homeowners-HO-1                               | 34,002,827.66                                     |
| [2001] Homeowners-HO-2                               | 175,298.37  |
| [2002] Homeowners-HO-3                               | 177,349,783.09                                    |
| [2003] Tenant Homeowners-HO-4                        | 4,646,729.14                                      |
| [2004] Homeowners-HO-5                               | 6,139,151.71                                      |
| [2005] Condo Unit-Owners HO-6                        | 18,497,352.03                                     |
| [2006] Homeowners-HO-8                               | 12,245,732.25                                     |
| [2007] Dwelling Builders Risk                        | 8,414,121.18                                      |
| [2008] Dwelling Flood                                | 422,073.00  |
| [2009] Dwelling Property                             | 25,858,384.45                                     |
| [2010] Farmowners Multi-Peril                        | 1,066,154.00                                      |
| [2011] Mobile Homeowners                             | 6,515,255.22                                      |
| [2012] Windstorm                                     | 831,239.00  |
| [2015] Excess Flood (Residential)                    | 16,511,618.12                                     |
| [3000] Marina Operations Legal                       | 2,204,023.93                                      |
| [3001] Marine Liabilities Package                    | 6,095,296.00                                      |
| [3002] Ocean Marine-Hull &/or Protection & Indemnity | 7,813,991.95                                      |
| [3003] Ocean Cargo Policy                            | 2,424,343.01                                      |
| [3004] Ship Repairers Legal Liability                | 7,017,633.93                                      |
| [3005] Stevedores Legal Liability                    | 305,646.45  |

| Coverage  | 2007 Surplus<br>Lines Premiums<br>(as of 4-23-08) |
|---|---|
| [3006] Personal & Pleasure Boats & Yachts                 | 31,055,047.76                                     |
| [3007] Ocean Marine Builder's Risk                        | 6,068,387.58                                      |
| [4000] Inland Marine (Commercial)                         | 17,658,070.50                                     |
| [4001] Inland Marine (Personal)                           | 19,749,825.94                                     |
| [4002] Motor Truck Cargo                                  | 9,681,908.36                                      |
| [4003] Jewelers Block                                     | 145,224,771.32                                    |
| [4005] Contractors Equipment                              | 13,764,218.12                                     |
| [4006] Electronic Data Processing                         | 1,185.00  |
| [5000] Commercial General Liability                       | 487,717,476.48                                    |
| [5001] Commercial Umbrella Liability                      | 55,564,397.54                                     |
| [5002] Directors & Officers Liability (Profit)            | 6,019,038.00                                      |
| [5003] Directors & Officers Liability (Non-Profit)        | 3,112,559.68                                      |
| [5004] Educator Legal Liability                           | 15,105,869.28                                     |
| [5005] Employment Practices Liability                     | 7,917,092.02                                      |
| [5006] Excess Commercial General Liability (Not Umbrella) | 40,822,328.73                                     |
| [5007] Excess Personal Liability (Not Umbrella)           | 1,389,720.00                                      |
| [5008] Liquor Liability                                   | 5,796,451.59                                      |
| [5009] Owners & Contractors Protective                    | 3,481,248.58                                      |
| [5010] Personal Umbrella                                  | 9,099,587.00                                      |
| [5011] Personal Liability                                 | 3,954,510.81                                      |
| [5012] Pollution & Environment Liability                  | 16,867,817.69                                     |
| [5013] Product & Completed Operations Liability           | 7,198,422.57                                      |
| [5014] Public Officials Liability                         | 179,695.00  |
| [5015] Police Professional Liability                      | 382,220.00  |
| [5016] Media Liability                                    | 1,152,997.20                                      |
| [5017] Railroad Protective Liability                      | 812,590.18  |
| [5019] Guard Service Liability                            | 4,878,034.21                                      |
| [5020] Special Events Liability                           | 3,566,535.94                                      |
| [7000] Architects & Engineers Liability                   | 17,677,696.31                                     |
| [7001] Insurance Agents & Brokers E&O                     | 26,215,853.45                                     |
| [7002] Lawyers Professional Liability                     | 19,248,727.17                                     |
| [7003] Miscellaneous E&O Liability                        | 43,327,886.91                                     |
| [7004] Real Estate Agents E&O                             | 3,630,383.26                                      |
| [7005] Software Design Computer E & S                     | 1,602,415.47                                      |
| [8000] Commercial Auto Liability                          | 5,274,985.95                                      |
| [8001] Commercial Auto Excess Liability                   | 5,007,223.16                                      |
| [8002] Commercial Auto Physical Damage                    | 14,514,698.59                                     |
| [8003] Dealers Open Lot                                   | 6,134,419.87                                      |
| [8004] Garage Liability                                   | 13,419,477.01                                     |
| [8005] Garage Keepers Legal                               | 1,006,624.13                                      |
| [8006] Private Passengers Auto-Physical Damage Only       | 1,447,510.24                                      |
| [8007] Personal Excess Auto Liability                     | 2,030,360.00                                      |
| [9000] Commercial Aircraft Hull &/or Liability            | 2,179,812.55                                      |
| [9001] Airport Liability                                  | 4,312,859.36                                      |
| [9002] Aviation Cargo                                     | 175,470.00  |
| [9003] Aviation Product Liability                         | 261,470.00  |
| [9005] Personal & Pleasure Aircraft                       | 81,602.00   |
| Independently Procured Coverage (IPC)                     | 515,653,164.00                                    |
| <b>Total as of 4-23-08</b>                                | <b>4,101,192,688.72</b>                           |

**2006 Surplus Lines  
Premiums:  
\$4,207,911,564**

**% Change in Surplus  
Lines Premiums:  
-2.54%**

# Historical Assessment Base

| Calendar Year | Admitted lines DWP | Surplus Lines & Independently Procured Premium | Total Aggregate Premium | 6% Emergency Assessment | % Premium Increase From Prior Year |
|---------------|--------------------|--|-------------------------|-------------------------|------------------------------------|
| 1995          | \$13,782,528,507   | -  | \$13,782,528,507        | -                       | -                                  |
| 1996          | \$14,994,283,493   | -  | \$14,994,283,493        | -                       | 8.79%                              |
| 1997          | \$15,401,838,211   | -  | \$15,401,838,211        | -                       | 2.72%                              |
| 1998          | \$15,817,192,766   | -  | \$15,817,192,766        | -                       | 2.70%                              |
| 1999          | \$16,036,013,133   | -  | \$16,036,013,133        | -                       | 1.38%                              |
| 2000          | \$16,780,114,935   | -  | \$16,780,114,935        | -                       | 4.64%                              |
| 2001          | \$19,195,286,560   | -  | \$19,195,286,560        | -                       | 14.39%                             |
| 2002          | \$22,150,290,949   | -  | \$22,150,290,949        | -                       | 15.39%                             |
| 2003          | \$24,410,590,887   | \$2,434,696,171                                | \$26,845,287,058        | \$1,610,717,223         | 21.20%                             |
| 2004          | \$28,648,648,240   | \$2,695,485,410                                | \$31,344,133,650        | \$1,880,648,019         | 16.76%                             |
| 2005          | \$31,713,757,522   | \$3,275,286,947                                | \$34,989,044,469        | \$2,099,342,668         | 11.63%                             |
| 2006          | \$33,346,228,384   | \$4,207,911,564                                | \$37,554,139,948        | \$2,253,248,397         | 7.33%                              |
| 2007          | \$32,545,116,166   | \$4,101,192,689                                | \$36,646,308,855        | \$2,198,778,531         | -2.42%                             |

- \* Source: OIR and FLSO
- \* Prior to 2007, DWP is as of 12/31 as reported by the companies to the NAIC on the Annual Statement and is subject to change as company/agent adjustments are reported. The DWP for 2007, which is based on company reports to OIR for the 1% FHC emergency assessment, is currently being verified and is subject to change.
- \* In 2004, the Florida legislation excluded medical malpractice for 3 years and included surplus lines.
- \* In 2007, the Florida legislation excluded medical malpractice until 2010.
- \* Average assessment increase from 1995-2007 (geometric mean) is 8.49%.

# Estimated Interest Rate Scale

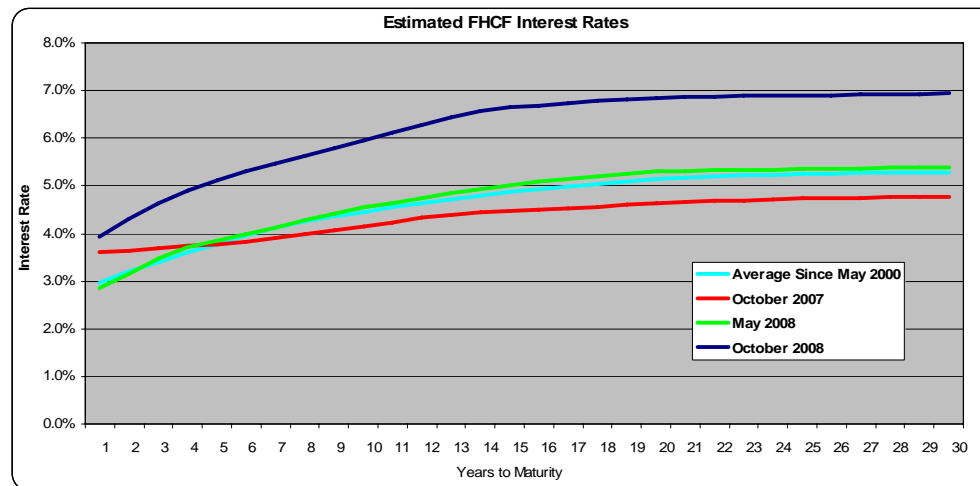
| Years | MMD Scale (9/29/08) | Spread at Pricing of Series 2006A | Spread at Pricing of Series 2008A | Estimated Current Spread | Estimated Current Yields |
|-------|---------------------|-----------------------------------|-----------------------------------|--------------------------|--------------------------|
| 1     | 2.10%               | -                                 | -                                 | 1.83%                    | 3.93%                    |
| 2     | 2.45%               | 0.20%                             | -                                 | 1.85%                    | 4.30%                    |
| 3     | 2.77%               | 0.23%                             | -                                 | 1.86%                    | 4.63%                    |
| 4     | 3.01%               | 0.24%                             | -                                 | 1.88%                    | 4.89%                    |
| 5     | 3.21%               | 0.25%                             | 1.44%                             | 1.91%                    | 5.12%                    |
| 6     | 3.40%               | 0.25%                             | 1.40%                             | 1.90%                    | 5.30%                    |
| 7     | 3.59%               | -                                 | -                                 | 1.89%                    | 5.48%                    |
| 8     | 3.76%               | -                                 | -                                 | 1.87%                    | 5.63%                    |
| 9     | 3.93%               | -                                 | -                                 | 1.86%                    | 5.79%                    |
| 10    | 4.10%               | -                                 | -                                 | 1.84%                    | 5.94%                    |
| 11    | 4.28%               | -                                 | -                                 | 1.82%                    | 6.10%                    |
| 12    | 4.48%               | -                                 | -                                 | 1.80%                    | 6.28%                    |
| 13    | 4.65%               | -                                 | -                                 | 1.78%                    | 6.43%                    |
| 14    | 4.79%               | -                                 | -                                 | 1.78%                    | 6.57%                    |
| 15    | 4.87%               | -                                 | -                                 | 1.78%                    | 6.65%                    |
| 16    | 4.92%               | -                                 | -                                 | 1.77%                    | 6.69%                    |
| 17    | 4.97%               | -                                 | -                                 | 1.77%                    | 6.74%                    |
| 18    | 5.01%               | -                                 | -                                 | 1.77%                    | 6.78%                    |
| 19    | 5.04%               | -                                 | -                                 | 1.77%                    | 6.81%                    |
| 20    | 5.07%               | -                                 | -                                 | 1.77%                    | 6.84%                    |
| 21    | 5.09%               | -                                 | -                                 | 1.77%                    | 6.86%                    |
| 22    | 5.11%               | -                                 | -                                 | 1.77%                    | 6.88%                    |
| 23    | 5.12%               | -                                 | -                                 | 1.77%                    | 6.89%                    |
| 24    | 5.12%               | -                                 | -                                 | 1.77%                    | 6.89%                    |
| 25    | 5.13%               | -                                 | -                                 | 1.77%                    | 6.90%                    |
| 26    | 5.13%               | -                                 | -                                 | 1.77%                    | 6.90%                    |
| 27    | 5.14%               | -                                 | -                                 | 1.78%                    | 6.92%                    |
| 28    | 5.14%               | -                                 | -                                 | 1.78%                    | 6.92%                    |
| 29    | 5.15%               | -                                 | -                                 | 1.78%                    | 6.93%                    |
| 30    | 5.16%               | -                                 | -                                 | 1.78%                    | 6.94%                    |

\* Scale assumes tax-exempt bonds rated Aa3/AA-/AA- and 5.50% coupons throughout; rates were determined from an average of the estimated scales provided by the FHC's three senior managing underwriters on September 29, 2008.

# Interest Rate Sensitivity Analysis

- A decline of approximately 50 bps would be required to reach theoretical maximum loss reimbursement capacity in the initial season.
- A decline of 200+ bps would be required to reach theoretical maximum loss reimbursement capacity in the subsequent season.

| Theoretical Claims Reimbursement Capacity |                         |                         |                         |
|---|-------------------------|-------------------------|-------------------------|
|   | Initial Season          | Subsequent Season       | Total                   |
| Current Rates + 200 bps                   | \$21,514,898,047        | \$11,990,740,670        | \$33,505,638,717        |
| Current Rates + 150 bps                   | \$22,603,343,056        | \$12,724,272,284        | \$35,327,615,340        |
| Current Rates + 100 bps                   | \$23,782,449,494        | \$13,592,430,244        | \$37,374,879,738        |
| Current Rates + 50 bps                    | \$25,061,947,749        | \$14,652,773,776        | \$39,714,721,525        |
| <b>Current Rates</b>                      | <b>\$26,452,822,238</b> | <b>\$15,735,839,590</b> | <b>\$42,188,661,828</b> |
| Current Rates - 50 bps                    | \$27,967,427,050        | \$16,725,053,787        | \$44,692,480,837        |
| Current Rates - 100 bps                   | \$28,000,000,000        | \$19,425,277,334        | \$47,425,277,334        |
| Current Rates - 150 bps                   | \$28,000,000,000        | \$22,413,297,166        | \$50,413,297,166        |
| Current Rates - 200 bps                   | \$28,000,000,000        | \$25,686,424,971        | \$53,686,424,971        |



## Summary of Credit Crisis

- Due in large part to the fallout from the subprime mortgage crisis and the weakening economy, the last 6-9 months have been some of the most tumultuous times ever seen in the financial services industry.
  - The auction rate securities market has collapsed and the VRDO market is in disarray as banks have become more and more reluctant to provide letters of credit to issuers.
  - The Fed has stepped in on several occasions to assist with bailouts and buyouts, including taking Freddie Mac and Fannie Mae into conservatorship, bailing out AIG, assisting with the sale of Bear Stearns to JP Morgan, seizing and subsequently selling Washington Mutual to JP Morgan, and providing \$700 billion to buy troubled asset backed securities.
  - Several other firms have either declared for bankruptcy or been purchased by other financial institutions, including Bank of America acquiring Merrill Lynch, Lehman Brothers declaring bankruptcy, and Wells Fargo acquiring Wachovia.
  - Large financial services firms such as Goldman Sachs and Morgan Stanley have recently announced their conversion to bank holding companies.
  - The seven “AAA” bond insurers that existed at the beginning of 2008 have dwindled down to two (along with Berkshire Hathaway as a new entrant into the market) as rating agencies have downgraded these entities’ ratings due to lack of sufficient capital.
  - Credit spreads have widened dramatically and municipal market activity has declined significantly as investors sit on the sideline and wait for the markets to improve.



## Recent Tax-Exempt Bond Issuance Trends

- The number and par amount of tax-exempt financings completed has recently had a significant drop as the financial crisis has continued to hurt the municipal market.

| <b>Tax-Exempt Issues (Past 12 Months)</b> |                          |                    |                               |                             |
|---|--------------------------|--------------------|-------------------------------|-----------------------------|
| <b>Month</b>                              | <b>Par Amount (\$mm)</b> | <b># of Issues</b> | <b>Avg. Issue Size (\$mm)</b> | <b>Largest Issue (\$mm)</b> |
| Oct-07                                    | \$39,115.0               | 825                | \$47.4                        | \$7,000.0                   |
| Nov-07                                    | \$23,884.2               | 858                | \$27.8                        | \$3,487.2                   |
| Dec-07                                    | \$23,608.5               | 749                | \$31.5                        | \$1,350.0                   |
| Jan-08                                    | \$18,213.2               | 657                | \$27.7                        | \$1,588.8                   |
| Feb-08                                    | \$19,649.8               | 661                | \$29.7                        | \$1,748.6                   |
| Mar-08                                    | \$36,302.3               | 788                | \$46.1                        | \$2,407.7                   |
| Apr-08                                    | \$42,050.8               | 967                | \$43.5                        | \$1,700.0                   |
| May-08                                    | \$38,877.0               | 1,050              | \$37.0                        | \$675.0                     |
| Jun-08                                    | \$42,338.4               | 1,113              | \$38.0                        | \$1,500.0                   |
| Jul-08                                    | \$31,366.9               | 831                | \$37.7                        | \$1,322.6                   |
| Aug-08                                    | \$28,929.4               | 801                | \$36.1                        | \$1,050.0                   |
| Sep-08                                    | \$18,801.9               | 600                | \$31.3                        | \$1,750.0                   |
| <b>Average</b>                            | <b>\$30,261.5</b>        | <b>825</b>         | <b>\$36.2</b>                 | <b>\$2,131.7</b>            |

| <b>Tax-Exempt Issues (Past 5 Weeks)</b> |                          |                    |                               |                             |
|---|--------------------------|--------------------|-------------------------------|-----------------------------|
| <b>Week</b>                             | <b>Par Amount (\$mm)</b> | <b># of Issues</b> | <b>Avg. Issue Size (\$mm)</b> | <b>Largest Issue (\$mm)</b> |
| 9/1 - 9/7                               | \$4,694.6                | 130                | \$36.1                        | \$1,750.0                   |
| 9/8 - 9/14                              | \$8,386.4                | 214                | \$39.2                        | \$950.0                     |
| 9/15 - 9/21                             | \$3,494.6                | 151                | \$23.1                        | \$609.0                     |
| 9/22 - 9/28                             | \$1,539.2                | 83                 | \$18.5                        | \$253.1                     |
| 9/29 - 10/5                             | \$1,690.7                | 60                 | \$28.2                        | \$428.5                     |
| <b>Average</b>                          | <b>\$3,961.1</b>         | <b>128</b>         | <b>\$29.0</b>                 | <b>\$798.1</b>              |

## Conclusion

- The FHCF has significant liquid resources available to it – over \$10 billion – more than at any time in its history.
  - These resources would enable the FHCF to avoid bonding after small events, and would provide a time cushion before bonding was required after a large event.
  - If bonding is required, the FHCF would not need to access the markets all at once in order to meet its reimbursement obligations.
  - The FHCF is a highly rated credit – its long-term debt ratings are Aa3/AA-/AA-
- However, because of the expanded size of the FHCF, it is more reliant on funding from the post-event bond market – measured in terms of total dollars needed to fulfill its maximum potential obligation – than it has ever been.
  - Maximum potential bonding needs are almost \$18 billion.
  - The ongoing global credit crisis has hampered the ability of all institutions, including the FHCF, to access the financial markets.
  - Based on estimates from its three senior managing underwriters, the FHCF could have a potential bonding shortfall of between \$10 billion and \$15 billion over a 12-month period given current market conditions.

## Exhibit Three



FAIR. FAST. PROFESSIONAL.

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## **Citizens Mission Review Task Force**

**Presentation by Belinda H. Miller  
for the Florida Office of Insurance Regulation  
November 20, 2008**

**1. What is the potential capacity in the Florida property market to absorb policies from Citizens?**

**2. How do Citizens rates compare with rates of other companies?**

# What the Office Reviews to Estimate Capacity

An insurer's capacity to take on new business is impacted by solvency requirements, including the writing ratio limitation in the law. These requirements exist to ensure solvency. The office would not advocate relaxation of solvency requirements, including writing ratio limitations.

- Writing Ratio: Premium to Surplus  
**624.4095, Florida Statutes**  
**(1) Whenever an insurer's ratio of actual or projected annual written premiums ...exceeds 10 to 1 for gross written premiums or exceeds 4 to 1 for net written premiums, the office shall suspend the insurer's certificate of authority or establish by order maximum gross or net....**

Gross premiums = direct premiums written and reinsurance assumed.

# **Other Solvency Requirements that Affect the Amount of Business that An Insurer May Write: Risk Based Capital**

Section 624.4085, Florida Statutes

**(2)(e) A property and casualty insurer's risk-based capital is determined in accordance with the formula set forth in the risk-based capital instructions. The formula takes into account and may adjust for the covariance between:**

- 1. The asset risk;**
- 2. The credit risk;**
- 3. The underwriting risk; and**
- 4. Any other business or other relevant risk set out in the risk-based capital instructions. . . .**

**(f) The Legislature finds that an excess of capital over the amount produced by the risk-based capital requirements... is a desirable goal with respect to the business of insurance. Accordingly, insurers should seek to maintain capital above the risk-based capital levels required by this section. . . .**

## **Risk-based Capital, continued.**

624.4085, F.S.

**(1)(b) “Authorized control level risk-based capital” means the number determined under the risk-based capital formula in the risk-based capital instructions.**

**(c) “Company action level risk-based capital” means the product of 2.0 and an insurer’s authorized control level risk-based capital.”**

The office uses risk-based capital formulas as a solvency tool in the same manner as other state regulators. This standard establishes a minimum, not necessarily an optimal amount of capital for insurers. Florida law prohibits its use in ratemaking. The office would not advocate relaxation of risk-based capital requirements.



# New Property Writers 2006

## Licensed in 2006

American Capital Assurance

\*American Integrity

Ameriprise

Auto Club Insurance Co. of FI

Edison

Homewise Preferred

IDS Property Casualty Ins. Co.

Northern Capital

Ranchers & Farmers

\*Royal Palm

Safe Harbor

## Existing Company that Added Homeowners Line:

American Vehicle Insurance Company

## Surplus Lines Insurers:

American Modern Surplus Lines Insurance Co.

Tower Insurance Co. of New York

# New Property Writers 2007

## Licensed in 2007:

\*Privilege Underwriters Reciprocal Exchange

American Keystone

Homeowners Choice P&C

Modern USA

\*Olympus

American Coastal

Main Street America Protection

Landmark One

Ark Royal

## Added Homeowners Line of Business in 2007:

Ocean Harbor Casualty

American Modern Insurance Company of Florida

Great Divide

Safeway Property Insurance Company

## Surplus Lines:

Praetorian Specialty

Arch Insurance Company, Ltd.

Ironshore Insurance Ltd.

AIX Specialty

USF Insurance Co.

Lancashire Ins Co., Ltd

# **New Property Writers 2008 (through October 30, 2008)**

## **New COA:**

Avatar Insurance Company

People's Trust Insurance Company

ASI Preferred Insurance Corporation

Magnolia Insurance Company

## **Surplus Lines:**

Catlin Insurance Company, Ltd.

**Total New Capital 2006-2008:      \$3,668,000,000**

# Companies that Participated in the SBA Capital Build-Up Fund Program

American Integrity

Cypress Property & Casualty

First Home

Florida Peninsula

Modern USA

Olympus

Privilege Underwriters Reciprocal

Royal Palm

Southern Fidelity

St. Johns

United Property & Casualty

Universal Property & Casualty

American Capital Assurance

# Citizens 2007 Gross Written Premium as Reported

| Account                    | Citizens 2007 Gross Written Premium |
|----------------------------|-------------------------------------|
| Personal Lines             | \$1,506,657,771                     |
| Commercial Lines           | 518,995,366                         |
| Personal Lines HRA         | 743,839,081                         |
| Commercial Residential HRA | 393,478,333                         |
| Commercial Non-Residential | 555,000,339                         |
| Total                      | \$3,717,970,890                     |

*Source Dec 2007 Quasr except Comm Non Residential. Total from NAIC annual statement.*

# **Capacity of SBA**

**“Capital Build-Up Fund” Companies**

# SBA Capital Build Up Program Potential Capacity- Personal Lines

## Personal Lines SBA Loan Program

Estimated additional Premium for 3.7 Gross Prem/Surplus ratio

| Company  | 2007        | 2007 Gross Written Premium |               |               | Gross              | Addl                    | June 2008 Quasr         |                     | Pct    |
|--|-------------|----------------------------|---------------|---------------|--------------------|-------------------------|-------------------------|---------------------|--------|
|  | Surplus     | Assumed                    | Direct        | Total         | Prem/Surp<br>Ratio | Premium<br>at 3.7 ratio | New Policies<br>Written | Policies<br>Inforce |        |
| American Integrity Insurance Company of Florida*   | 21,342,712  | 84,553,381                 | 56,645,004    | 141,198,385   | 6.616              | 0                       | 7,138                   | 27,154              | 26.3%  |
| Cypress Property & Casualty Insurance Company      | 51,816,870  | 0                          | 75,581,653    | 75,581,653    | 1.459              | 97,558,243              | 3,427                   | 44,943              | 7.6%   |
| First Home Insurance Company*                      | 49,090,115  | 10,364,176                 | 22,400,229    | 32,764,405    | 0.667              | 125,049,977             | 10,081                  | 20,934              | 48.2%  |
| Florida Peninsula Insurance Company*               | 55,524,406  | 49,425,481                 | 84,465,261    | 133,890,742   | 2.411              | 60,101,631              | 16,497                  | 92,704              | 17.8%  |
| Modern USA Insurance Company                       | 13,517,610  | 0                          | 2,659,054     | 2,659,054     | 0.197              | 39,779,127              | 6,958                   | 3,424               | 203.2% |
| Olympus Insurance Company                          | 43,737,226  | 0                          | 30,485,914    | 30,485,914    | 0.697              | 110,327,131             | 3,866                   | 26,632              | 14.5%  |
| Privilege Insurance Company                        | 49,123,664  | 0                          | 18,359,276    | 18,359,276    | 0.374              | 137,254,556             | 330                     | 2,061               | 16.0%  |
| Royal Palm Insurance Company                       | 61,314,183  | 8,740,925                  | 256,184,704   | 264,925,629   | 4.321              | 0                       | 9,396                   | 138,448             | 6.8%   |
| Southern Fidelity Insurance Company                | 59,770,327  | 0                          | 112,557,248   | 112,557,248   | 1.883              | 91,218,088              | 3,800                   | 43,559              | 8.7%   |
| St Johns Insurance Company, Inc                    | 49,533,185  | 0                          | 235,101,363   | 235,101,363   | 4.746              | 0                       | 29,913                  | 186,090             | 16.1%  |
| United Property & Casualty Insurance Company, Inc* | 51,698,608  | 0                          | 139,559,635   | 139,559,635   | 2.699              | 43,449,180              | 10,338                  | 66,886              | 15.5%  |
| Universal Property & Casualty Insurance Company    | 98,686,993  | 0                          | 498,748,778   | 498,748,778   | 5.054              | 0                       | 55,987                  | 430,859             | 13.0%  |
| Total  | 605,155,899 | 153,083,963                | 1,532,748,119 | 1,685,832,082 | 2.786              | 704,737,933             | 157,731                 | 1,083,694           | 14.6%  |
| Total excl Modern USA and Privilege                | 542,514,625 | 153,083,963                | 1,511,729,789 | 1,664,813,752 | 3.069              | 527,704,250             | 150,443                 | 1,078,209           | 14.0%  |

\* Also are Citizens takeout companies

**Personal Lines  
SBA Program,  
continued.**

Gross  
Prem/Surp  
Ratio

Addl  
Premium  
at 3.7 ratio

|       |                    |
|-------|--------------------|
| 6.616 | 0                  |
| 1.459 | 97,558,243         |
| 0.667 | 125,049,977        |
| 2.411 | 60,101,631         |
| 0.197 | 39,779,127         |
| 0.697 | 110,327,131        |
| 0.374 | 137,254,556        |
| 4.321 | 0                  |
| 1.883 | 91,218,088         |
| 4.746 | 0                  |
| 2.699 | 43,449,180         |
| 5.054 | 0                  |
| 2.786 | 704,737,933        |
| 3.069 | <b>527,704,250</b> |

Total excluding Modern USA  
and Privilege



# Commercial Lines - SBA Company

Commercial Lines SBA Loan Program

Estimated additional Premium for 3.7 Gross Prem/Surplus Ratio

|                                 |                            |
|---------------------------------|----------------------------|
| Company                         | American Capital Assurance |
| 07 Surplus                      | 52,767,440                 |
| 07 Gross WP                     | 47,827,765                 |
| Gross Prm/Surp Ratio            | 0.906                      |
| Additional Premium at 3.7 Ratio | \$123,825,881              |
| <u>June 2008 Quasr</u>          |                            |
| New Policies Written            | 462                        |
| Policies Inforce                | 1,412                      |
| Percent New                     | 32.7%                      |

# **Capacity of Takeout Companies Excluding SBA Participants**

# Potential Capacity Takeout Companies- Not Including SBA Participants

|                      | Gross<br>Prem/Surp<br>Ratio | Addl<br>Premium<br>at 3.7 ratio |
|----------------------|-----------------------------|---------------------------------|
| Argus                | 1.546                       | 16,825,259                      |
| Edison               | 7.017                       | 0                               |
| Homeowners<br>Choice | 2.814                       | 7,763,390                       |
| Homewise             | 5.913                       | 0                               |
| Northern Capital     | 3.610                       | 1,177,788                       |
| Southern Oak         | 7.842                       | 0                               |
| Sunshine State       |                             |                                 |
| Total                | 13.386                      | 0                               |
|                      | 5.449                       | 25,766,437                      |

**Capacity of Other Private  
Insurers,**

**Not “SBA” or “Takeout”**

# Potential Capacity- Personal Lines

## Other Companies besides SBA and Takeout

Property and Casualty Product Review  
 Personal Lines Property Companies excl SBA and Takeouts

| Company  | 2007 Gross Written Premium |                                   |                                  |                    |               | Gross<br>Prem/Surp<br>Ratio | Addl Prem at<br>3.5 ratio | June 2008 Quasr         |                     |            |
|--|----------------------------|-----------------------------------|----------------------------------|--------------------|---------------|-----------------------------|---------------------------|-------------------------|---------------------|------------|
|  | 2007<br>Surplus            | Affiliated<br>Assumed<br>Premiums | Non Affil<br>Assumed<br>Premiums | Direct<br>Premiums | Total         |                             |                           | New Policies<br>Written | Policies<br>Inforce | Pct<br>New |
| American Bankers Insurance Company of Florida          | 373,665,025                | 845,609,240                       | 47,573,043                       | 1,199,042,963      | 2,092,225,246 | 5.599                       | 0                         | 11,496                  | 52,256              | 22.0%      |
| American Federation Insurance Company                  | 14,530,626                 | 14,530,626                        | 0                                | 20,747,151         | 35,277,777    | 2.428                       | 13,086,708                | 2                       | 4,275               | 0.0%       |
| American Keystone Insurance Company                    | 5,394,070                  | 0                                 | 0                                | 2,141,512          | 2,141,512     | 0.397                       | 14,059,696                | 446                     | 446                 | 100.0%     |
| American Modern Insurance Company of Florida           | 6,595,811                  | 31,287,954                        | 0                                | 657,854            | 31,945,808    | 4.843                       | 0                         | 3,632                   | 7,836               | 46.4%      |
| American Strategic Insurance Corp                      | 122,783,669                | 46,325,850                        | 0                                | 220,529,926        | 266,855,776   | 2.173                       | 136,825,135               | 1,833                   | 105,098             | 1.7%       |
| American Traditions Insurance Company                  | 6,639,517                  | 0                                 | 0                                | 39,023,529         | 39,023,529    | 5.877                       | 0                         | 4,274                   | 43,452              | 9.8%       |
| ASI Assurance Corp                                     | 19,639,072                 | 0                                 | 0                                | 136,019,090        | 136,019,090   | 6.926                       | 0                         | 14,049                  | 133,945             | 10.5%      |
| Auto Club Insurance Company of Florida                 | 6,784,291                  | 0                                 | 0                                | 37,895             | 37,895        | 0.006                       | 19,913,984                | 401                     | 568                 | 70.6%      |
| Capitol Preferred Insurance Company Inc.               | 9,750,710                  | 0                                 | -220,036                         | 66,580,353         | 66,360,317    | 6.806                       | 0                         | 1,848                   | 43,620              | 4.2%       |
| Coral Insurance Company                                | 7,144,704                  | 0                                 | 0                                | 35,702,804         | 35,702,804    | 4.997                       | 0                         | 1,805                   | 12,341              | 14.6%      |
| Federated National Insurance Company                   | 32,326,627                 | 0                                 | -288                             | 100,868,689        | 100,868,401   | 3.120                       | 10,310,827                | 1,679                   | 30,830              | 5.4%       |
| Fidelity Fire & Casualty Company                       | 10,719,410                 | 0                                 | 0                                | 22,289,397         | 22,289,397    | 2.079                       | 12,791,972                | 3,335                   | 14,488              | 23.0%      |
| First Community Insurance Company                      | 18,217,430                 | 0                                 | 0                                | 50,259,297         | 50,259,297    | 2.759                       | 11,341,435                | 2,640                   | 33,866              | 7.8%       |
| First Floridian Auto and Home Insurance Company        | 217,378,945                | 0                                 | 0                                | 241,399,608        | 241,399,608   | 1.111                       | 436,318,428               | 1                       | 35,699              | 0.0%       |
| First Protective Insurance Company                     | 12,657,505                 | 0                                 | 0                                | 107,071,418        | 107,071,418   | 8.459                       | 0                         | 3,348                   | 44,637              | 7.5%       |
| Florida Family Insurance Company                       | 19,793,625                 | 0                                 | 0                                | 108,524,910        | 108,524,910   | 5.483                       | 0                         | 2,775                   | 88,416              | 3.1%       |
| Florida Farm Bureau Casualty Insurance Company         | 181,415,051                | 298,665,872                       | 585,789                          | 103,524,253        | 402,775,914   | 2.220                       | 195,028,482               | 1,206                   | 52,962              | 2.3%       |
| Florida Farm Bureau General Insurance Company          | 5,193,561                  | 0                                 | 0                                | 152,011,447        | 152,011,447   | 29.269                      | 0                         | 683                     | 46,995              | 1.5%       |
| Gulfstream Property and Casualty Insurance Company     | 20,149,407                 | 0                                 | 1,304,767                        | 68,927,722         | 70,232,489    | 3.486                       | 243,966                   | 1,041                   | 23,893              | 4.4%       |
| Hillcrest Insurance Company                            | 8,289,391                  | 0                                 | 0                                | 27,672,144         | 27,672,144    | 3.338                       | 1,126,209                 | 2,047                   | 12,927              | 15.8%      |
| Home Pointe Insurance Company                          | 15,377,063                 | 0                                 | 0                                | 20,998,947         | 20,998,947    | 1.366                       | 27,569,450                | 103                     | 11,966              | 0.9%       |
| Homesite Insurance Company of Florida                  | 10,152,146                 | -10,859,934                       | 0                                | 3,280,390          | -7,579,544    | -0.747                      | 36,214,126                | 1                       | 2,188               | 0.0%       |
| Homewise Insurance Company Inc.                        | 9,687,398                  | 0                                 | -2,343                           | 21,766,628         | 21,764,285    | 2.247                       | 10,198,951                | 1,656                   | 10,831              | 15.3%      |
| Landmark One Insurance Company                         | 8,596,866                  | 0                                 | 12,916,427                       | 0                  | 12,916,427    | 1.502                       | 14,424,987                | 6,958                   | 3,424               | 203.2%     |
| Northern Capital Insurance Company                     | 15,519,231                 | 0                                 | 0                                | 56,019,026         | 56,019,026    | 3.610                       | 0                         | 7,138                   | 27,154              | 26.3%      |
| Old Dominion Insurance Company                         | 27,905,973                 | -41,045,396                       | 0                                | 103,608,079        | 62,562,683    | 2.242                       | 29,490,907                | 10                      | 2,178               | 0.5%       |
| Omega Insurance Company                                | 12,281,628                 | 0                                 | 0                                | 43,651,102         | 43,651,102    | 3.554                       | 0                         | 1,949                   | 36,287              | 5.4%       |
| Safe Harbor Insurance Company                          | 6,514,691                  | 0                                 | 0                                | 9,178,831          | 9,178,831     | 1.409                       | 11,442,974                | 2,029                   | 9,973               | 20.3%      |
| Security First Insurance Company                       | 23,068,556                 | 0                                 | 0                                | 100,449,814        | 100,449,814   | 4.354                       | 0                         | 8,345                   | 58,951              | 14.2%      |
| Service Insurance Company                              | 13,344,923                 | 0                                 | 0                                | 50,473,318         | 50,473,318    | 3.782                       | 0                         | 20                      | 828                 | 2.4%       |
| Southern Fidelity Insurance Company                    | 59,770,327                 | 0                                 | 0                                | 112,557,248        | 112,557,248   | 1.883                       | 81,176,673                | 3,800                   | 43,559              | 8.7%       |
| State Farm Florida Insurance Company                   | 822,222,652                | 0                                 | 0                                | 1,792,808,955      | 1,792,808,955 | 2.180                       | 911,375,075               | 14,537                  | 969,324             | 1.5%       |
| Tower Hill Preferred Insurance Company                 | 27,883,347                 | 0                                 | -143                             | 111,801,019        | 111,800,876   | 4.010                       | 0                         | 3,230                   | 45,995              | 7.0%       |
| Tower Hill Prime Insurance Company                     | 35,169,821                 | 0                                 | 0                                | 118,377,516        | 118,377,516   | 3.366                       | 3,962,160                 | 8,298                   | 77,916              | 10.6%      |
| Tower Hill Select Insurance Company                    | 26,632,770                 | 0                                 | 0                                | 85,053,230         | 85,053,230    | 3.194                       | 6,855,631                 | 4,035                   | 44,379              | 9.1%       |
| Universal Insurance Company of North America           | 38,661,912                 | 0                                 | 1,539,966                        | 188,866,180        | 190,406,146   | 4.925                       | 0                         | 4,192                   | 117,087             | 3.6%       |
| USIC of Florida, Inc.                                  | 5,717,383                  | 0                                 | 0                                | 1,355,395          | 1,355,395     | 0.237                       | 15,670,574                | 11                      | 970                 | 1.1%       |
| Total  | 2,257,575,134              | 1,184,514,212                     | 63,697,182                       | 5,523,277,640      | 6,771,489,034 | 2.999                       | 1,999,428,347             | 124,853                 | 2,251,560           | 5.5%       |
| Excl State Farm, Florida Farm Bureau, First Floridian, | 1,008,332,604              | 885,848,340                       | 63,113,736                       | 3,161,293,431      | 4,110,255,507 | 4.076                       | 446,507,412               | 106,750                 | 1,134,921           | 9.4%       |

# Personal Lines

Other companies besides SBA and Takeout, continued.

## Additional Premium at 3.5 Ratio

|       |               |
|-------|---------------|
| Total | 1,999,428,347 |
|-------|---------------|

|  |  |
|--|--|
| Total excluding State Farm, FI Farm Bureau,<br>First Floridian, Homewise and Service |  |
|--|--|

|             |
|-------------|
| 446,507,412 |
|-------------|

# Potential Premium Impact of Allstate New Policies

## Premium Impact for Allstate order on new policies

|   |            |
|---|------------|
| Consent Order required new policies over 3 years  | 100,000    |
| Allstate Floridian Indemnity approved avg premium | 707        |
| Premium impact over 3 years                       | 70,700,000 |

70,700,000

# Summary- Potential Capacity

| Source of Capacity                | Best Estimate of Capacity of Voluntary Industry to Write Additional Volume |
|-----------------------------------|--|
| Personal Lines SBA Companies      | \$527,704,250  |
| Commercial Lines SBA Company      | 123,825,881  |
| Personal Lines Takeout Companies* | 25,766,437   |
| Allstate Floridian per Order      | 70,700,000   |
| All Other Companies**             | 446,507,412  |
| Total Best Estimate of Capacity   | \$1,194,503,980  |

\* excluding SBA companies

\*\* excluding companies listed in detail slide



# Florida Has Experienced Growth in Residential Exposure and Policy Counts

Annual Growth in Exposure and Risk Counts Reported by FHCF Member Companies

| Year  | <u>Residential</u> |            | <u>Commercial</u> |            | <u>Tenants</u> |            | <u>Mobile Home</u> |            | <u>Condominiums</u> |            |
|-------|--------------------|------------|-------------------|------------|----------------|------------|--------------------|------------|---------------------|------------|
|       | Exposure           | Risk Count | Exposure          | Risk Count | Exposure       | Risk Count | Exposure           | Risk Count | Exposure            | Risk Count |
| 99-00 | 9.0%               | 4.2%       | 28.9%             | -8.9%      |                |            | 1.7%               | -0.2%      |                     |            |
| 00-01 | -4.5%              | -19.4%     | 19.4%             | 39.5%      | NA             | NA         | 1.8%               | -2.1%      | NA                  | NA         |
| 01-02 | 9.4%               | 1.8%       | 17.8%             | 13.2%      | -2.5%          | 38.3%      | 2.5%               | -0.3%      | 7.4%                | 1.2%       |
| 02-03 | 9.3%               | 1.0%       | 8.6%              | -5.4%      | 17.0%          | 35.3%      | -0.2%              | -2.3%      | 2.9%                | -1.4%      |
| 03-04 | 12.8%              | 2.8%       | -1.7%             | -15.1%     | 4.8%           | -4.6%      | 1.4%               | -2.5%      | 5.0%                | 0.6%       |
| 04-05 | 16.4%              | 4.3%       | 4.1%              | -4.6%      | 18.0%          | 9.6%       | 4.1%               | -3.3%      | 9.1%                | 2.1%       |
| 05-06 | 17.8%              | 5.0%       | 12.6%             | 3.5%       | -5.4%          | -13.6%     | 5.8%               | -3.4%      | 14.2%               | 6.9%       |
| 06-07 | 12.7%              | 1.0%       | 28.8%             | 23.1%      | -12.0%         | -1.8%      | -1.1%              | -6.0%      | 2.5%                | -3.8%      |

# Citizens Rates Compared to Private Insurers

- To obtain this information, the Office's actuary pulled from several sources:
- The data for the Homeowners-PLA is the rating example that is used for the "shop and compare" website for 20 companies plus Citizens. We eliminated some of the companies with smaller premium volume to make the document fit. The data is reported by the companies in their rate filings as rating examples.
- Dwelling Fire and Mobilehome are from the Rate Collection System. For the Mobilehome, we had to adjust for a few companies' rates to be consistent with new system rate example because they have only filed in our old system, not the new one yet. The data is consistent with their filed and approved rates, however.
- Commercial is from Quasr.
- The data is being distributed in paper to be readable.

# Reducing Citizens Exposure- Ideas Considered

## Builders Risk and Resulting Large Condo policies

- a. Citizens has considered whether to discontinue writing new builders risk insurance. It started in this direction (2006?) and then both Citizens and the Office yielded to complaints.
- b. Limitations on the amount of insurance it will offer on condo buildings. For example, a 100,000,000 risk would obtain the first 2.5 or 5 million from Citizens and then find the balance in the private market. Pros- Citizens exposure is decreased. Cons- the most likely layer for claims is the first layer over the deductible. Would likely be more expensive for condos, and maybe not available.

Stop writing NEW wind-only policies; stop renewing at some future date

Stop writing NEW construction in areas very close to the Gulf or Atlantic

Do have a shutter requirement for 750 or greater in high wind areas

No roofs over 25 or 50 years old (have implemented- now considering offer of ACV only)

No outbuildings, fences, garages, pool cages

Limit or eliminate contents- cabinets; TV's

Limit mobile home coverage to ACV or stated value

Homestead/Non-Homestead distinction – primary residence

Limit total insured value for homes. Now \$2 million. Issue: Citizens has historically good underwriting results on higher value homes.



Photo provided by Gary Appleson, Caribbean Conservation Corporation

Belinda Miller 11/20/08

Office of Insurance Regulation  
 Property and Casualty Product Review  
 Apartment and Homeowners Assn comparison from September 2008 Quasr  
 Includes both full coverage and wind only

| Company_Name                                       | Policies Inforce | Structure Expos Inforce | Premium Inforce | Average Premium | Prem to exp in thousands | Premium for \$1 million exposure | Exposure per policy | Mkt share Exposure |
|--|------------------|-------------------------|-----------------|-----------------|--------------------------|----------------------------------|---------------------|--------------------|
| Citizens Property Insurance Corporation            | 10,339           | 17,407,636,267          | \$115,911,661   | \$11,211        | \$6.66                   | \$6,659                          | 1,683,687           | 74.9%              |
| State Farm Florida Insurance Company               | 2,631            | 1,313,268,964           | \$5,573,997     | \$2,119         | \$4.24                   | \$4,244                          | 499,152             | 5.6%               |
| American Capital Assurance Corp.                   | 116              | 1,217,649,228           | \$5,126,789     | \$44,196        | \$4.21                   | \$4,210                          | 10,496,976          | 5.2%               |
| American Strategic Insurance Corp.                 | 32               | 713,899,346             | \$3,002,921     | \$93,841        | \$4.21                   | \$4,206                          | 22,309,355          | 3.1%               |
| Allianz Global Risks Us Insurance Company          | 4                | 506,767,548             | \$13,015        | \$3,254         | \$0.03                   | \$26                             | 126,691,887         | 2.2%               |
| Cincinnati Insurance Company                       | 525              | 376,257,500             | \$973,285       | \$1,854         | \$2.59                   | \$2,587                          | 716,681             | 1.6%               |
| Zurich American Insurance Company                  | 6                | 309,841,000             | \$1,225,778     | \$204,296       | \$3.96                   | \$3,956                          | 51,640,167          | 1.3%               |
| Qbe Insurance Corporation                          | 74               | 194,900,991             | \$1,043,925     | \$14,107        | \$5.36                   | \$5,356                          | 2,633,797           | 0.8%               |
| First National Insurance Company Of America        | 31               | 133,193,000             | \$405,997       | \$13,097        | \$3.05                   | \$3,048                          | 4,296,548           | 0.6%               |
| United States Fire Insurance Company               | 27               | 121,000,000             | \$2,837,067     | \$105,077       | \$23.45                  | \$23,447                         | 4,481,481           | 0.5%               |
| American Guarantee And Liability Insurance Company | 2                | 118,866,000             | \$614,866       | \$307,433       | \$5.17                   | \$5,173                          | 59,433,000          | 0.5%               |
| Church Mutual Insurance Company                    | 447              | 103,047,695             | \$4,882,562     | \$10,923        | \$47.38                  | \$47,382                         | 230,532             | 0.4%               |
| Westfield Insurance Company                        | 138              | 83,485,653              | \$236,227       | \$1,712         | \$2.83                   | \$2,830                          | 604,969             | 0.4%               |
| American States Insurance Company                  | 62               | 70,452,000              | \$217,848       | \$3,514         | \$3.09                   | \$3,092                          | 1,136,323           | 0.3%               |
| First Community Insurance Company                  | 402              | 62,304,993              | \$1,148,332     | \$2,857         | \$18.43                  | \$18,431                         | 154,988             | 0.3%               |
| American Alternative Insurance Corporation         | 18               | 59,208,594              | \$251,919       | \$13,996        | \$4.25                   | \$4,255                          | 3,289,366           | 0.3%               |
| Capacity Insurance Company                         | 70               | 53,436,478              | \$430,269       | \$6,147         | \$8.05                   | \$8,052                          | 763,378             | 0.2%               |
| Guideone Elite Insurance Company                   | 11               | 50,104,100              | \$208,577       | \$18,962        | \$4.16                   | \$4,163                          | 4,554,918           | 0.2%               |
| Guideone Specialty Mutual Insurance Company        | 5                | 41,775,500              | \$133,258       | \$26,652        | \$3.19                   | \$3,190                          | 8,355,100           | 0.2%               |
| Old Dominion Insurance Company                     | 39               | 36,133,100              | \$264,517       | \$6,782         | \$7.32                   | \$7,321                          | 926,490             | 0.2%               |
| Federal Insurance Company                          | 18               | 35,157,923              | \$78,228        | \$4,346         | \$2.23                   | \$2,225                          | 1,953,218           | 0.2%               |
| Service Insurance Company                          | 6                | 34,055,000              | \$184,265       | \$30,711        | \$5.41                   | \$5,411                          | 5,675,833           | 0.1%               |
| Phoenix Insurance Company                          | 27               | 31,929,602              | \$270,718       | \$10,027        | \$8.48                   | \$8,479                          | 1,182,578           | 0.1%               |
| Fidelity And Deposit Company Of Maryland           | 1                | 30,785,000              | \$33,539        | \$33,539        | \$1.09                   | \$1,089                          | 30,785,000          | 0.1%               |
| Universal Insurance Company Of North America       | 12               | 21,511,200              | \$133,228       | \$11,102        | \$6.19                   | \$6,193                          | 1,792,600           | 0.1%               |
| Onebeacon America Insurance Company                | 1                | 15,000,000              | \$60,411        | \$60,411        | \$4.03                   | \$4,027                          | 15,000,000          | 0.1%               |
| Guideone Mutual Insurance Company                  | 7                | 14,009,000              | \$48,531        | \$6,933         | \$3.46                   | \$3,464                          | 2,001,286           | 0.1%               |
| Allstate Insurance Company                         | 1                | 13,042,014              | \$23,376        | \$23,376        | \$1.79                   | \$1,792                          | 13,042,014          | 0.1%               |
| Hartford Fire Insurance Company                    | 16               | 12,324,000              | \$40,473        | \$2,530         | \$3.28                   | \$3,284                          | 770,250             | 0.1%               |
| Hartford Casualty Insurance Company                | 5                | 12,229,000              | \$37,727        | \$7,545         | \$3.09                   | \$3,085                          | 2,445,800           | 0.1%               |
| Hartford Insurance Company Of The Midwest          | 1                | 10,290,000              | \$28,604        | \$28,604        | \$2.78                   | \$2,780                          | 10,290,000          | 0.0%               |
| Nationwide Mutual Insurance Company                | 4                | 7,220,250               | \$32,178        | \$8,045         | \$4.46                   | \$4,457                          | 1,805,063           | 0.0%               |
| Nationwide Property And Casualty Insurance Company | 4                | 7,220,250               | \$32,178        | \$8,045         | \$4.46                   | \$4,457                          | 1,805,063           | 0.0%               |
| Hartford Insurance Company Of The Southeast        | 1                | 6,833,000               | \$19,592        | \$19,592        | \$2.87                   | \$2,867                          | 6,833,000           | 0.0%               |

|  |        |                |              |          |         |          |           |        |
|--|--------|----------------|--------------|----------|---------|----------|-----------|--------|
| General Insurance Company Of America           | 14     | 4,959,000      | \$21,217     | \$1,516  | \$4.28  | \$4,278  | 354,214   | 0.0%   |
| Nationwide Mutual Fire Insurance Company       | 9      | 3,087,198      | \$19,977     | \$2,220  | \$6.47  | \$6,471  | 343,022   | 0.0%   |
| American Economy Insurance Company             | 12     | 2,670,000      | \$8,876      | \$740    | \$3.32  | \$3,324  | 222,500   | 0.0%   |
| Amerisure Mutual Insurance Company             | 3      | 2,583,687      | \$10,548     | \$3,516  | \$4.08  | \$4,083  | 861,229   | 0.0%   |
| Mitsui Sumitomo Insurance Company Of America   | 3      | 1,536,000      | \$2,455      | \$818    | \$1.60  | \$1,598  | 512,000   | 0.0%   |
| Mitsui Sumitomo Insurance Usa Inc.             | 1      | 741,960        | \$1,615      | \$1,615  | \$2.18  | \$2,177  | 741,960   | 0.0%   |
| Pacific Indemnity Company                      | 1      | 723,333        | \$763        | \$763    | \$1.05  | \$1,055  | 723,333   | 0.0%   |
| Travelers Indemnity Company Of Connecticut     | 1      | 638,491        | \$4,649      | \$4,649  | \$7.28  | \$7,281  | 638,491   | 0.0%   |
| Regent Insurance Company                       | 1      | 550,000        | \$3,389      | \$3,389  | \$6.16  | \$6,162  | 550,000   | 0.0%   |
| Great American Assurance Company               | 1      | 543,000        | \$2,078      | \$2,078  | \$3.83  | \$3,827  | 543,000   | 0.0%   |
| General Casualty Company Of Wisconsin          | 4      | 465,000        | \$1,393      | \$348    | \$3.00  | \$2,996  | 116,250   | 0.0%   |
| Wausau Business Insurance Company              | 3      | 445,060        | \$1,312      | \$437    | \$2.95  | \$2,948  | 148,353   | 0.0%   |
| Liberty Mutual Insurance Company               | 3      | 328,000        | \$2,580      | \$860    | \$7.87  | \$7,866  | 109,333   | 0.0%   |
| Twin City Fire Insurance Company               | 2      | 190,000        | \$1,029      | \$515    | \$5.42  | \$5,416  | 95,000    | 0.0%   |
| Commonwealth Insurance Company Of America      | 1      | 175,000        | \$23         | \$23     | \$0.13  | \$131    | 175,000   | 0.0%   |
| Travelers Property Casualty Company Of America | 1      | 97,223         | \$1,855      | \$1,855  | \$19.08 | \$19,080 | 97,223    | 0.0%   |
| Great Northern Insurance Company               | 1      | 60,000         | \$211        | \$211    | \$3.52  | \$3,517  | 60,000    | 0.0%   |
| American Zurich Insurance Company              | 1      | 55,000         | \$413        | \$413    | \$7.51  | \$7,509  | 55,000    | 0.0%   |
| Diamond State Insurance Company                | 1      | 0              | \$365        | \$365    | \$0.00  | \$0      | 0         | 0.0%   |
| Philadelphia Indemnity Insurance Company       | 33     | 0              | \$350,742    | \$10,629 | \$0.00  | \$0      | 0         | 0.0%   |
| Graphic Arts Mutual Insurance Company          | 1      | 0              | \$1,574      | \$1,574  | \$0.00  | \$0      | 0         | 0.0%   |
| Nova Casualty Company                          | 2,610  | 0              | \$10,233,193 | \$3,921  | \$0.00  | \$0      | 0         | 0.0%   |
| Zurich American Insurance Company Of Illinois  | 1      | 0              | \$50         | \$50     | \$0.00  | \$0      | 0         | 0.0%   |
| Total  | 17,791 | 23,244,682,148 | 156,196,165  | \$8,780  | \$6.72  | \$6,720  | 1,306,542 | 100.0% |

Office of Insurance Regulation  
Property and Casualty Product Review  
Condominium Assn comparison from September 2008 Quasr  
Includes both full coverage and wind only

| Company_Name                                       | Policies Inforce | Structure Expos Inforce | Premium Inforce | Average Premium | Premium to exp in thousands | Premium for \$8 million exposure | Exposure per policy | Mkt share Exposure |
|--|------------------|-------------------------|-----------------|-----------------|-----------------------------|----------------------------------|---------------------|--------------------|
| Citizens Property Insurance Corporation            | 14,648           | 123,059,677,901         | \$643,267,206   | \$43,915        | \$5.23                      | \$41,818                         | 8,401,125           | 63.9%              |
| Qbe Insurance Corporation                          | 3,216            | 48,756,498,914          | \$212,590,098   | \$66,104        | \$4.36                      | \$34,882                         | 15,160,603          | 25.3%              |
| American Capital Assurance Corp.                   | 1,383            | 12,674,462,145          | \$54,859,954    | \$39,667        | \$4.33                      | \$34,627                         | 9,164,470           | 6.6%               |
| American Strategic Insurance Corp.                 | 185              | 2,492,645,097           | \$11,548,247    | \$62,423        | \$4.63                      | \$37,063                         | 13,473,757          | 1.3%               |
| Service Insurance Company                          | 299              | 2,453,901,000           | \$11,450,204    | \$38,295        | \$4.67                      | \$37,329                         | 8,207,027           | 1.3%               |
| Cincinnati Insurance Company                       | 1,266            | 1,146,791,000           | \$2,426,121     | \$1,916         | \$2.12                      | \$16,925                         | 905,838             | 0.6%               |
| Universal Insurance Company Of North America       | 66               | 458,070,800             | \$2,055,637     | \$31,146        | \$4.49                      | \$35,901                         | 6,940,467           | 0.2%               |
| Capacity Insurance Company                         | 222              | 406,422,642             | \$2,961,534     | \$13,340        | \$7.29                      | \$58,295                         | 1,830,733           | 0.2%               |
| American Keystone Insurance Company                | 20               | 242,727,821             | \$789,930       | \$39,497        | \$3.25                      | \$26,035                         | 12,136,391          | 0.1%               |
| Zurich American Insurance Company                  | 3                | 235,956,000             | \$816,396       | \$272,132       | \$3.46                      | \$27,680                         | 78,652,000          | 0.1%               |
| Zurich American Insurance Company Of Illinois      | 3                | 150,584,000             | \$407,676       | \$135,892       | \$2.71                      | \$21,658                         | 50,194,667          | 0.1%               |
| Hartford Fire Insurance Company                    | 16               | 129,435,000             | \$1,278,577     | \$79,911        | \$9.88                      | \$79,025                         | 8,089,688           | 0.1%               |
| Allstate Insurance Company                         | 12               | 126,778,950             | \$191,206       | \$15,934        | \$1.51                      | \$12,065                         | 10,564,913          | 0.1%               |
| Phoenix Insurance Company                          | 66               | 109,766,431             | \$809,083       | \$12,259        | \$7.37                      | \$58,968                         | 1,663,128           | 0.1%               |
| Twin City Fire Insurance Company                   | 7                | 34,069,000              | \$298,808       | \$42,687        | \$8.77                      | \$70,165                         | 4,867,000           | 0.0%               |
| Old Dominion Insurance Company                     | 450              | 31,671,600              | \$4,190,926     | \$9,313         | \$132.32                    | \$1,058,595                      | 70,381              | 0.0%               |
| Westfield Insurance Company                        | 21               | 30,407,566              | \$64,736        | \$3,083         | \$2.13                      | \$17,032                         | 1,447,979           | 0.0%               |
| First Community Insurance Company                  | 256              | 29,980,128              | \$701,290       | \$2,739         | \$23.39                     | \$187,135                        | 117,110             | 0.0%               |
| Hartford Insurance Company Of The Southeast        | 3                | 16,393,000              | \$35,981        | \$11,994        | \$2.19                      | \$17,559                         | 5,464,333           | 0.0%               |
| American States Insurance Company                  | 11               | 14,720,000              | \$80,298        | \$7,300         | \$5.46                      | \$43,640                         | 1,338,182           | 0.0%               |
| Nationwide Mutual Insurance Company                | 4                | 9,107,566               | \$23,560        | \$5,890         | \$2.59                      | \$20,695                         | 2,276,892           | 0.0%               |
| Nationwide Property And Casualty Insurance Company | 4                | 9,107,566               | \$23,560        | \$5,890         | \$2.59                      | \$20,695                         | 2,276,892           | 0.0%               |
| Nationwide Mutual Fire Insurance Company           | 6                | 7,373,526               | \$35,930        | \$5,988         | \$4.87                      | \$38,983                         | 1,228,921           | 0.0%               |
| Travelers Indemnity Company Of Connecticut         | 8                | 6,999,786               | \$50,348        | \$6,294         | \$7.19                      | \$57,542                         | 874,973             | 0.0%               |
| Great Northern Insurance Company                   | 5                | 2,986,537               | \$6,606         | \$1,321         | \$2.21                      | \$17,695                         | 597,307             | 0.0%               |
| Federal Insurance Company                          | 5                | 2,525,000               | \$9,246         | \$1,849         | \$3.66                      | \$29,294                         | 505,000             | 0.0%               |
| Travelers Property Casualty Company Of America     | 7                | 1,536,177               | \$66,535        | \$9,505         | \$43.31                     | \$346,497                        | 219,454             | 0.0%               |
| Hartford Casualty Insurance Company                | 7                | 1,383,400               | \$2,789         | \$398           | \$2.02                      | \$16,128                         | 197,629             | 0.0%               |
| Pacific Indemnity Company                          | 1                | 1,316,736               | \$14,973        | \$14,973        | \$11.37                     | \$90,970                         | 1,316,736           | 0.0%               |
| Charter Oak Fire Insurance Company                 | 43               | 60,265                  | \$209,324       | \$4,868         | \$3,473.39                  | \$27,787,140                     | 1,402               | 0.0%               |
| Travelers Indemnity Company                        | 2                | 23,691                  | \$7,271         | \$3,636         | \$306.91                    | \$2,455,278                      | 11,846              | 0.0%               |
| Hartford Underwriters Insurance Company            | 1                | 22,000                  | \$140           | \$140           | \$6.36                      | \$50,909                         | 22,000              | 0.0%               |
| Travelers Indemnity Company Of America             | 7                | 7,748                   | \$49,667        | \$7,095         | \$6,410.30                  | \$51,282,395                     | 1,107               | 0.0%               |
| United States Fire Insurance Company               | 4                | 0                       | \$136,593       | \$34,148        | \$0.00                      | \$0                              | 0                   | 0.0%               |

|  |        |                 |               |          |        |          |           |        |
|--|--------|-----------------|---------------|----------|--------|----------|-----------|--------|
| Insurance Company Of The West                | 105    | 0               | \$2,405,853   | \$22,913 | \$0.00 | \$0      | 0         | 0.0%   |
| Philadelphia Indemnity Insurance Company     | 598    | 0               | \$7,426,418   | \$12,419 | \$0.00 | \$0      | 0         | 0.0%   |
| Continental Casualty Company                 | 1      | 0               | \$42,877      | \$42,877 | \$0.00 | \$0      | 0         | 0.0%   |
| Selective Insurance Company Of The Southeast | 1      | 0               | \$491         | \$491    | \$0.00 | \$0      | 0         | 0.0%   |
| First National Insurance Company Of America  | 2      | 0               | \$17,793      | \$8,897  | \$0.00 | \$0      | 0         | 0.0%   |
| Nova Casualty Company                        | 285    | 0               | \$1,126,644   | \$3,953  | \$0.00 | \$0      | 0         | 0.0%   |
| Total  | 23,249 | 192,643,408,993 | \$962,480,526 | \$41,399 | \$5.00 | \$39,969 | 8,286,094 | 100.0% |



|              |  |   |   |                           |  |  |  |   |   |  |                              |                               |  |
|--------------|--|---|---|---------------------------|--|--|--|---|---|--|------------------------------|-------------------------------|--|
|              |  |   | Office of Insurance Regulation                              |                           |  |  |  |   |   |  |                              |                               |  |
|              |  |   | Property and Casualty Product Review                        |                           |  |  |  |   |   |  |                              |                               |  |
|              |  |   | Citizens PLA Dwelling Fire comparison to Vol writers        |                           |  |  |  |   |   |  |                              |                               |  |
|              |  |   | \$150,000, 1990 risk,no wind mitigation,Replacement Cost    |                           |  |  |  |   |   |  |                              |                               |  |
|              |  |   | \$500 non hurr ded,2% hurr ded,non owner occupied,no claims |                           |  |  |  |   |   |  |                              |                               |  |
|              | Citizens<br>Property<br>Insurance<br>Corporation | Tower Hill<br>Prime<br>Insurance<br>Company | Royal<br>Palm<br>Insurance<br>Company                       | ASI<br>Assurance<br>Corp. | Universal<br>Insurance<br>Company<br>Of North<br>America | Southern<br>Fidelity<br>Insurance<br>Company | Universal<br>Property<br>&<br>Casualty<br>Insurance<br>Company | Southern<br>Oak<br>Insurance<br>Company | Florida<br>Family<br>Insurance<br>Company | Gulfstream<br>Property &<br>Casualty<br>Insurance<br>Company | Vol<br>companie<br>s average | Citizens<br>pct to vol<br>cos |  |
| ALACHUA      | \$897  | \$988                                       | \$1,047   | \$995                     | \$751  | \$869  | \$828  | \$1,095                                 | \$1,405                                   | \$1,216  | \$1,022                      | -12.2%                        |  |
| BAKER        | \$897  | \$1,030                                     | \$1,050   | \$1,002                   | \$826  | \$866  | \$714  | \$1,078                                 | \$1,405                                   | \$1,251  | \$1,025                      | -12.5%                        |  |
| BAY          | \$1,741  | \$1,959                                     | \$2,104   | \$2,395                   | \$2,199  | \$1,560                                      | \$2,847  | \$2,302                                 | \$1,468                                   | \$2,588  | \$2,158                      | -19.3%                        |  |
| BRADFORD     | \$897  | \$1,077                                     | \$1,084   | \$1,002                   | \$796  | \$866  | \$718  | \$1,078                                 | \$1,405                                   | \$1,183  | \$1,023                      | -12.3%                        |  |
| BREVARD      | \$1,776  | \$1,820                                     | \$2,123   | \$2,393                   | \$1,882  | \$1,691                                      | \$2,896  | \$2,071                                 | \$1,419                                   | \$2,624  | \$2,102                      | -15.5%                        |  |
| BROWARD      | \$2,160  | \$2,402                                     | \$3,758   | \$3,886                   | \$1,821  | \$1,759                                      | \$3,836  | \$2,022                                 | \$1,255                                   | \$2,916  | \$2,628                      | -17.8%                        |  |
| CALHOUN      | \$897  | \$1,077                                     | \$1,480   | \$1,099                   | \$805  | \$869  | \$929  | \$1,093                                 | \$1,405                                   | \$1,185  | \$1,105                      | -18.8%                        |  |
| CHARLOTTE    | \$1,674  | \$2,007                                     | \$2,736   | \$2,760                   | \$2,030  | \$1,510                                      | \$2,971  | \$2,322                                 | \$1,479                                   | \$2,469  | \$2,254                      | -25.7%                        |  |
| CITRUS       | \$1,687  | \$1,800                                     | \$1,591   | \$1,544                   | \$1,827  | \$1,493                                      | \$1,656  | \$1,902                                 | \$1,533                                   | \$2,474  | \$1,758                      | -4.0%                         |  |
| CLAY         | \$897  | \$988                                       | \$1,104   | \$1,107                   | \$839  | \$866  | \$714  | \$1,082                                 | \$1,405                                   | \$1,182  | \$1,032                      | -13.1%                        |  |
| COLLIER      | \$1,989  | \$2,215                                     | \$3,371   | \$3,636                   | \$2,373  | \$1,716                                      | \$3,600  | \$2,705                                 | \$1,448                                   | \$2,911  | \$2,664                      | -25.3%                        |  |
| COLUMBIA     | \$897  | \$1,019                                     | \$1,047   | \$1,002                   | \$679  | \$866  | \$714  | \$1,083                                 | \$1,405                                   | \$1,183  | \$1,000                      | -10.3%                        |  |
| DADE         | \$2,270  | \$2,468                                     | \$4,053   | \$4,182                   | \$1,873  | \$1,810                                      | \$3,779  | \$2,113                                 | \$1,298                                   | \$3,024  | \$2,733                      | -17.0%                        |  |
| DESOTO       | \$1,454  | \$1,654                                     | \$1,598   | \$1,611                   | \$1,538  | \$1,370                                      | \$1,455  | \$1,741                                 | \$1,392                                   | \$2,166  | \$1,614                      | -9.9%                         |  |
| DIXIE        | \$1,714  | \$1,864                                     | \$1,447   | \$1,428                   | \$1,790  | \$1,498                                      | \$1,669  | \$1,817                                 | \$1,669                                   | \$2,463  | \$1,738                      | -1.4%                         |  |
| DUVAL        | \$1,023  | \$1,087                                     | \$1,379   | \$1,351                   | \$1,055  | \$966  | \$950  | \$1,209                                 | \$1,314                                   | \$1,415  | \$1,192                      | -14.2%                        |  |
| ESCAMBIA     | \$1,739  | \$1,915                                     | \$2,688   | \$2,496                   | \$1,812  | \$1,529                                      | \$2,604  | \$1,913                                 | \$1,359                                   | \$2,543  | \$2,095                      | -17.0%                        |  |
| FLAGLER      | \$1,692  | \$1,783                                     | \$1,393   | \$1,348                   | \$1,821  | \$1,495                                      | \$2,329  | \$1,818                                 | \$1,459                                   | \$2,406  | \$1,761                      | -3.9%                         |  |
| FRANKLIN     | \$2,024  | \$2,053                                     | \$2,039   | \$2,730                   | \$2,349  | \$1,716                                      | \$2,313  | \$2,304                                 | \$1,606                                   | \$3,002  | \$2,235                      | -9.4%                         |  |
| GADSDEN      | \$897  | \$1,019                                     | \$1,170   | \$1,125                   | \$841  | \$866  | \$718  | \$1,081                                 | \$1,405                                   | \$1,180  | \$1,045                      | -14.2%                        |  |
| GILCHRIST    | \$904  | \$1,077                                     | \$1,074   | \$1,099                   | \$856  | \$873  | \$682  | \$1,043                                 | \$1,407                                   | \$1,199  | \$1,034                      | -12.6%                        |  |
| GLADES       | \$1,974  | \$2,016                                     | \$1,784   | \$2,079                   | \$2,074  | \$1,693                                      | \$1,960  | \$2,172                                 | \$1,354                                   | \$2,920  | \$2,006                      | -1.6%                         |  |
| GULF         | \$1,699  | \$1,999                                     | \$2,039   | \$2,086                   | \$2,078  | \$1,512                                      | \$2,222  | \$2,112                                 | \$1,572                                   | \$2,540  | \$2,018                      | -15.8%                        |  |
| HAMILTON     | \$897  | \$1,077                                     | \$1,050   | \$1,002                   | \$796  | \$866  | \$722  | \$1,083                                 | \$1,405                                   | \$1,251  | \$1,028                      | -12.7%                        |  |
| HARDEE       | \$1,455  | \$1,650                                     | \$1,507   | \$1,611                   | \$1,538  | \$1,374                                      | \$1,147  | \$1,759                                 | \$1,411                                   | \$2,169  | \$1,574                      | -7.6%                         |  |
| HENDRY       | \$1,973  | \$2,016                                     | \$2,329   | \$2,079                   | \$2,177  | \$1,693                                      | \$2,124  | \$2,150                                 | \$1,349                                   | \$2,920  | \$2,093                      | -5.7%                         |  |
| HERNANDO     | \$1,573  | \$1,636                                     | \$1,457   | \$1,544                   | \$2,113  | \$1,314                                      | \$3,458  | \$1,932                                 | \$968                                     | \$2,430  | \$1,872                      | -16.0%                        |  |
| HIGHLANDS    | \$1,455  | \$1,526                                     | \$1,784   | \$1,524                   | \$1,557  | \$1,362                                      | \$1,398  | \$1,688                                 | \$1,412                                   | \$2,164  | \$1,602                      | -9.2%                         |  |
| HILLSBOROUGH | \$1,264  | \$1,157                                     | \$1,809   | \$1,948                   | \$1,120  | \$1,170                                      | \$1,487  | \$1,240                                 | \$1,243                                   | \$1,663  | \$1,426                      | -11.4%                        |  |
| HOLMES       | \$897  | \$1,060                                     | \$1,170   | \$1,125                   | \$841  | \$869  | \$893  | \$1,089                                 | \$1,405                                   | \$1,185  | \$1,071                      | -16.2%                        |  |
| INDIAN RIVER | \$1,948  | \$2,270                                     | \$2,608   | \$3,381                   | \$2,371  | \$1,653                                      | \$3,346  | \$2,545                                 | \$1,551                                   | \$2,835  | \$2,507                      | -22.3%                        |  |
| JACKSON      | \$897  | \$1,077                                     | \$1,170   | \$1,125                   | \$811  | \$869  | \$745  | \$1,094                                 | \$1,405                                   | \$1,183  | \$1,053                      | -14.8%                        |  |
| JEFFERSON    | \$1,462  | \$1,568                                     | \$1,011   | \$1,230                   | \$1,464  | \$1,277                                      | \$2,610  | \$1,544                                 | \$1,498                                   | \$2,038  | \$1,582                      | -7.6%                         |  |
| LAFAYETTE    | \$904  | \$1,019                                     | \$1,090   | \$1,099                   | \$851  | \$873  | \$686  | \$1,045                                 | \$1,407                                   | \$1,266  | \$1,037                      | -12.9%                        |  |
| LAKE         | \$890  | \$1,035                                     | \$1,204   | \$1,060                   | \$788  | \$862  | \$976  | \$1,099                                 | \$1,353                                   | \$1,175  | \$1,061                      | -16.1%                        |  |
| LEE          | \$1,723  | \$2,007                                     | \$2,814   | \$2,818                   | \$2,071  | \$1,682                                      | \$3,077  | \$2,312                                 | \$1,433                                   | \$2,508  | \$2,302                      | -25.2%                        |  |



| Office of Insurance Regulation                         |   |                                       |                                      |                            |  |                                    |                         |                       |                         |
|--|---|---------------------------------------|--------------------------------------|----------------------------|--|------------------------------------|-------------------------|-----------------------|-------------------------|
| Property and Casualty Product Review                   |   |                                       |                                      |                            |  |                                    |                         |                       |                         |
| Citizens PLA Mobilehome comparison to Vol writers      |   |                                       |                                      |                            |  |                                    |                         |                       |                         |
| \$40,000 value, 5 year old structure, Replacement Cost |   |                                       |                                      |                            |  |                                    |                         |                       |                         |
| \$500 non hurr ded, 2% hurr ded, no claims             |   |                                       |                                      |                            |  |                                    |                         |                       |                         |
| COUNTY   | Citizens Property Insurance Corporation | American Traditions Insurance Company | State Farm Florida Insurance Company | Foremost Insurance Company | Foremost Property & Casualty Insurance Company | Safeway Property Insurance Company | Omega Insurance Company | Vol companies average | Citizens pct to vol cos |
| ALACHUA  | \$933                                   | \$611                                 | \$517                                | \$1,287                    | \$860  | \$648                              | \$612                   | \$756                 | 23.4%                   |
| BAKER  | \$933                                   | \$611                                 | \$384                                | \$1,287                    | \$860  | \$648                              | \$612                   | \$734                 | 27.1%                   |
| BAY  | \$1,072                                 | \$787                                 | \$749                                | \$1,204                    | \$1,042  | \$922                              | \$830                   | \$922                 | 16.2%                   |
| BRADFORD   | \$933                                   | \$611                                 | \$384                                | \$1,287                    | \$860  | \$648                              | \$612                   | \$734                 | 27.1%                   |
| BREWARD  | \$1,116                                 | \$883                                 | \$2,043                              | \$1,243                    | \$1,140  | \$812                              | \$858                   | \$1,163               | -4.0%                   |
| BROWARD  | \$1,786                                 | \$1,295                               | \$2,814                              | \$1,478                    | \$1,410  | \$1,341                            | \$1,589                 | \$1,654               | 8.0%                    |
| CALHOUN  | \$1,104                                 | \$787                                 | \$384                                | \$1,287                    | \$860  | \$922                              | \$830                   | \$845                 | 30.6%                   |
| CHARLOTTE  | \$1,148                                 | \$828                                 | \$1,322                              | \$1,716                    | \$1,109  | \$812                              | \$979                   | \$1,128               | 1.8%                    |
| CITRUS   | \$1,007                                 | \$719                                 | \$1,001                              | \$1,580                    | \$995  | \$730                              | \$624                   | \$942                 | 6.9%                    |
| CLAY   | \$1,029                                 | \$611                                 | \$384                                | \$1,101                    | \$941  | \$648                              | \$612                   | \$716                 | 43.6%                   |
| COLLIER  | \$1,146                                 | \$883                                 | \$2,609                              | \$1,272                    | \$1,099  | \$812                              | \$979                   | \$1,276               | -10.2%                  |
| COLUMBIA   | \$933                                   | \$611                                 | \$384                                | \$1,287                    | \$860  | \$648                              | \$612                   | \$734                 | 27.1%                   |
| DADE   | \$1,752                                 | \$1,372                               | \$2,814                              | \$2,127                    | \$1,730  | \$1,371                            | \$1,589                 | \$1,834               | -4.5%                   |
| DESOTO   | \$901                                   | \$828                                 | \$517                                | \$1,126                    | \$884  | \$574                              | \$607                   | \$756                 | 19.1%                   |
| DIXIE  | \$1,023                                 | \$719                                 | \$1,001                              | \$1,580                    | \$995  | \$730                              | \$612                   | \$940                 | 8.8%                    |
| DUVAL  | \$1,018                                 | \$828                                 | \$510                                | \$964                      | \$1,015  | \$648                              | \$612                   | \$763                 | 33.4%                   |
| ESCAMBIA   | \$1,061                                 | \$883                                 | \$749                                | \$1,204                    | \$1,042  | \$922                              | \$830                   | \$938                 | 13.0%                   |
| FLAGLER  | \$1,007                                 | \$828                                 | \$817                                | \$964                      | \$1,015  | \$648                              | \$612                   | \$814                 | 23.7%                   |
| FRANKLIN   | \$1,072                                 | \$787                                 | \$768                                | \$1,204                    | \$1,042  | \$922                              | \$830                   | \$926                 | 15.8%                   |
| GADSDEN  | \$1,077                                 | \$787                                 | \$384                                | \$1,287                    | \$860  | \$922                              | \$830                   | \$845                 | 27.4%                   |
| GILCHRIST  | \$1,037                                 | \$611                                 | \$517                                | \$1,580                    | \$995  | \$648                              | \$612                   | \$827                 | 25.4%                   |
| GLADES   | \$1,333                                 | \$828                                 | \$517                                | \$1,126                    | \$884  | \$812                              | \$1,055                 | \$870                 | 53.2%                   |
| GULF   | \$1,079                                 | \$787                                 | \$749                                | \$1,204                    | \$1,042  | \$922                              | \$830                   | \$922                 | 17.0%                   |
| HAMILTON   | \$933                                   | \$611                                 | \$384                                | \$1,287                    | \$860  | \$648                              | \$612                   | \$734                 | 27.1%                   |
| HARDEE   | \$902                                   | \$828                                 | \$517                                | \$1,126                    | \$884  | \$574                              | \$607                   | \$756                 | 19.3%                   |
| HENDRY   | \$1,331                                 | \$828                                 | \$517                                | \$1,126                    | \$884  | \$812                              | \$1,055                 | \$870                 | 52.9%                   |
| HERNANDO   | \$1,004                                 | \$719                                 | \$1,001                              | \$1,204                    | \$1,042  | \$730                              | \$624                   | \$887                 | 13.2%                   |
| HIGHLANDS  | \$902                                   | \$611                                 | \$517                                | \$1,126                    | \$884  | \$574                              | \$607                   | \$720                 | 25.3%                   |
| HILLSBOROUGH   | \$1,161                                 | \$849                                 | \$709                                | \$1,716                    | \$1,109  | \$812                              | \$979                   | \$1,029               | 12.8%                   |
| HOLMES   | \$1,077                                 | \$787                                 | \$384                                | \$1,287                    | \$860  | \$922                              | \$830                   | \$845                 | 27.4%                   |
| INDIAN RIVER   | \$1,106                                 | \$828                                 | \$2,475                              | \$1,659                    | \$1,190  | \$812                              | \$858                   | \$1,304               | -15.1%                  |
| JACKSON  | \$1,077                                 | \$787                                 | \$384                                | \$1,287                    | \$860  | \$922                              | \$830                   | \$845                 | 27.4%                   |





|                          |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |       |
|--------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|
| OKEECHOBEE               | \$2,082 | \$2,428 | \$1,356 | \$1,646 | \$1,212 | \$1,538 | \$1,651 | \$1,276 | \$1,504 | \$1,100 | \$886   | \$2,160 | \$1,322 | \$1,213 | \$1,458 | \$1,618 | \$1,787 | \$1,220 | \$1,463 | \$1,227 | \$1,706 | \$1,489 | 39.9% |
| ORANGE                   | \$1,883 | \$2,592 | \$994   | \$1,059 | \$1,113 | \$1,081 | \$1,324 | \$807   | \$1,035 | \$1,138 | \$869   | \$1,325 | \$924   | \$1,251 | \$1,102 | \$1,528 | \$1,416 | \$1,083 | \$1,205 | \$1,388 | \$2,087 | \$1,266 | 48.7% |
| OSCEOLA                  | \$1,680 | \$2,357 | \$1,422 | \$1,228 | \$1,000 | \$1,556 | \$1,374 | \$928   | \$1,234 | \$1,111 | \$875   | \$1,357 | \$1,055 | \$1,019 | \$1,146 | \$1,650 | \$1,460 | \$1,144 | \$1,005 | \$1,450 | \$1,801 | \$1,309 | 28.4% |
| PALM BEACH               | \$3,353 | \$3,811 | \$2,150 | \$2,835 | \$2,127 | \$2,729 | \$2,685 | \$2,697 | \$2,677 | \$2,536 | \$1,328 | \$5,794 | \$2,972 | \$3,126 | \$3,228 | \$3,166 | \$3,751 | \$2,089 | \$2,880 | \$2,803 | \$2,852 | \$2,912 | 15.2% |
| PASCO                    | \$3,291 | \$4,600 | \$1,640 | \$2,035 | \$1,274 | \$1,784 | \$1,767 | \$1,475 | \$2,028 | \$1,428 | \$1,047 | \$3,133 | \$1,758 | \$4,289 | \$2,694 | \$1,894 | \$2,253 | \$2,304 | \$1,619 | \$1,540 | \$3,300 | \$2,193 | 50.1% |
| PINELLAS                 | \$2,548 | \$3,442 | \$2,047 | \$2,275 | \$1,746 | \$2,423 | \$1,553 | \$1,695 | \$2,189 | \$2,025 | \$1,206 | \$3,591 | \$1,834 | \$1,868 | \$2,790 | \$2,507 | \$2,911 | \$1,752 | \$1,987 | \$2,170 | \$2,711 | \$2,236 | 13.9% |
| POLK                     | \$2,590 | \$2,689 | \$1,423 | \$1,931 | \$1,160 | \$1,542 | \$1,471 | \$959   | \$1,937 | \$1,283 | \$1,077 | \$1,672 | \$1,022 | \$2,265 | \$1,629 | \$1,799 | \$1,747 | \$1,439 | \$1,632 | \$1,435 | \$2,559 | \$1,634 | 58.6% |
| PUTNAM                   | \$1,575 | \$2,060 | \$846   | \$964   | \$959   | \$895   | \$974   | \$912   | \$861   | \$1,049 | \$873   | \$1,064 | \$906   | \$895   | \$1,206 | \$1,195 | \$1,523 | \$850   | \$1,209 | \$978   | \$1,630 | \$1,092 | 44.2% |
| SANTA ROSA               | \$3,274 | \$4,554 | \$1,621 | \$2,087 | \$1,905 | \$1,854 | \$1,369 | \$1,465 | \$1,683 | \$1,989 | \$984   | \$2,727 | \$2,219 | \$2,304 | \$2,254 | \$1,851 | \$2,419 | \$2,163 | \$2,465 | \$2,061 | \$2,889 | \$2,143 | 52.8% |
| SARASOTA                 | \$2,247 | \$3,259 | \$1,595 | \$1,997 | \$1,704 | \$1,900 | \$1,696 | \$1,693 | \$1,636 | \$2,013 | \$1,201 | \$2,703 | \$1,983 | \$1,636 | \$2,004 | \$1,909 | \$2,567 | \$1,536 | \$1,706 | \$2,234 | \$2,416 | \$1,969 | 14.1% |
| SEMINOLE                 | \$1,851 | \$2,532 | \$1,037 | \$1,216 | \$1,148 | \$1,119 | \$1,275 | \$808   | \$1,214 | \$1,044 | \$876   | \$1,260 | \$983   | \$1,251 | \$1,076 | \$1,503 | \$1,354 | \$1,100 | \$1,163 | \$1,435 | \$1,945 | \$1,267 | 46.1% |
| ST. JOHNS                | \$1,588 | \$1,685 | \$1,056 | \$1,248 | \$1,010 | \$1,192 | \$1,008 | \$704   | \$1,128 | \$964   | \$841   | \$1,535 | \$907   | \$892   | \$1,163 | \$1,185 | \$1,207 | \$949   | \$1,507 | \$1,392 | \$1,225 | \$1,140 | 39.3% |
| ST. LUCIE                | \$3,728 | \$4,699 | \$1,813 | \$2,131 | \$2,001 | \$2,189 | \$2,249 | \$1,976 | \$1,920 | \$1,800 | \$1,130 | \$3,767 | \$2,322 | \$2,158 | \$2,261 | \$2,098 | \$2,556 | \$2,159 | \$2,485 | \$2,257 | \$3,233 | \$2,360 | 58.0% |
| SUMTER                   | \$1,678 | \$2,325 | \$877   | \$1,089 | \$1,079 | \$952   | \$1,275 | \$880   | \$965   | \$996   | \$920   | \$1,280 | \$869   | \$1,154 | \$1,316 | \$1,264 | \$1,388 | \$979   | \$1,105 | \$1,153 | \$1,876 | \$1,187 | 41.4% |
| SUWANNEE                 | \$2,320 | \$2,752 | \$1,316 | \$1,474 | \$1,343 | \$1,355 | \$1,132 | \$1,058 | \$1,363 | \$1,400 | \$777   | \$1,722 | \$873   | \$1,151 | \$1,612 | \$1,423 | \$1,585 | \$1,314 | \$1,105 | \$992   | \$2,279 | \$1,401 | 65.6% |
| TAYLOR                   | \$2,263 | \$2,591 | \$1,233 | \$1,220 | \$1,488 | \$1,338 | \$1,140 | \$931   | \$1,113 | \$1,446 | \$867   | \$1,825 | \$968   | \$1,088 | \$1,803 | \$1,435 | \$1,677 | \$1,266 | \$1,660 | \$1,294 | \$1,679 | \$1,403 | 61.3% |
| UNION                    | \$1,949 | \$2,276 | \$1,316 | \$1,474 | \$1,148 | \$1,355 | \$1,001 | \$1,013 | \$1,363 | \$1,402 | \$846   | \$1,298 | \$873   | \$895   | \$1,462 | \$1,406 | \$1,494 | \$1,097 | \$1,148 | \$964   | \$1,874 | \$1,285 | 51.6% |
| VOLUSIA                  | \$1,847 | \$1,857 | \$1,254 | \$1,677 | \$1,256 | \$1,414 | \$1,364 | \$1,314 | \$1,555 | \$1,284 | \$905   | \$2,244 | \$1,122 | \$1,213 | \$1,688 | \$1,833 | \$1,650 | \$1,137 | \$1,697 | \$1,651 | \$1,314 | \$1,471 | 25.5% |
| WAKULLA                  | \$2,416 | \$3,086 | \$1,305 | \$1,603 | \$1,589 | \$1,491 | \$1,140 | \$1,040 | \$1,392 | \$1,478 | \$944   | \$2,623 | \$1,124 | \$1,972 | \$2,079 | \$1,748 | \$2,232 | \$1,442 | \$1,682 | \$1,492 | \$2,263 | \$1,686 | 43.3% |
| WALTON                   | \$3,307 | \$4,540 | \$1,311 | \$1,613 | \$1,665 | \$1,460 | \$1,278 | \$1,233 | \$1,455 | \$1,729 | \$1,031 | \$1,968 | \$1,649 | \$1,972 | \$2,017 | \$1,652 | \$2,252 | \$1,946 | \$2,465 | \$1,780 | \$2,927 | \$1,897 | 74.3% |
| WASHINGTON               | \$2,116 | \$2,556 | \$1,139 | \$1,433 | \$1,346 | \$1,198 | \$1,014 | \$1,071 | \$1,299 | \$1,420 | \$880   | \$1,892 | \$1,057 | \$1,151 | \$1,777 | \$1,547 | \$1,808 | \$1,308 | \$1,361 | \$1,184 | \$2,111 | \$1,428 | 48.2% |
| AVERAGE                  | \$2,364 | \$2,952 | \$1,371 | \$1,664 | \$1,461 | \$1,550 | \$1,475 | \$1,292 | \$1,531 | \$1,536 | \$988   | \$2,382 | \$1,457 | \$1,589 | \$1,876 | \$1,773 | \$1,949 | \$1,443 | \$1,717 | \$1,575 | \$2,195 | \$1,689 | 40.0% |
| June 2008 new units*     | 69,393  | 1,867   | 6,358   | 2,080   | 5,802   | 5,335   | 0       | 4,035   | 8,261   | 2,986   | 1,168   | 27,970  | 1       | 6,366   | 9,077   | 24,392  | 2,278   | 19,051  | 649     | 23,696  | 11,516  | 8,144   |       |
| June 2008 inforce units* | 329,589 | 24,931  | 44,966  | 18,196  | 55,068  | 104,374 | 121,067 | 44,379  | 83,581  | 43,180  | 52,196  | 60,896  | 30,776  | 793,162 | 49,458  | 157,815 | 82,110  | 54,788  | 84,376  | 178,339 | 29,817  | 105,674 |       |
| June 2008 pct new*       | 21.1%   | 7.5%    | 14.1%   | 11.4%   | 10.5%   | 5.1%    | 0.0%    | 9.1%    | 9.9%    | 6.9%    | 2.2%    | 45.9%   | 0.0%    | 0.8%    | 18.4%   | 15.5%   | 2.8%    | 34.8%   | 0.8%    | 13.3%   | 38.6%   | 7.7%    |       |

# Exhibit Four



## *Overview*

### *Mission Review Task Force*

*October 10, 2008*

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# Citizens – Who We Are

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- Citizens is a State-created, not-for-profit, tax-exempt government entity whose public purpose is to provide property insurance coverage to those unable to find affordable coverage in the voluntary admitted market
- Citizens is governed by an eight member board of Governors two of whom are appointed by each of the following State leaders:
  - Governor;
  - Chief Financial Officer;
  - Senate President; and
  - Speaker of the House.
- Citizens operates pursuant to a plan of operation which is reviewed and approved by the Financial Services Commission
- Citizens is also subject to regulation by the Florida Office of Insurance Regulation

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# Citizens Then...

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- 1972 - Legislature creates Florida Windstorm Underwriting Association (FWUA) as insurer of last resort to provide wind-only coverage in Monroe County. The wind-only territories of the FWUA were expanded over time to include most coastal regions
- 1992 - Legislature creates Florida Residential Property and Casualty Joint Underwriting Association (FRPCJUA) following Hurricane Andrew as insurer of last resort for to provide multi-peril coverage in territories not served by the FWUA
- 2002 - Legislature creates Citizens as an insurer of last resort, combining FWUA and FRPCJUA. The merger allowed Citizens to become exempt from all federal taxes, resulting in millions of dollars in annual savings. Citizens was designed to realize additional administrative and economic efficiencies over its predecessor organizations and to provide one source of coverage for consumers
- 2004 – Hurricanes Charley, Frances, Ivan and Jeanne strike Florida
- 2005 - Hurricanes Dennis, Katrina, Rita and Wilma strike Florida. Over this two year period, Citizens received 310,000 claims and paid out \$6.1 billion in hurricane losses
- 2006 – Legislature amends Citizens’ s Enabling Act to express its intent that Citizens’ service standards be no less than those applied to voluntary insurers - for responsiveness, timeliness, customer courtesy and dealings with policyholders, applicants and agents
- 2006 – Legislature directs Citizens to absorb the commercial non-residential business of the Property & Casualty Joint Underwriting Association
- 2006 - Citizens assumes more than 300,000 policies in a single day from the insolvent Poe Financial Group
- 2007 – Citizens amends its Plan of Operation at direction of Financial Services Commission to adopt a Policyholder Declaration of Rights to ensure that policyholders & applicants receive quality customer service and are treated with utmost respect, courtesy & professionalism
- 2007- Legislature amends the Enabling Statute to state that Citizens is a “government entity,” that it is an “integral part of the state,” and that it is “not a private insurance company”

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# Noteworthy Events - 2007

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- Expansion of Assessment Base
- Expansion of Florida Hurricane Catastrophe Fund
- Moving from a Market of Last Resort to an Alternative Market
- Rate Rollback and Refunds
- Assumption of PCJUA Commercial Non-Residential Business
- Began Issuing a Single Multi-Peril Policy in HRA Territories
- Offering Payment Plans to Policyholders
- Issuance of Approximately \$1 Billion, Post-Event Financing for HRA
- Issuance of Approximately \$1 Billion, Pre-Event Financing for PLA/CLA
- Implemented Customer Outreach through Statewide Policyholder Forums
- Implementation of Sinkhole Pilot Program
- Expanded Website to Enhance Customer Service

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# Citizens Now...

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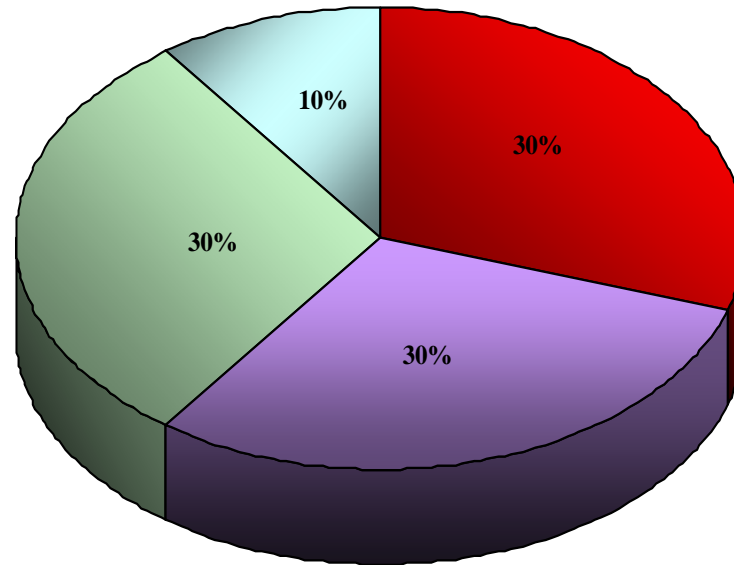
- Citizens is currently the largest property insurer in Florida with approximately 1.2 million policies and coverage for over \$440 billion of insured property, and represents approximately 30% of the residential premium in the State
- Citizens' role has recently been reinforced by the Florida Legislature
  - Authority to write multi-peril as well as wind-only policies in coastal areas.
  - Direction to assume commercial responsibilities from PCJUA
  - Relaxation of "highest-rate" standard
- Citizens has not grown materially in 2008 despite these changes.
  - Private company incentives have resulted in "keep-outs" and "take-outs"

(As of 6/30/08)

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# Florida Insurance Residential Admitted Market Breakdown

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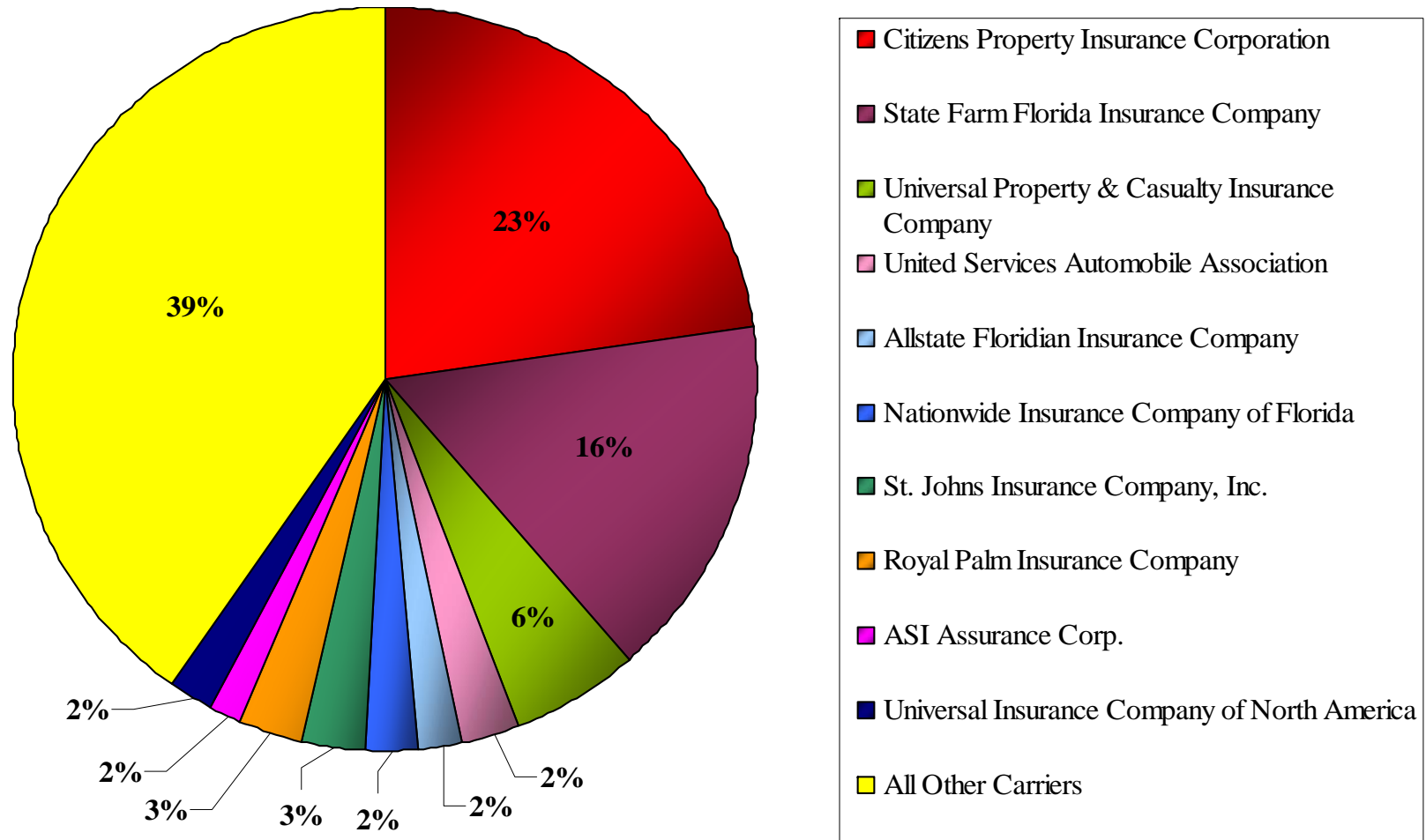


■ Citizens   ■ Pups   ■ Florida-Only Unaffiliated Companies   ■ Other

- The Florida Residential Property Insurance Admitted Market is divided into 4 major parts – approximately 30% each to (1) Citizens; (2) the “pups” of the major national writers; and (3) the Florida-only domestic companies, with 10% to others including USAA, etc.

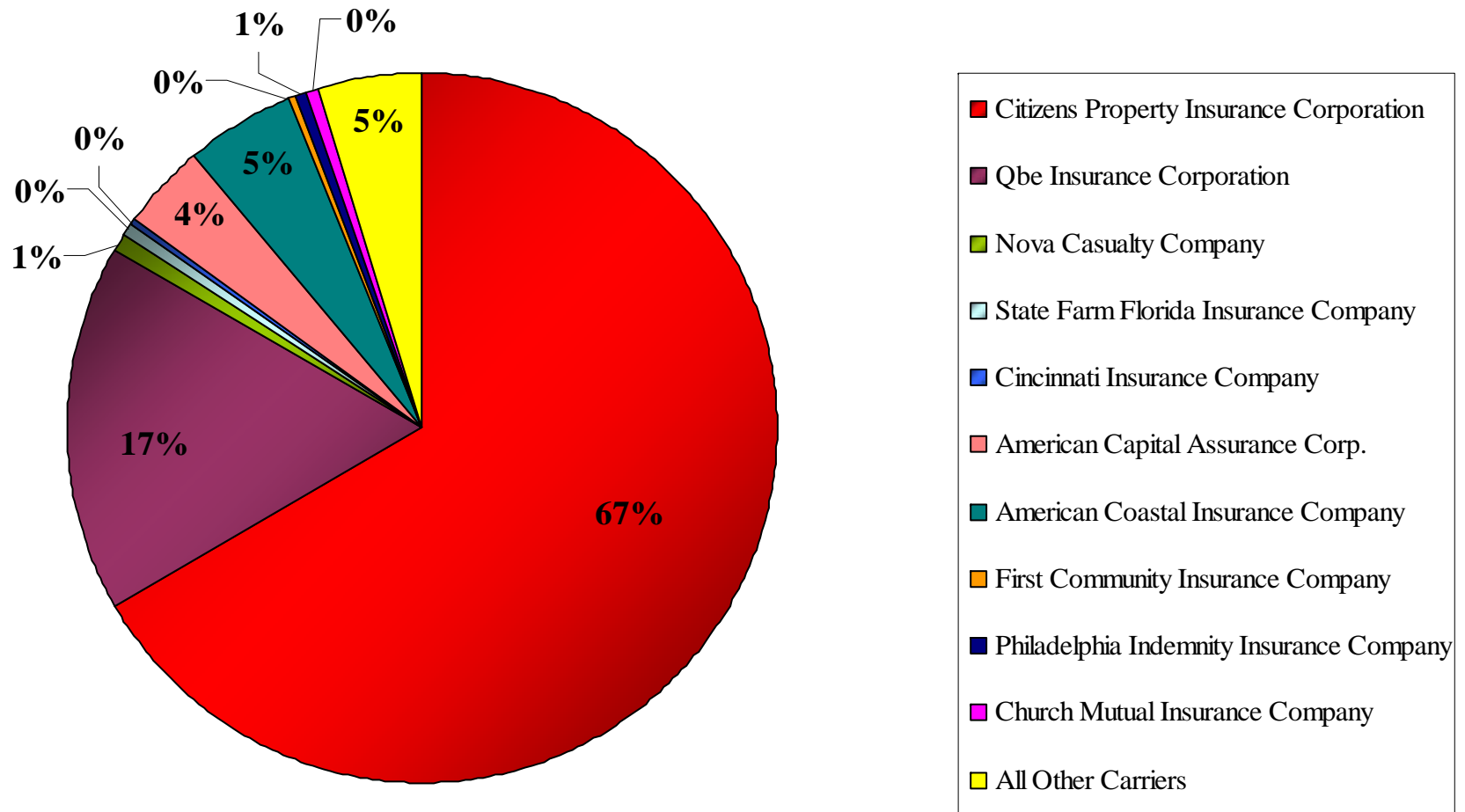
(Data Source: Florida Office of Insurance Regulation, Quarterly Supplemental Report-As of 3/31/08 )

# Personal Residential Premiums Written Market Share As of 03/31/2008



Source: Florida Office of Insurance Regulation, Quarterly Supplemental Report (QUASR). Includes licensed carriers only. Surplus lines companies are not included in the market share calculation.

## Commercial Residential Premiums Written Market Share As of 03/31/2008



Source: Florida Office of Insurance Regulation, Quarterly Supplemental Report (QUASR). Includes licensed carriers only. Surplus lines companies are not included in the market share calculation.

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# Overview of Citizens' Accounts

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Each of the following three accounts are separate statutory accounts and have separate calculations of surplus, plan year deficit and assessment bases. *Assets in one account may not be commingled or used to fund losses in another account.* The three accounts are listed below with the types of policies written in each.

## **Personal Lines Account (PLA)**

- Personal residential multiperil policies including homeowners, dwelling fire, mobile home, tenants and condominium unit owners.

## **Commercial Lines Account (CLA)**

- Commercial residential multiperil policies including condominium associations, apartment buildings and homeowners association policies.
- Commercial nonresidential wind policies (e.g., office buildings, retail, etc.) both assumed from the former PCJUA and new policies written by Citizens. These policies are located outside of the coastal HRA eligible areas.
- Currently developing statutorily mandated commercial non-residential multiperil program.

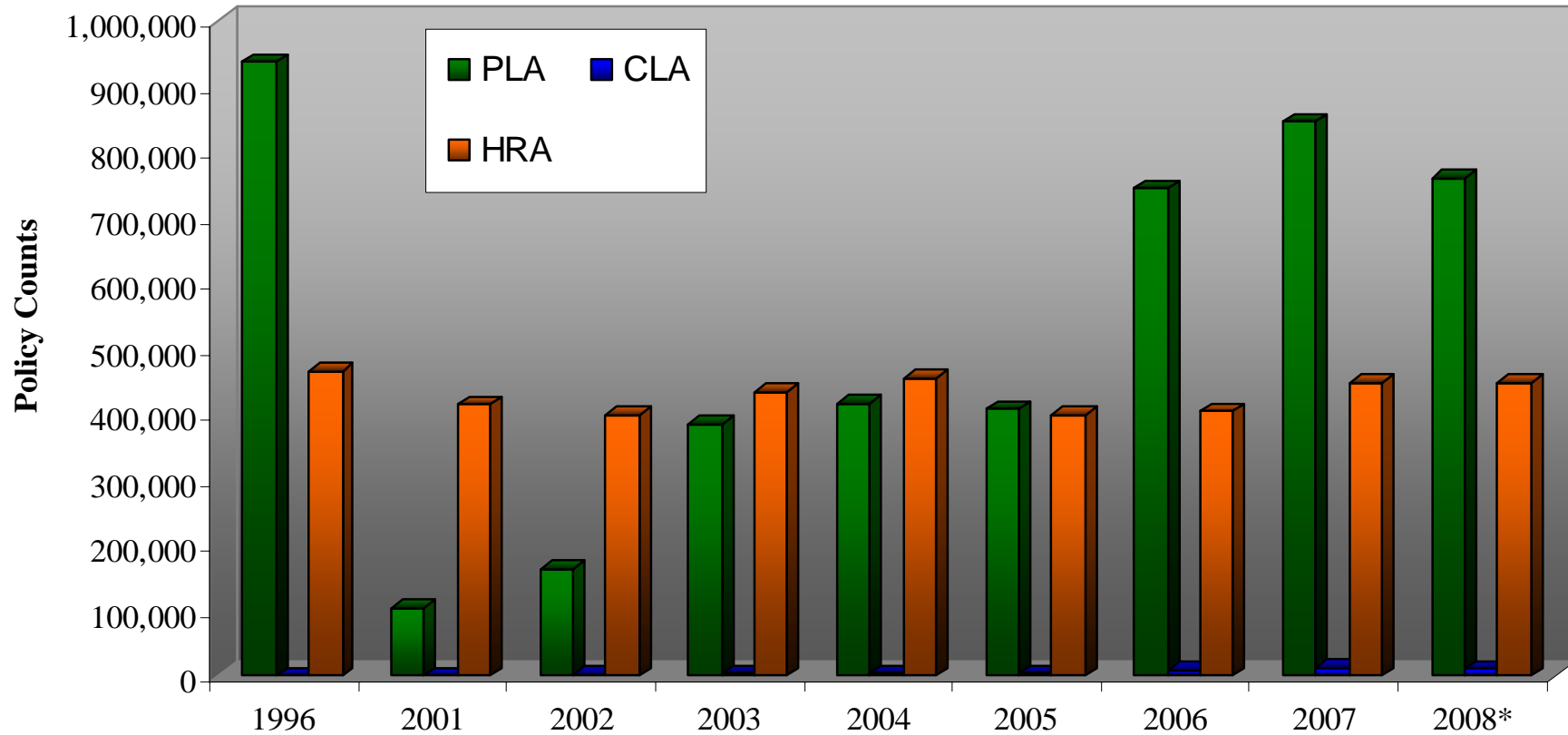
## **High-Risk Account (HRA)**

- Personal residential wind-only policies, commercial residential wind-only policies and commercial non-residential wind-only policies issued in eligible coastal HRA areas.
- Any multiperil policy written in the statutorily defined HRA eligible area.



# Citizens Policy Counts by Year and Account

\*As of August 31, 2008



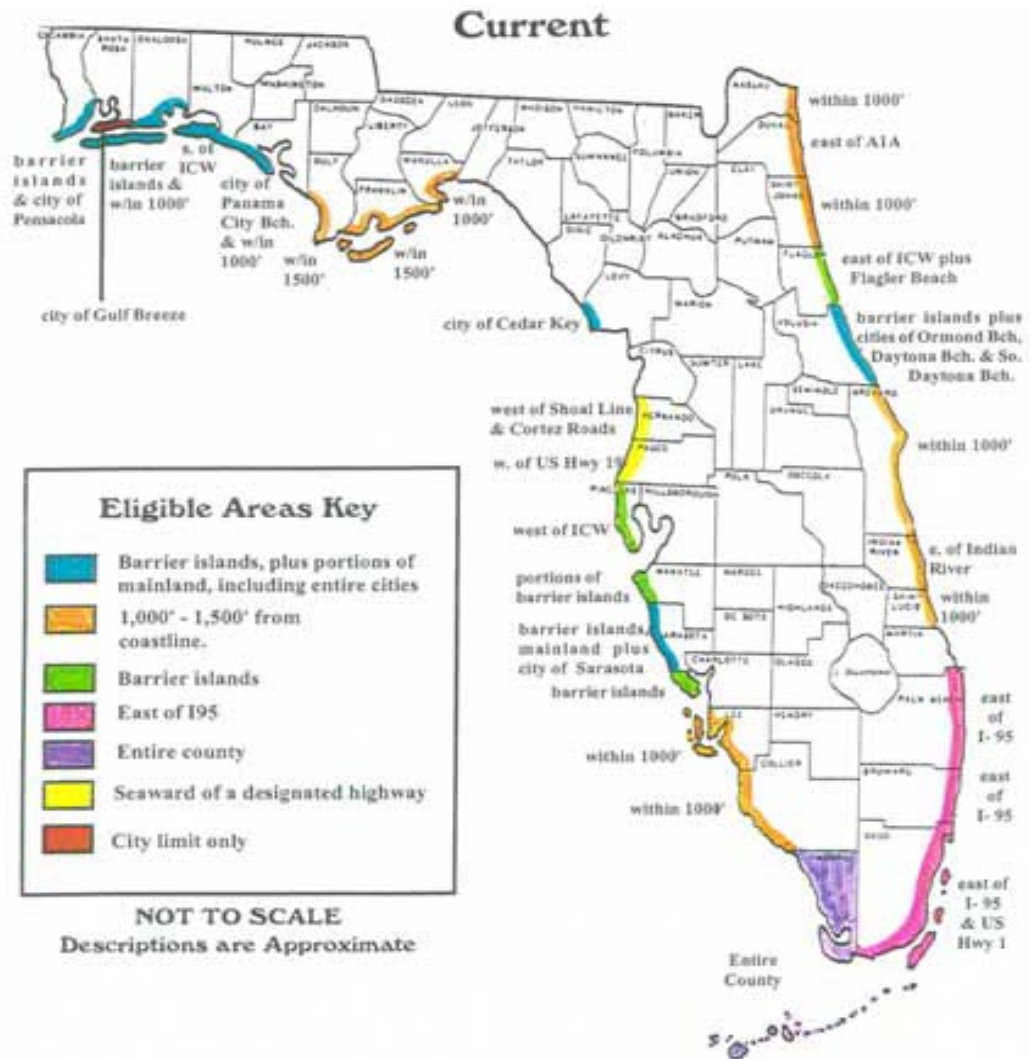
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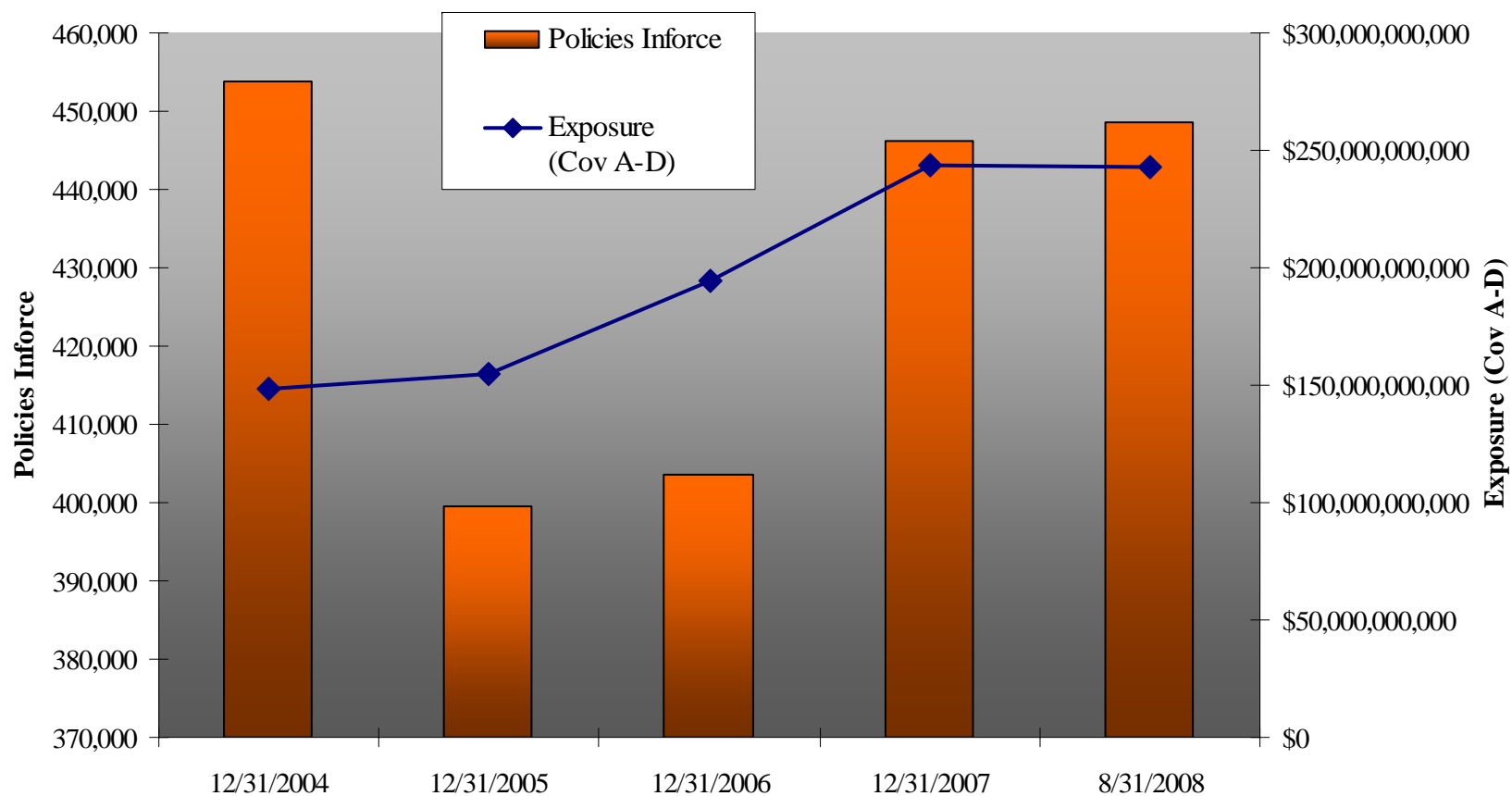
# High Risk Account (HRA)

# High Risk Account (HRA) Coverage Areas

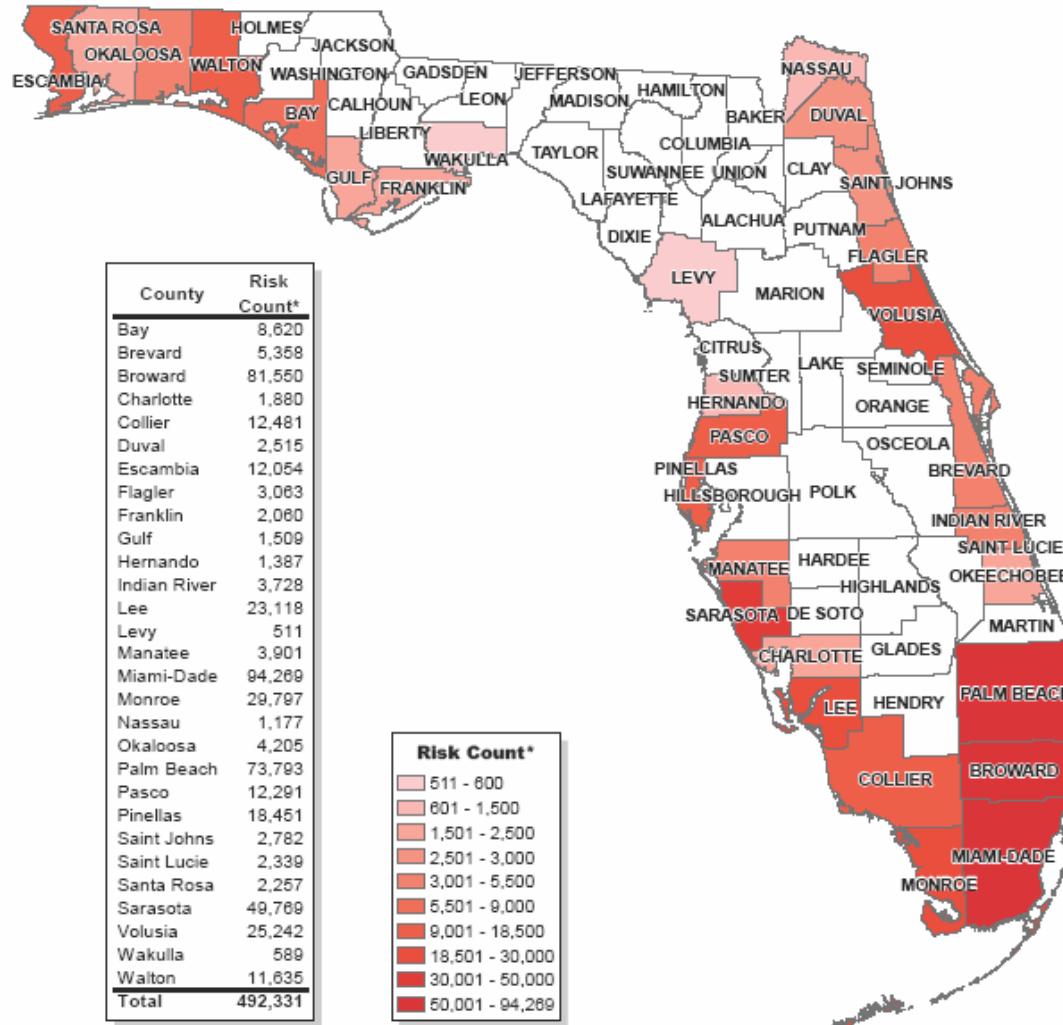
The shaded areas indicate statutorily defined HRA (wind-only) eligible coastal areas of Florida.



# HRA Policy and Coverage Trend

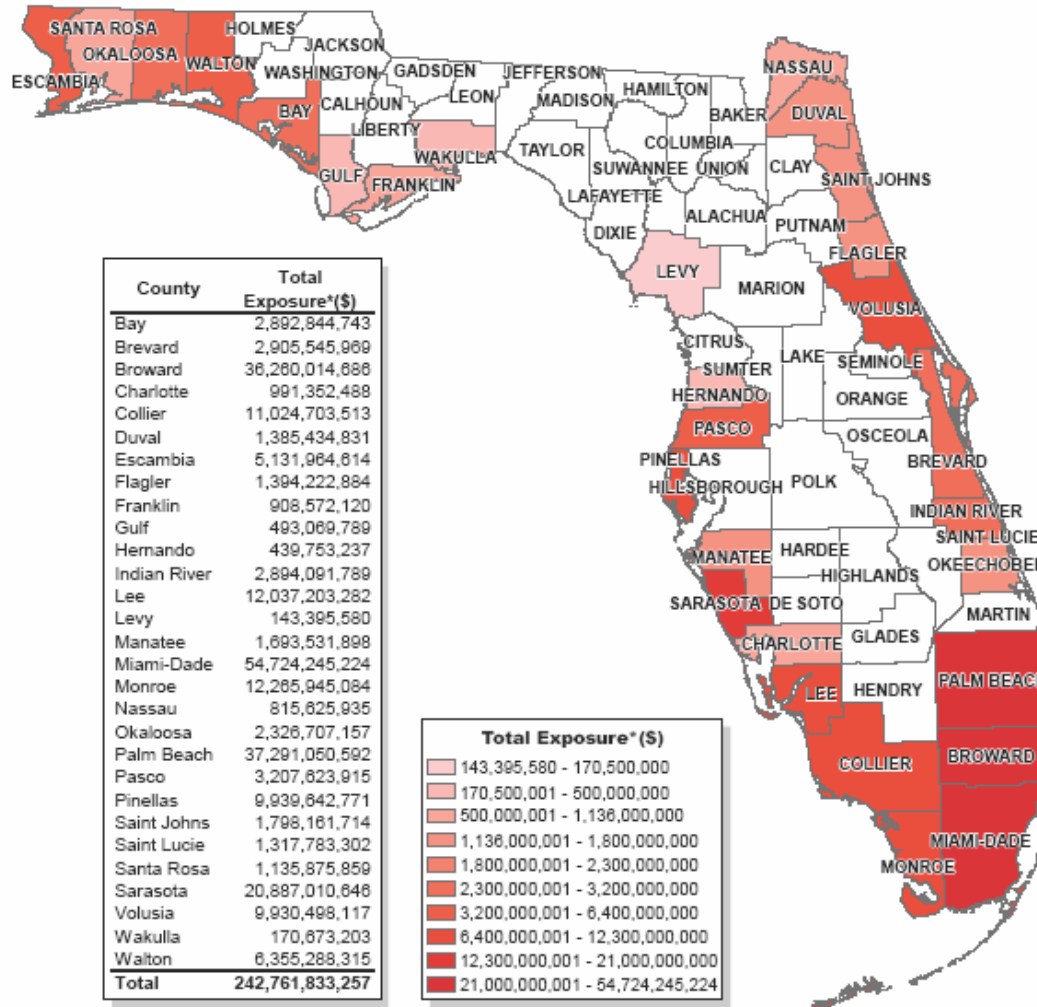


# HRA Risk Counts by County – As of 08/31/08



\* Excludes takeout policies.

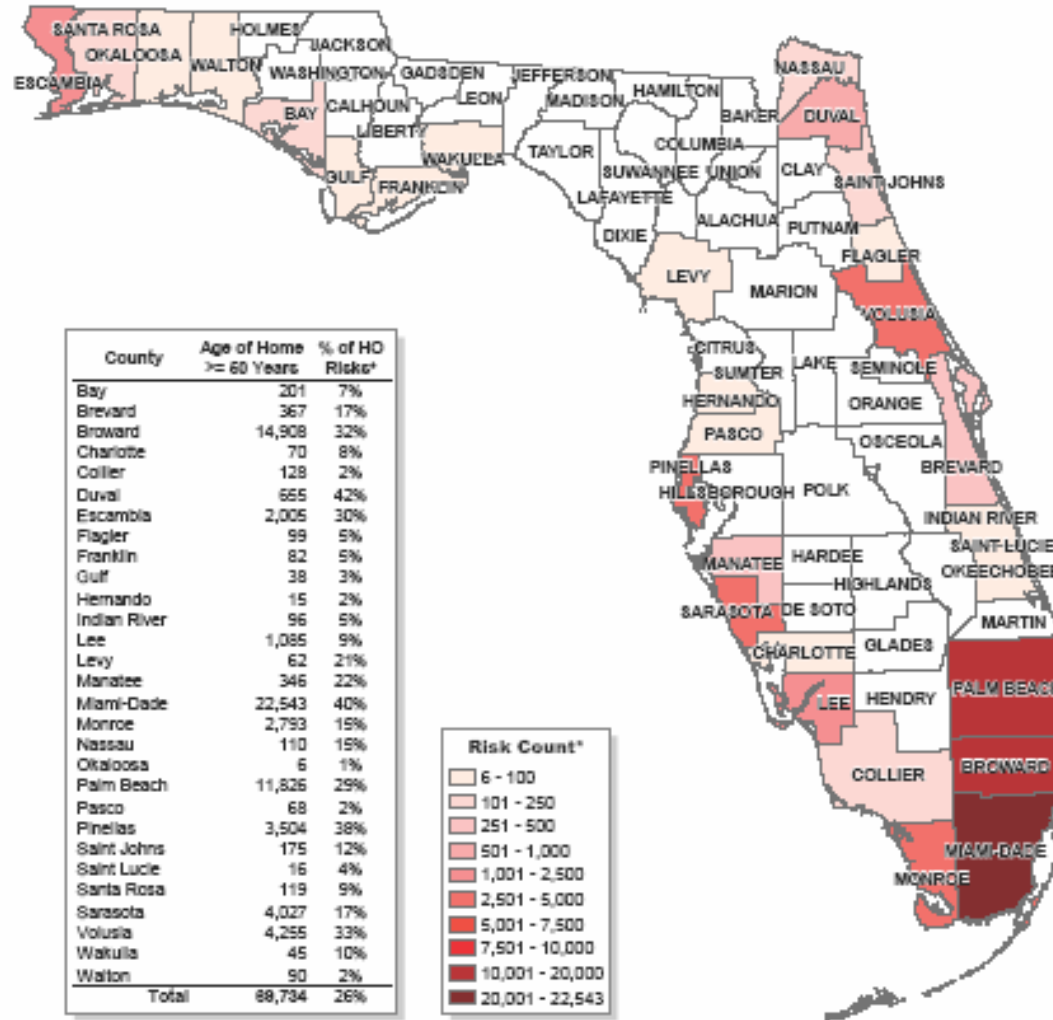
# HRA Exposure by County – As of 08/31/08



\* Excludes takeout policies.  
 PR-M policies include coverages A, B, C, and D  
 except DP-1 policies which include coverages A and C only.

# HRA Wind-Only Homes (Age ≥ 20 Years) by County

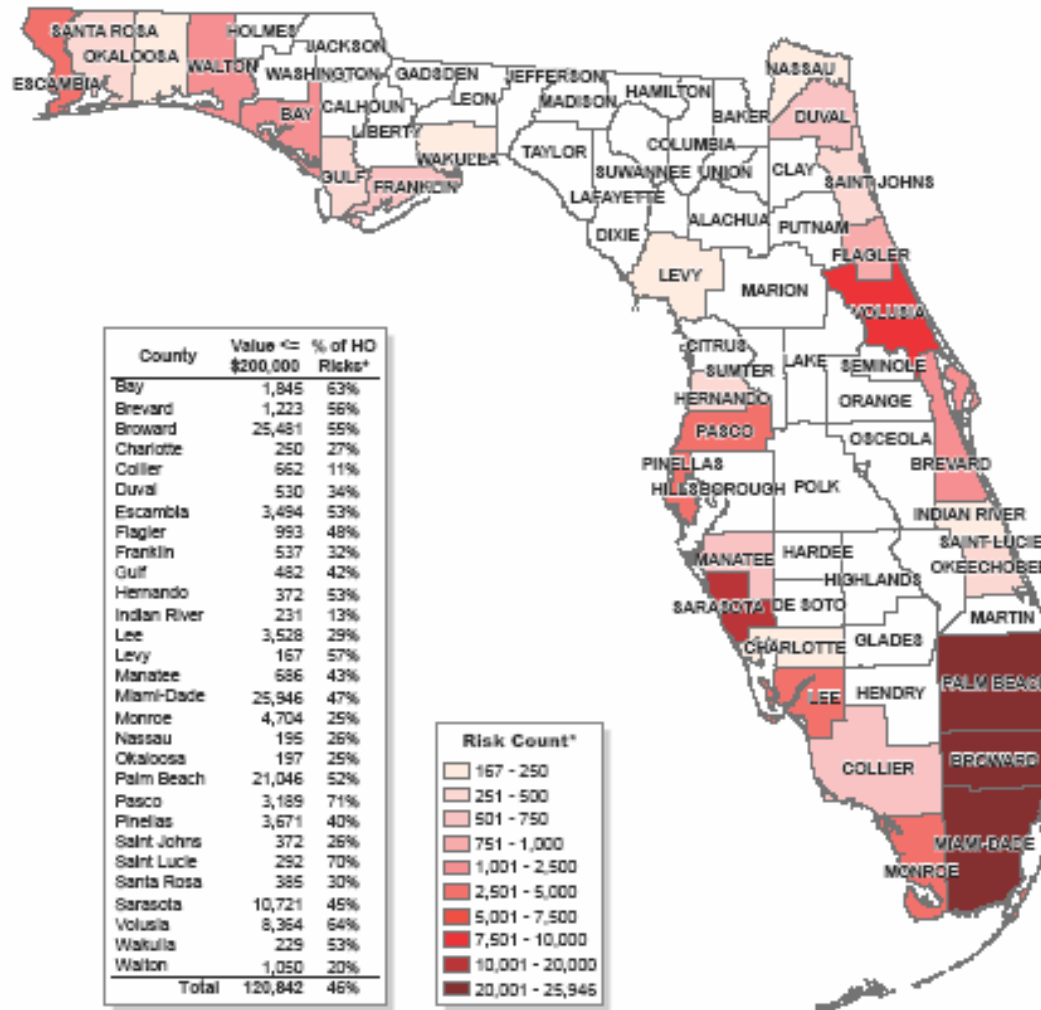
As of 08/31/08



\* Includes homeowner wind-only policies only.  
Excludes policies tagged for takeout.

# HRA Wind-Only Homes (Coverage A ≤ \$200,000) by County

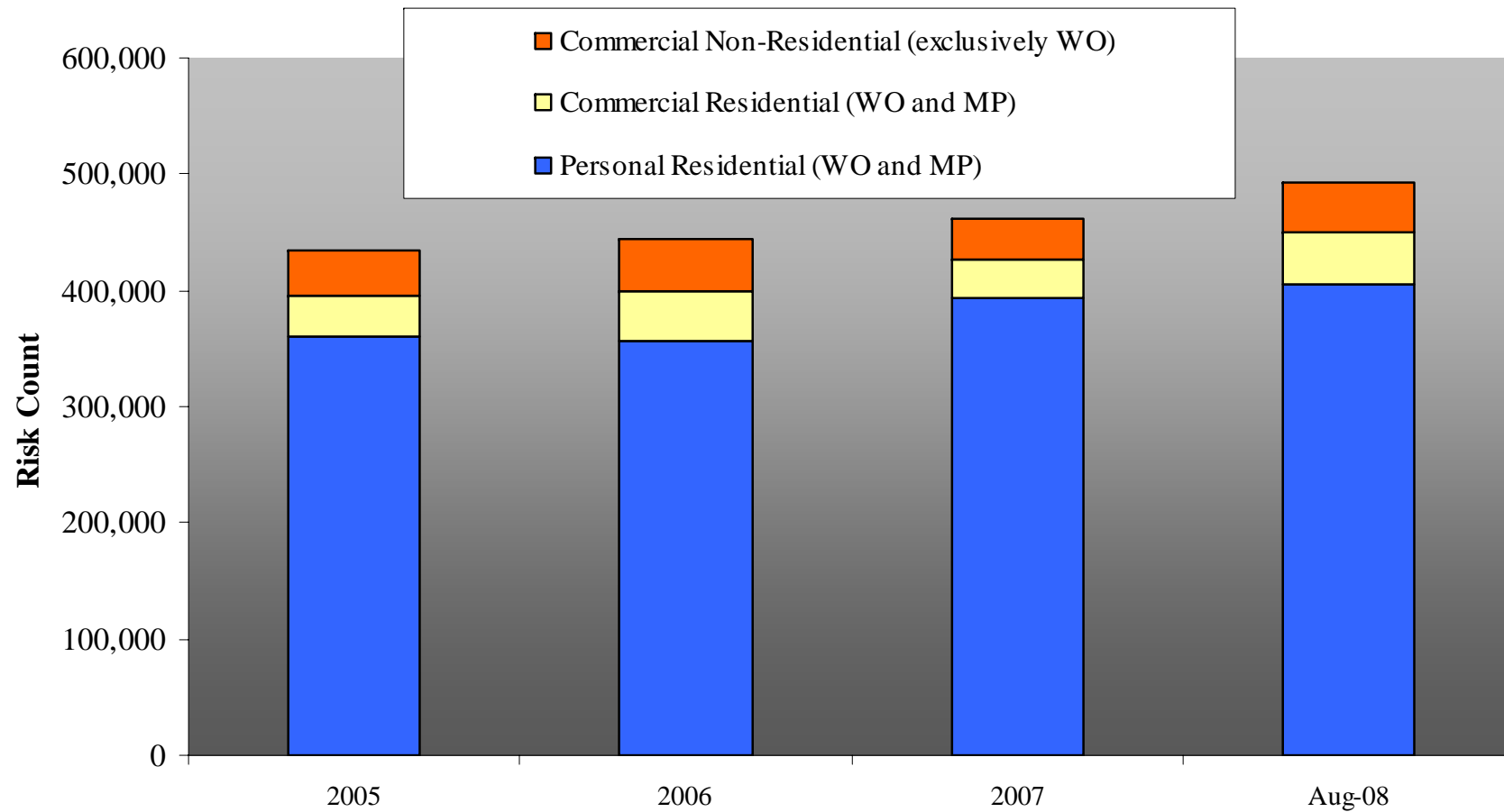
As of 08/31/08



\* Includes homeowner wind-only policies only. Excludes policies tagged for takeout.

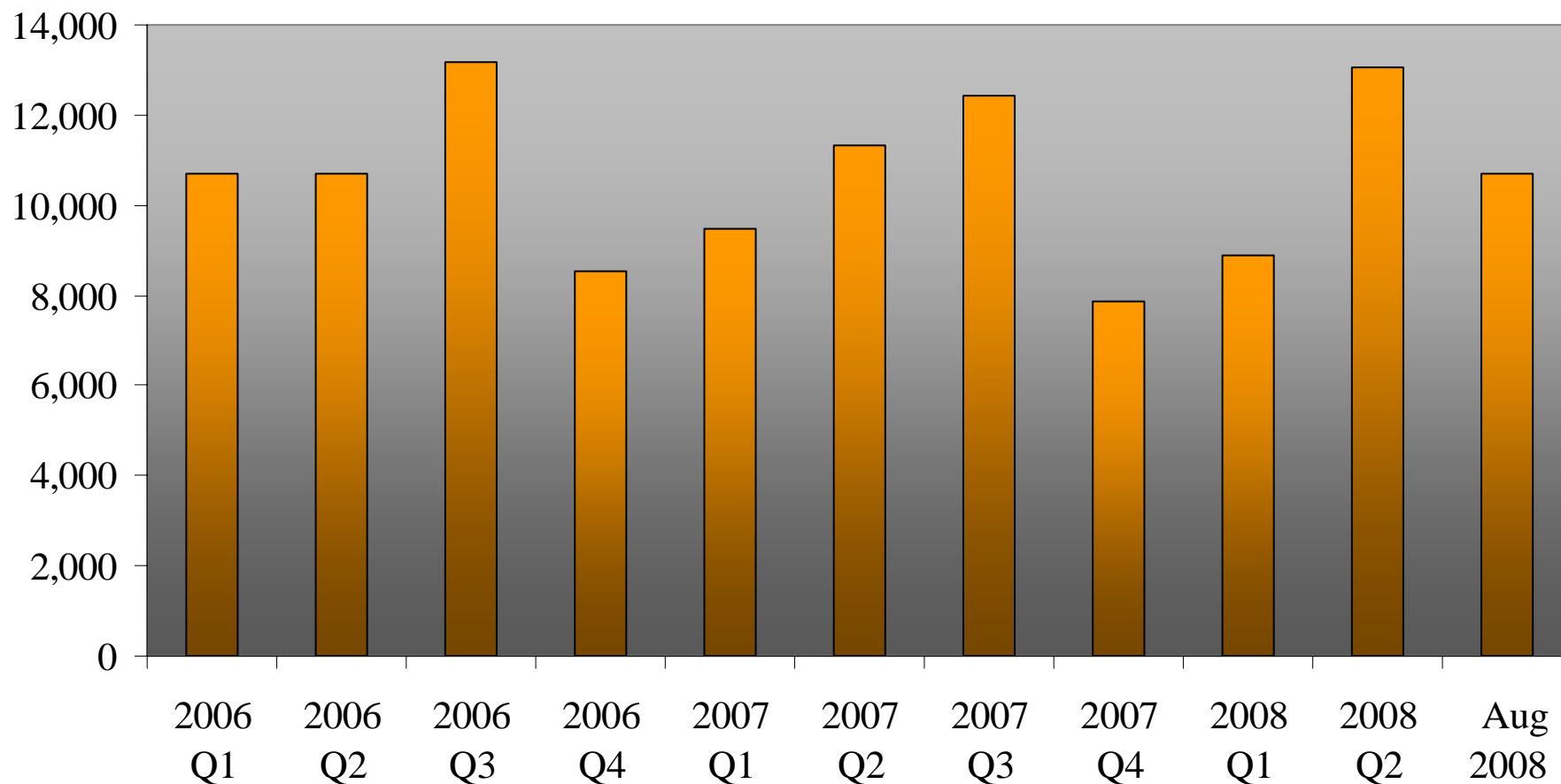


# HRA Risk Count History by Policy Form



# HRA New Business Written – As of 08/31/08

HRA New Business Written

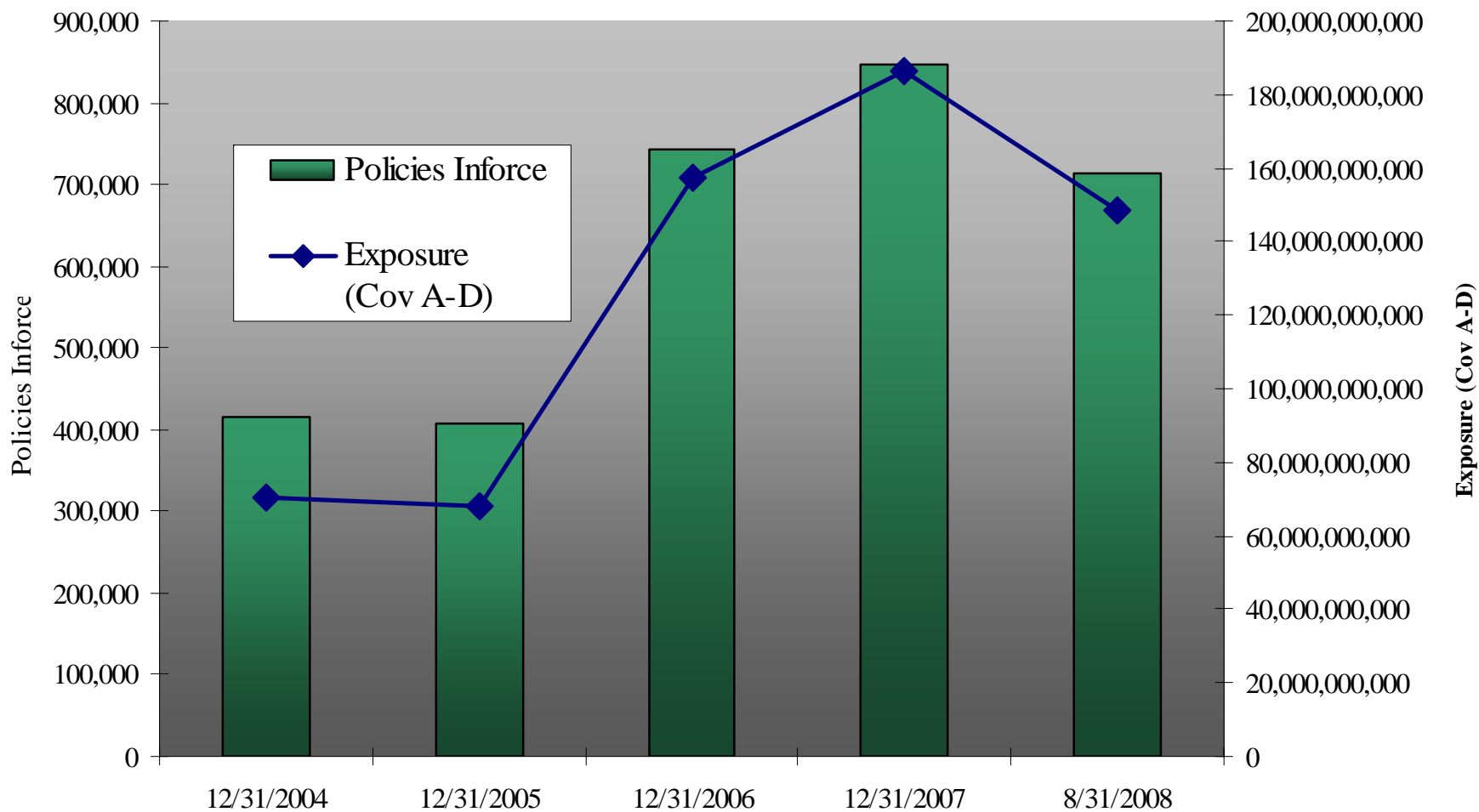


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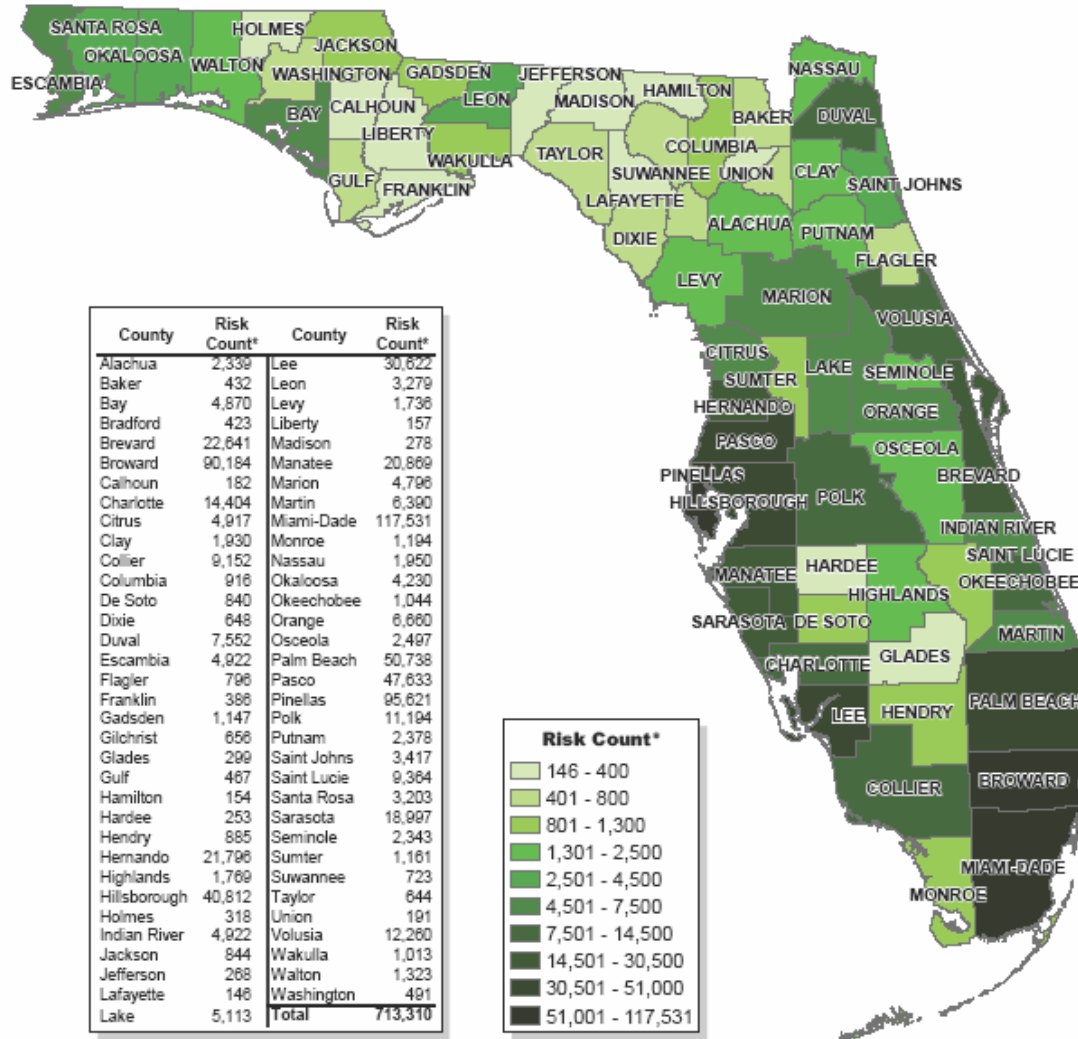
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# Personal Lines Account (PLA)

# PLA Policy and Coverage Trend

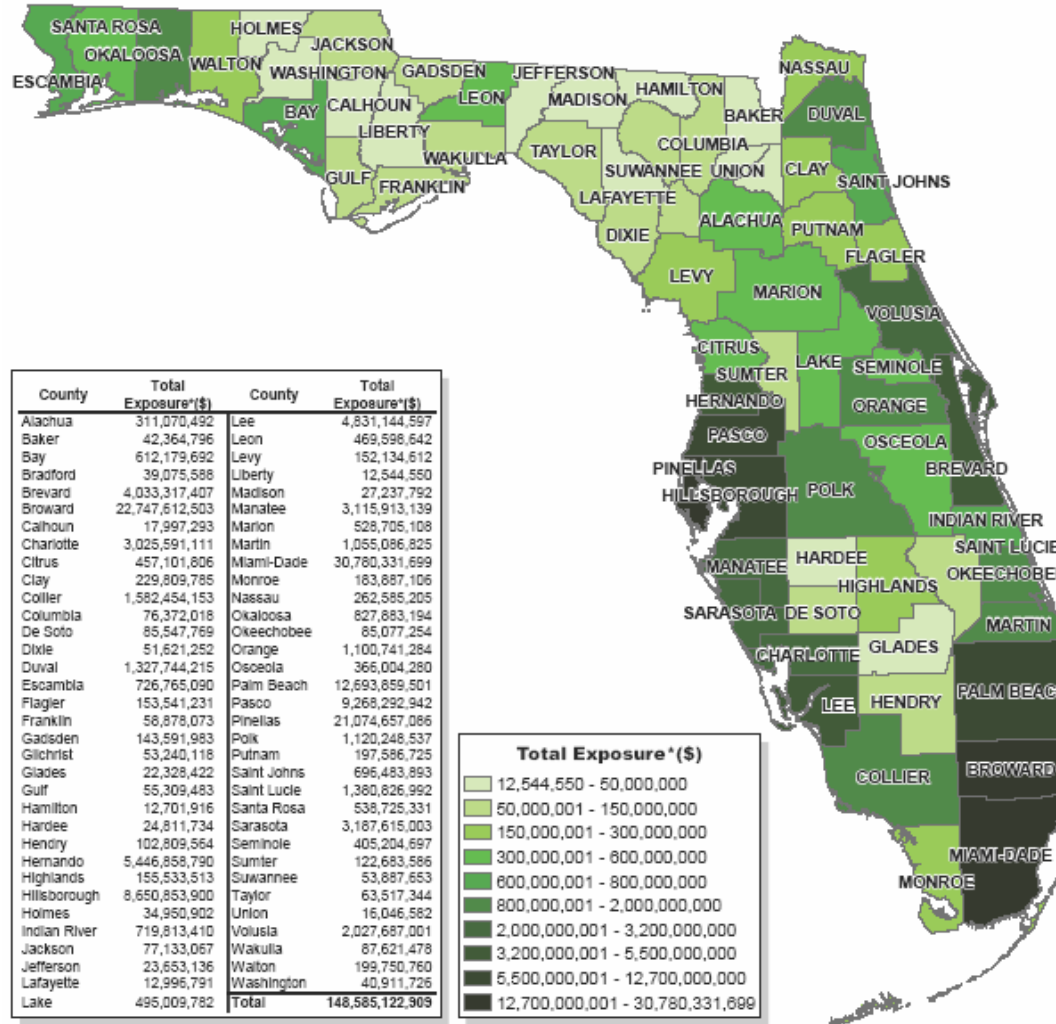


# PLA Risk Counts by County – As of 08/31/08



\* Excludes takeout policies.

# PLA Exposure by County – As of 08/31/08

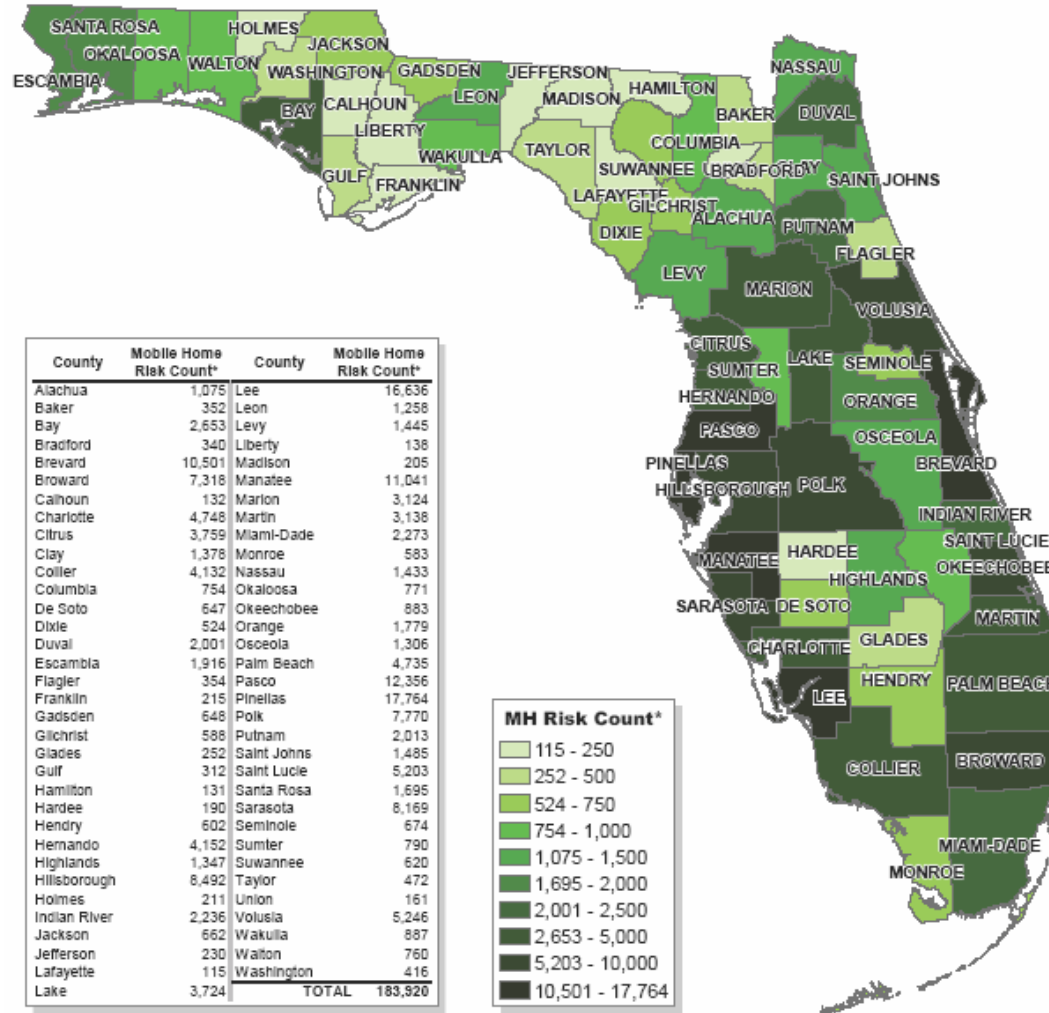


\* Excludes takeout policies.  
 PR-M policies includes Coverages A, B, C, and D  
 except DP-1 policies which include coverages A and C only.

# PLA Mobile Home Risk Counts by County – As of 08/31/08

Mobile homes 15 years and older make up 81% of all mobile home dwelling and mobile homeowner policies statewide.

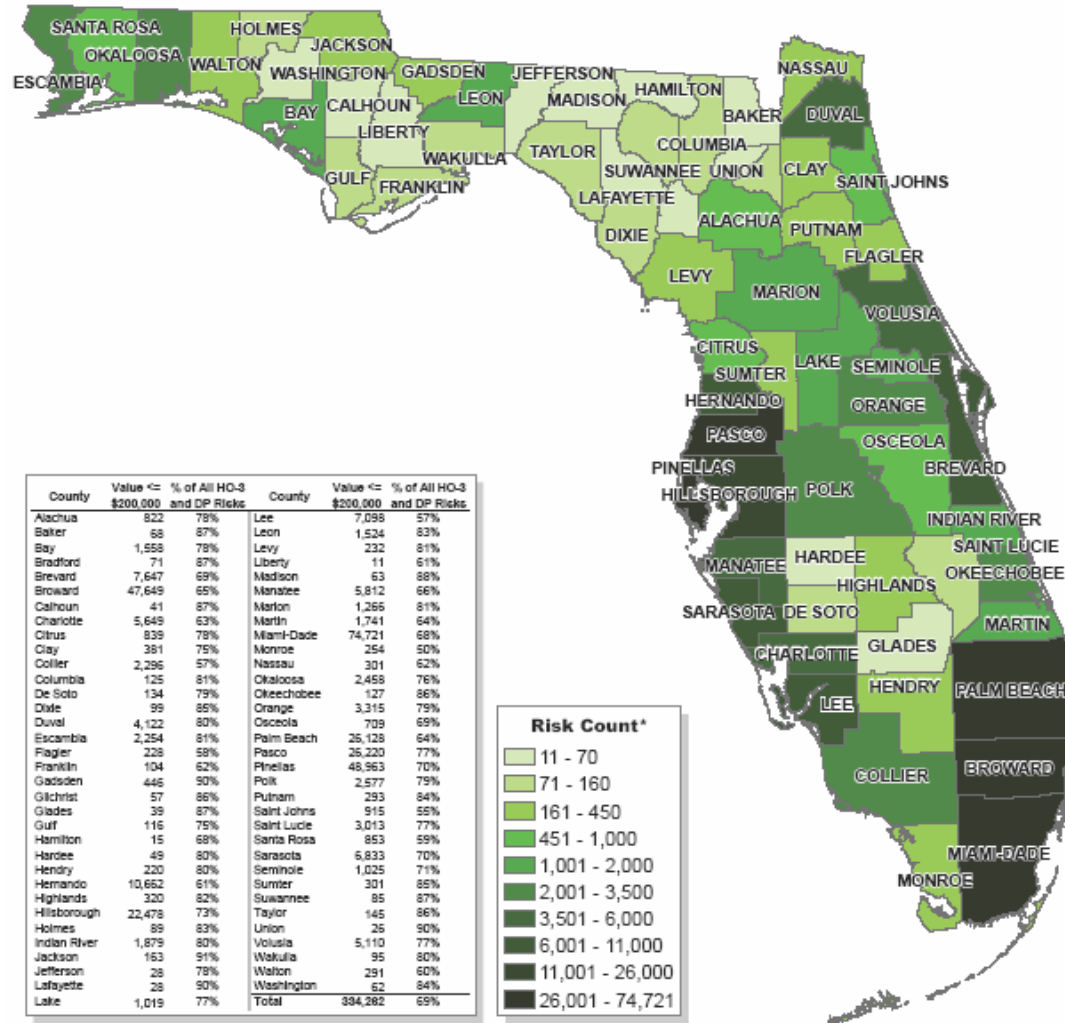
Mobile homes with Coverage A of \$75,000 or less make up 91% of all mobile home dwelling and mobile homeowner policies statewide.



\* Includes only dwelling (MDP-1) and homeowner (MHO-3) policies. Excludes policies tagged for takeout.

# PLA Homes (Coverage A ≤ \$200,000) by County

## As of 08/31/08

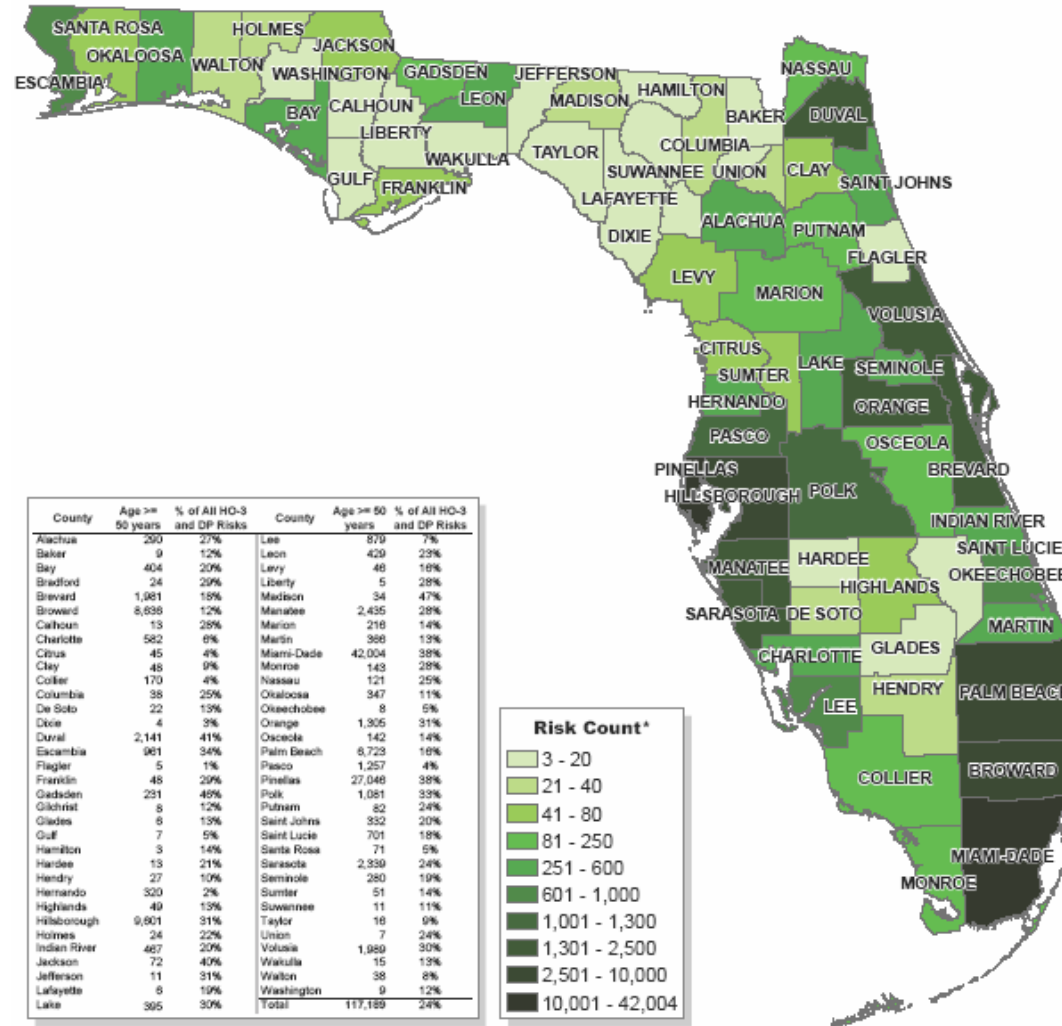


\* Includes only dwelling (DP-1 and DP-3) and homeowner (HO-3) policies. Excludes policies tagged for lakeout.



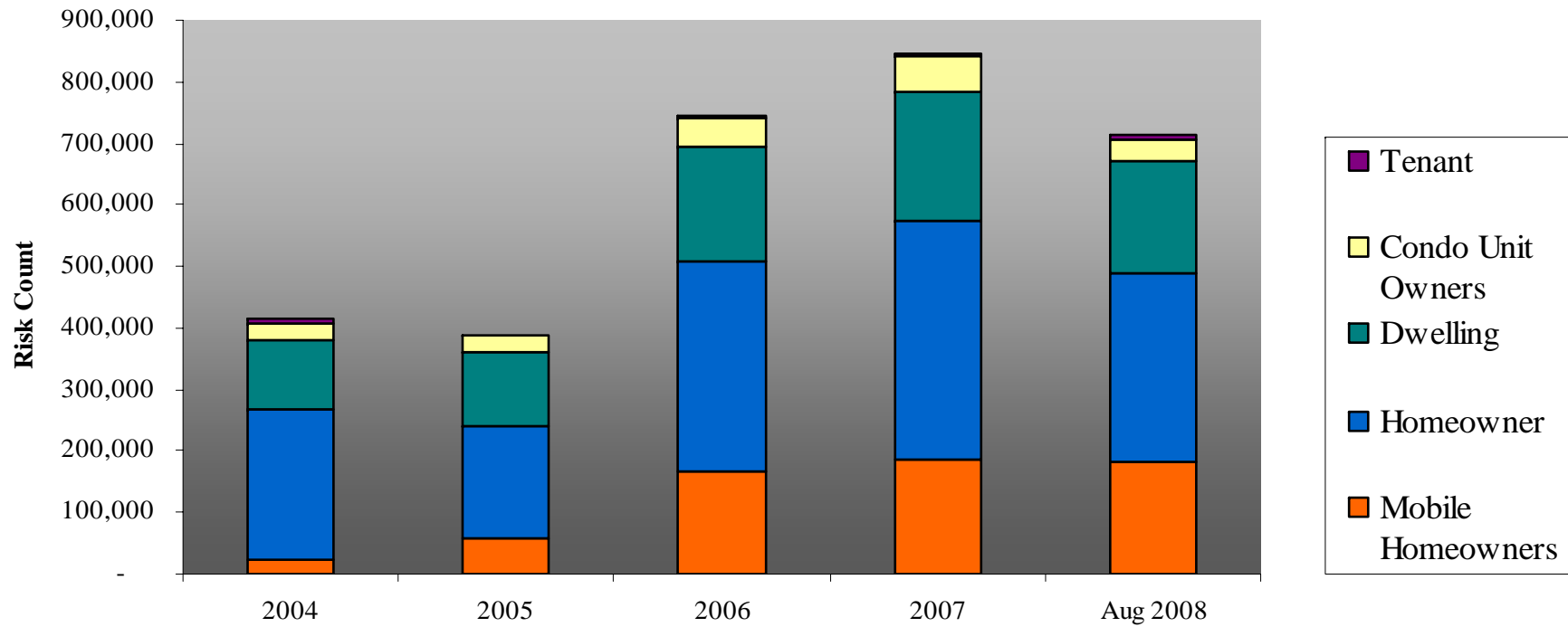
# PLA Homes (Age ≥ 20 Years) by County

## As of 08/31/08



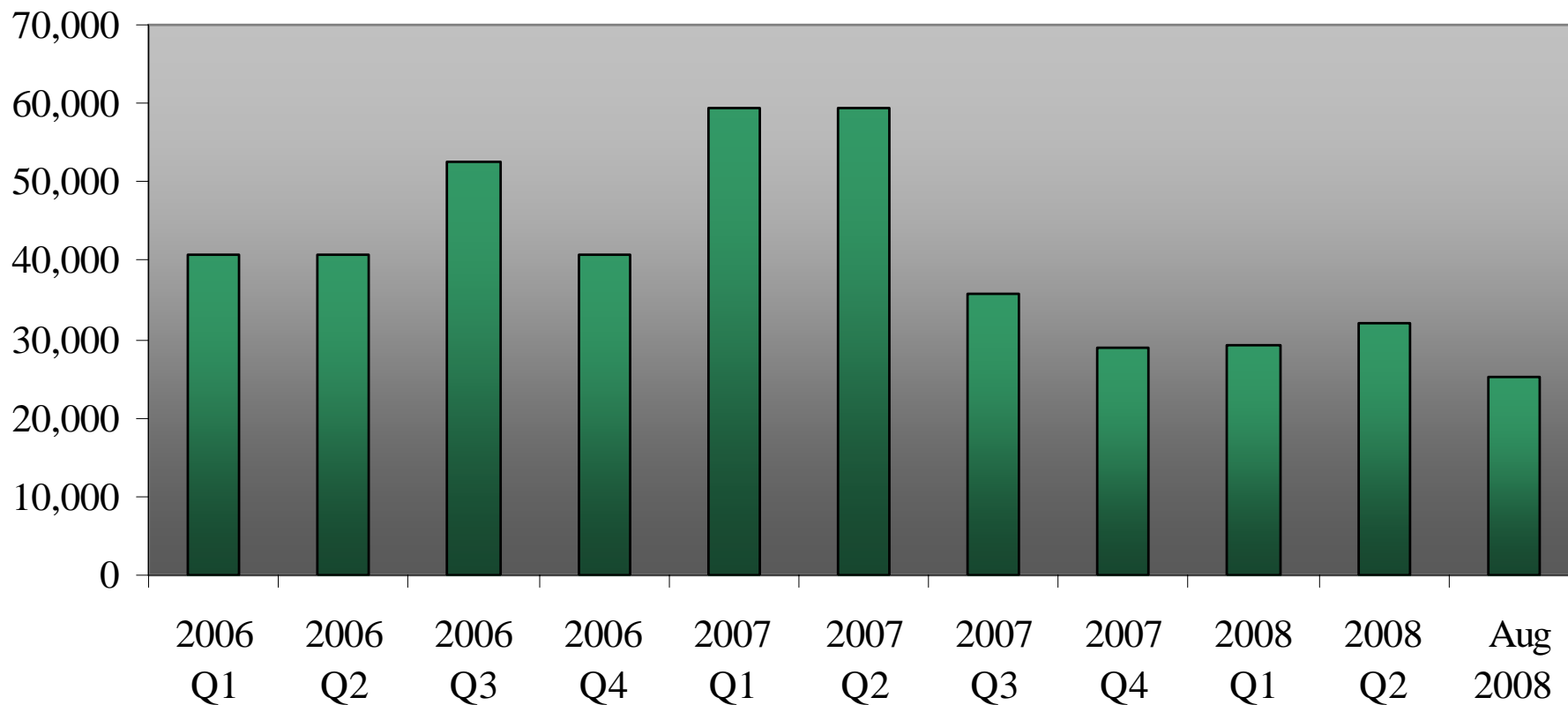
\* Includes only dwelling (DP-1 and DP-3) and homeowner (HO-3) policies. Excludes policies tagged for takeout.

# PLA Risk Count History by Policy Form



# PLA New Business Written – As of 08/31/08

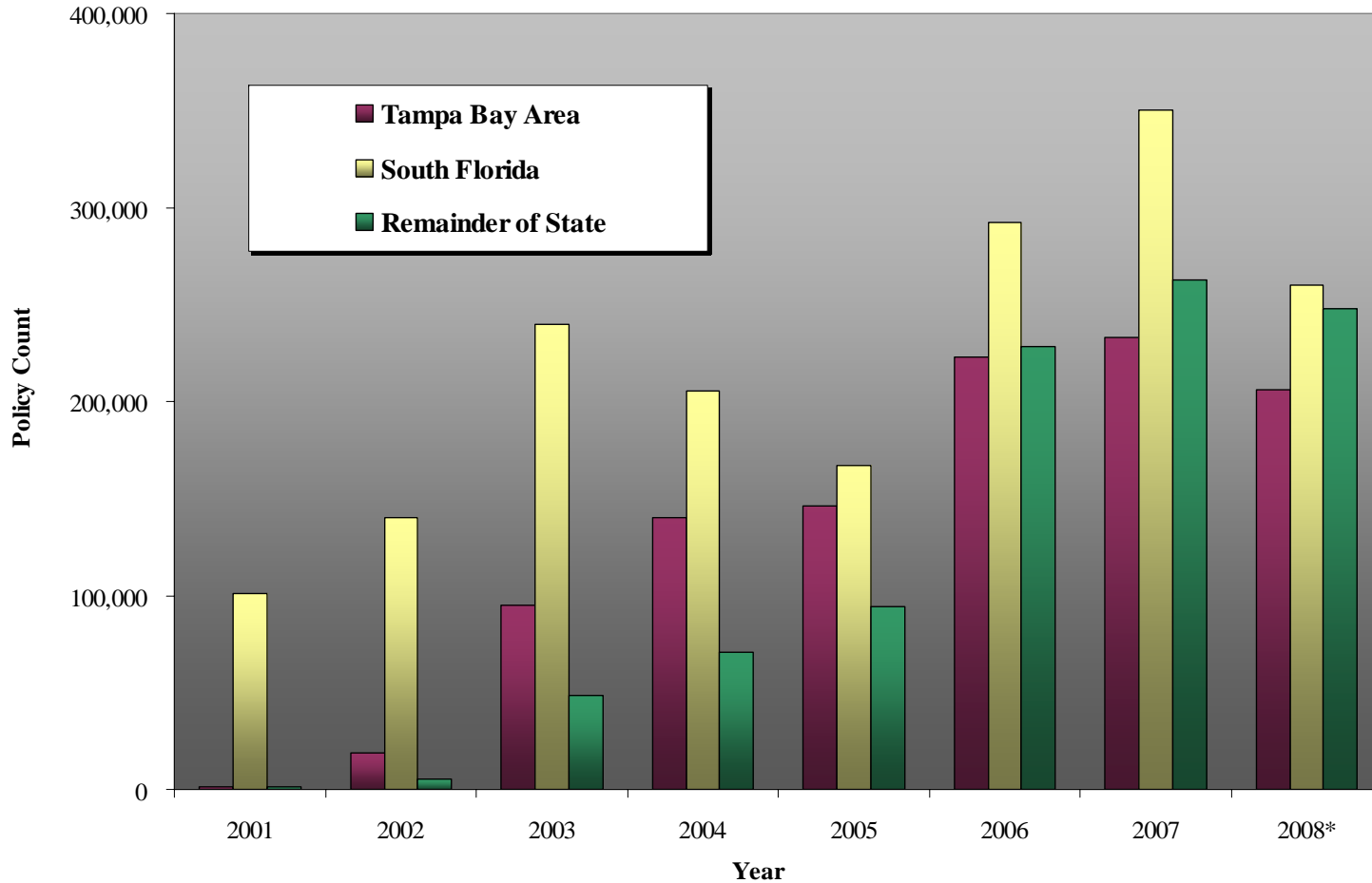
PLA New Business Written



# Concentrated PLA Policy Growth

\*As of August 31, 2008

The chart below highlights concentrated exposure and growth in the areas of Florida with increased sinkhole activity (Hernando, Hillsborough, Pasco and Pinellas counties) and Southeast Florida as compared to the remaining 59 counties.



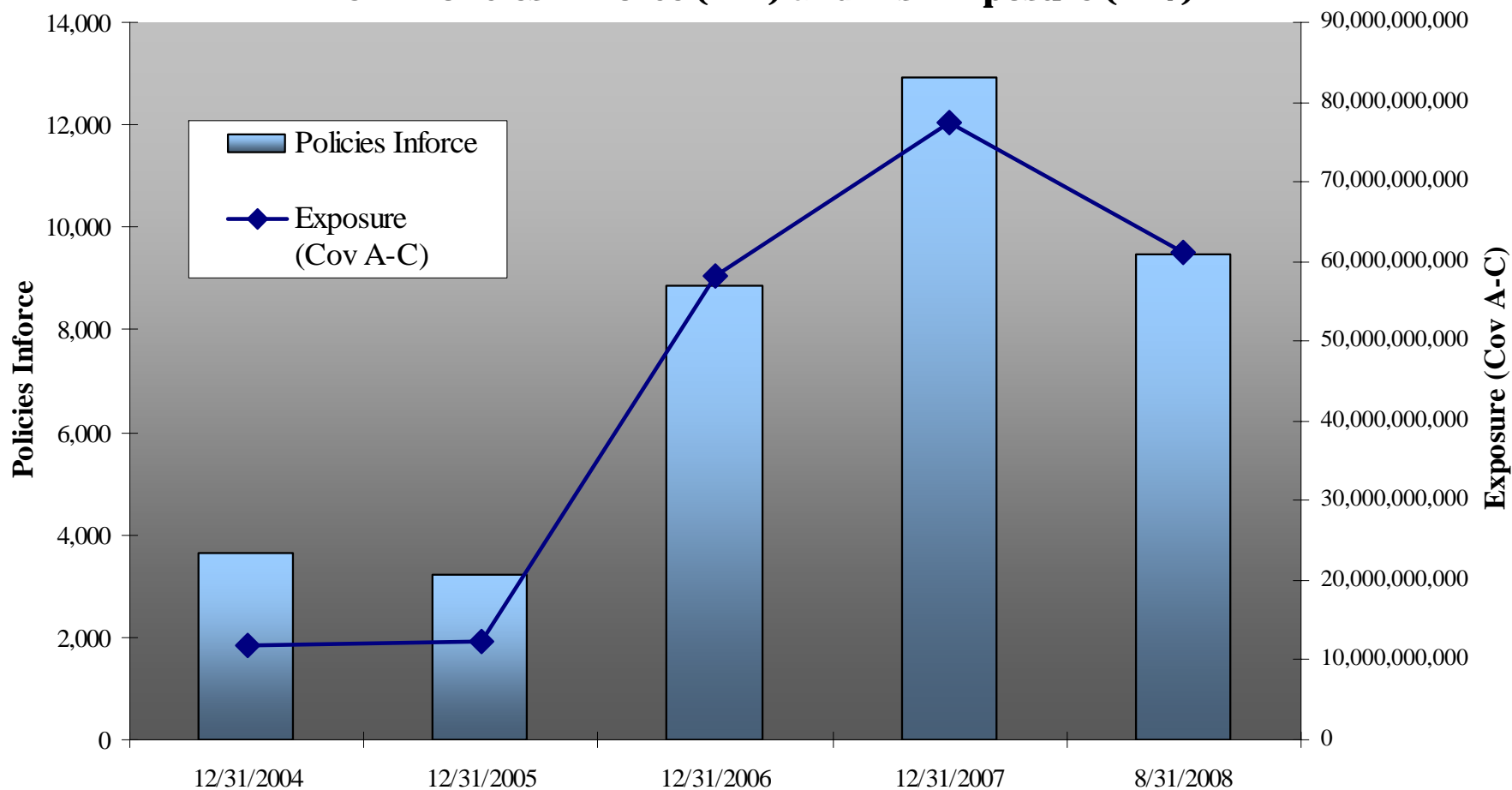
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# Commercial Lines Account (CLA)

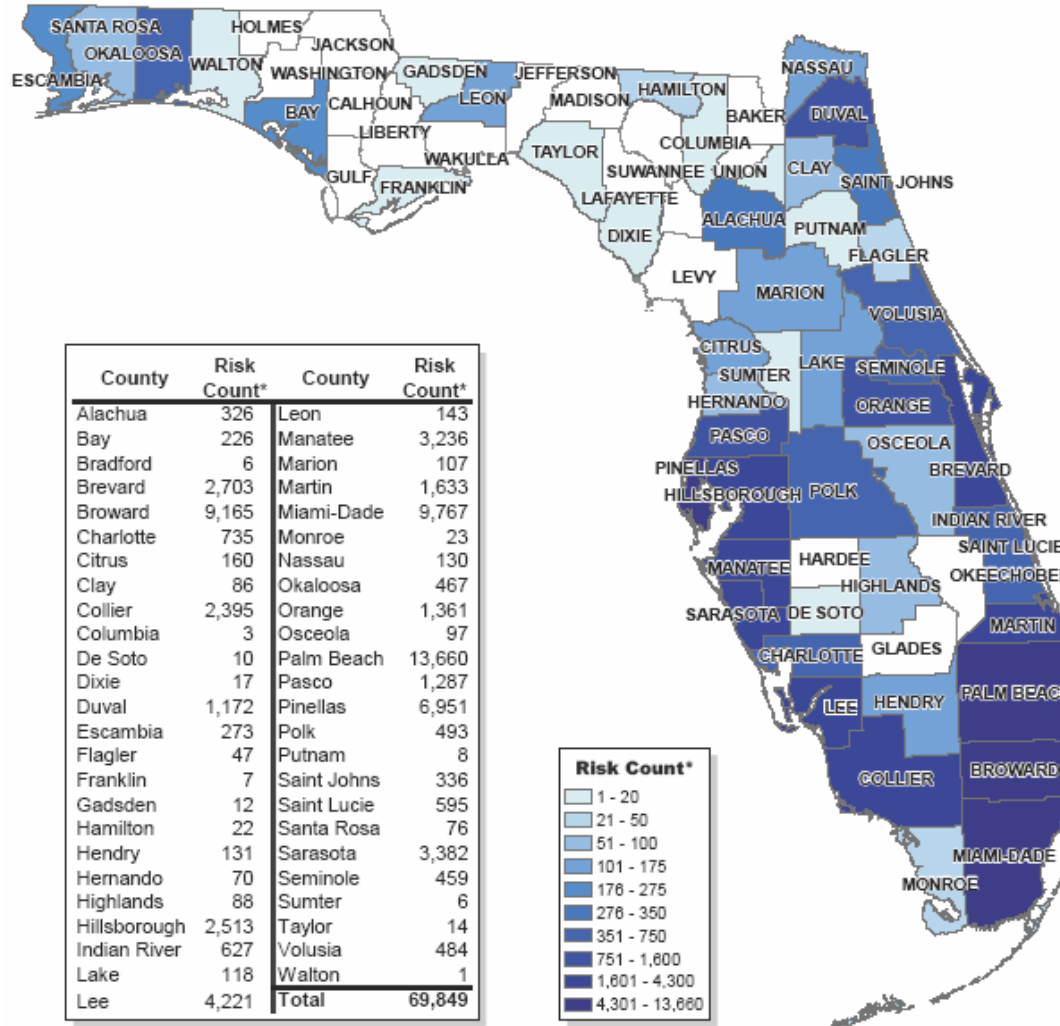
# CLA Policy and Coverage Trend

## CLA Policies in Force (PIF) and Risk Exposure (TIV)



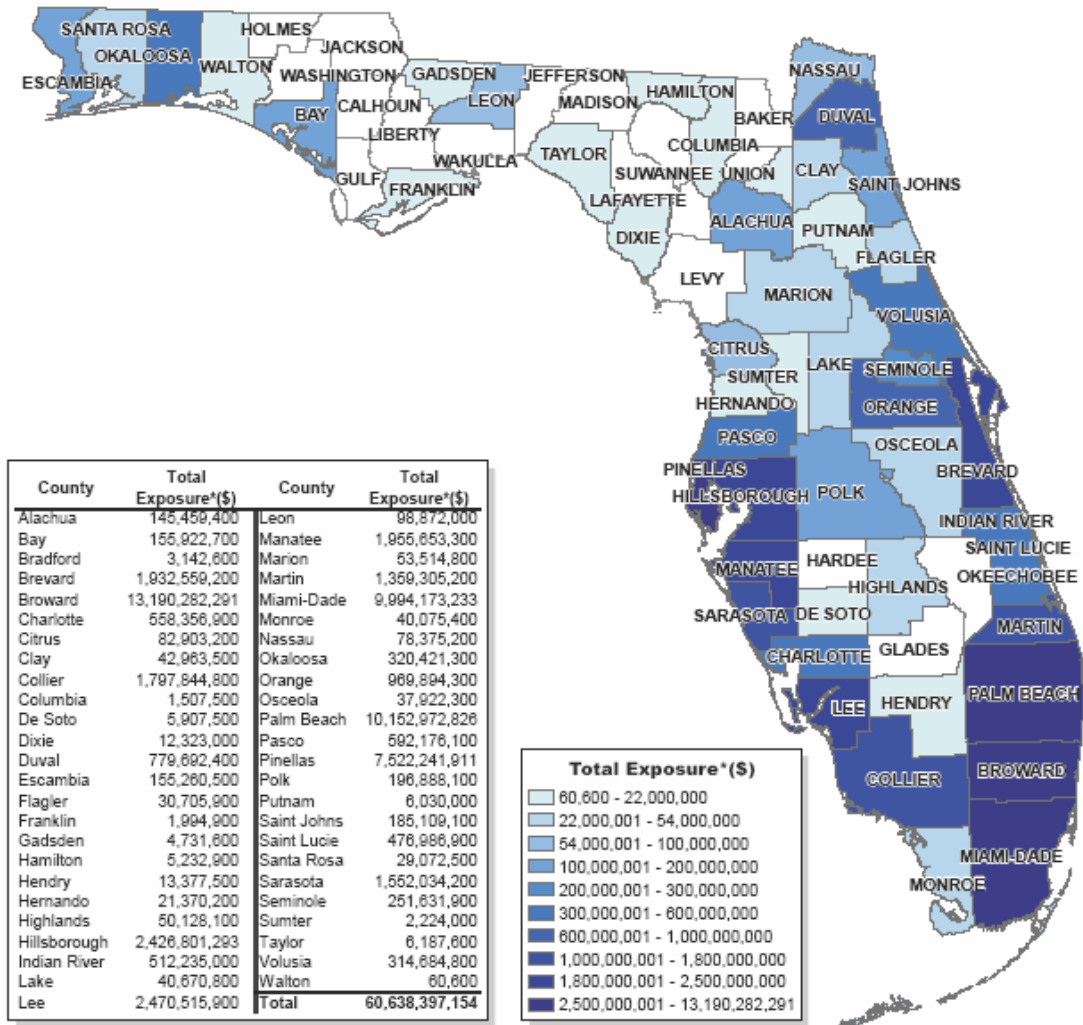
Includes Commercial Inland Wind (commercial non-residential wind-only) policies

# CLA Risk Counts by County – As of 08/31/08



\* Excludes takeout policies.  
 Excludes Commercial Inland Wind policies.

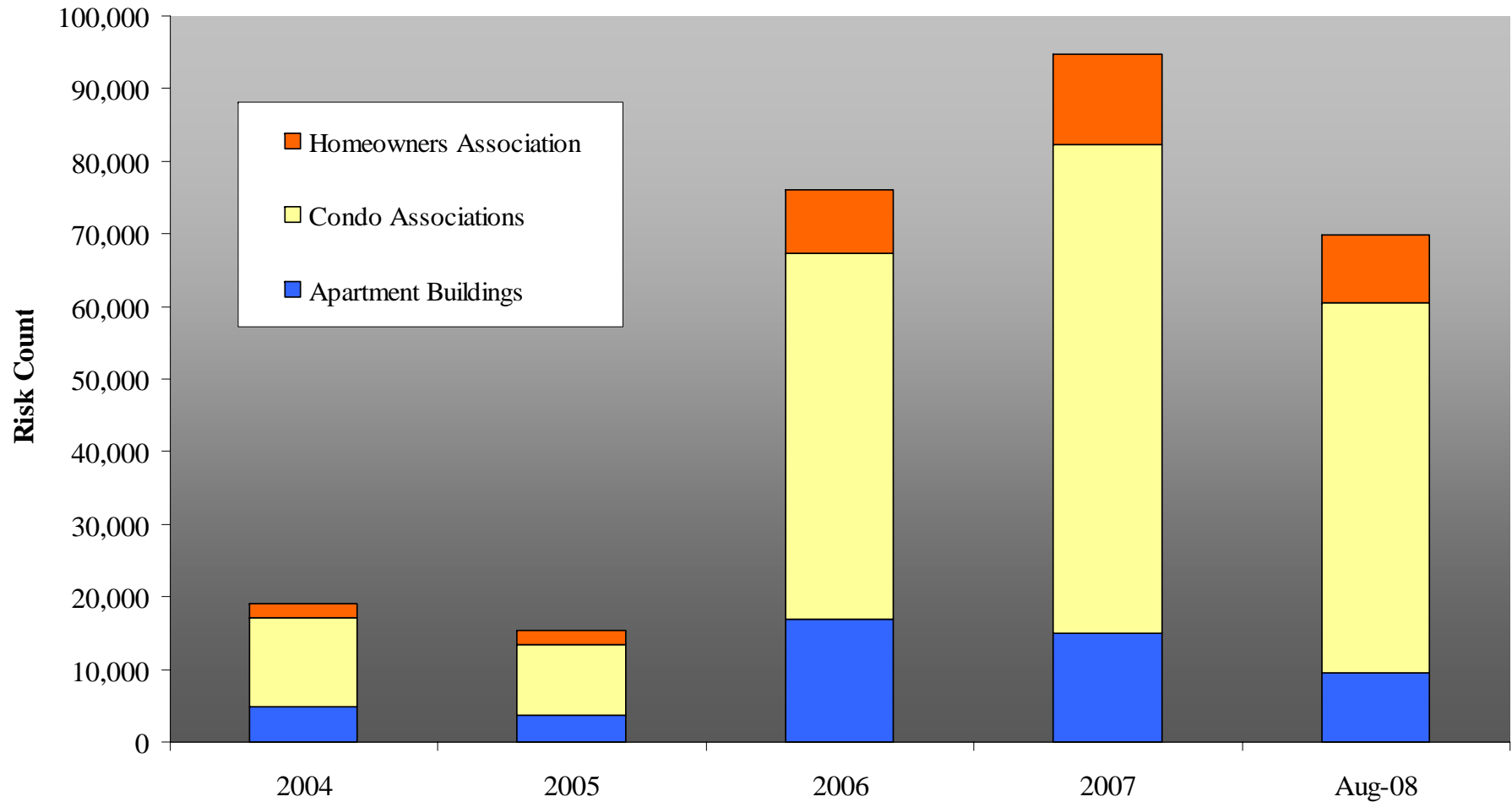
# CLA Exposure by County – As of 08/31/08



\* Excludes takeout policies.  
Excludes Commercial Inland Wind policies.



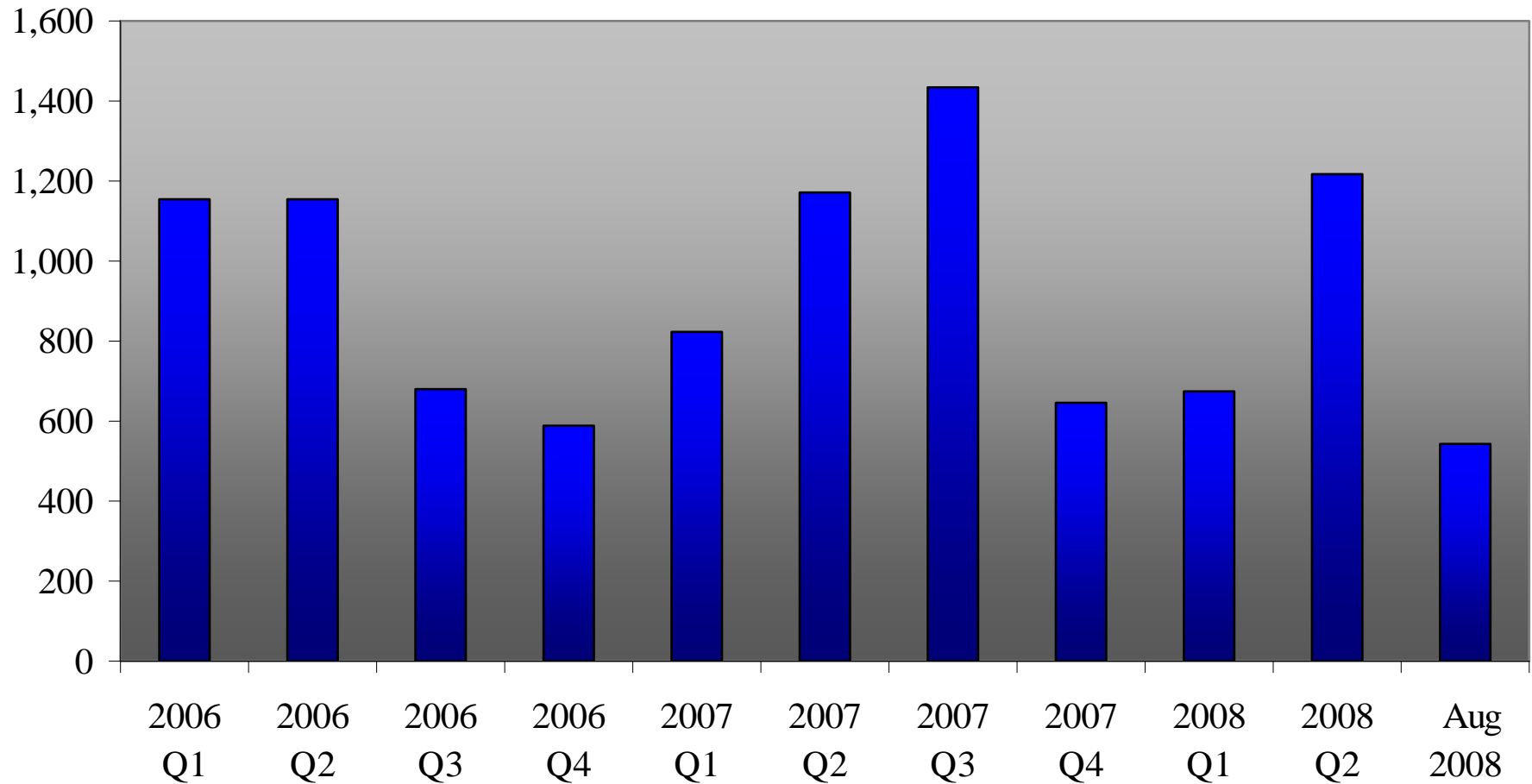
# Citizens' CLA Risk Count History by Policy Form



Does not include Commercial Inland Wind (commercial non-residential wind-only) policies.

# CLA New Business Written – As of 08/31/08

CLA New Business Written



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# Eligibility and Rate Making

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# Eligibility and Rate Making Then...

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- When Citizens was created, applicants for coverage were ineligible unless they were unable to procure coverage in the admitted voluntary market
- Rates for the corporation were required to be actuarially sound and not competitive with approved rates charged in the admitted voluntary market
- Average rates by county were required to be at least as high as the highest rate charged among the Top 20 writers in the State

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# Eligibility and Rate Making Now...

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- Applicants with an offer of coverage from the admitted voluntary market continue to be ineligible for coverage with Citizens unless that offer is more than 15% higher than Citizens' rates for comparable coverage
- Rates for Citizens are frozen through December 31, 2009. Beginning July 15, 2009 and each year thereafter, Citizens must make a recommended actuarially sound rate filing for each personal and commercial line of business it writes, to be effective no earlier than January 1, 2010
- The rates recommended by Citizens are filed with and reviewed by the Office of Insurance Regulation, which shall "establish" rates for Citizens within 45 days

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# Depopulation

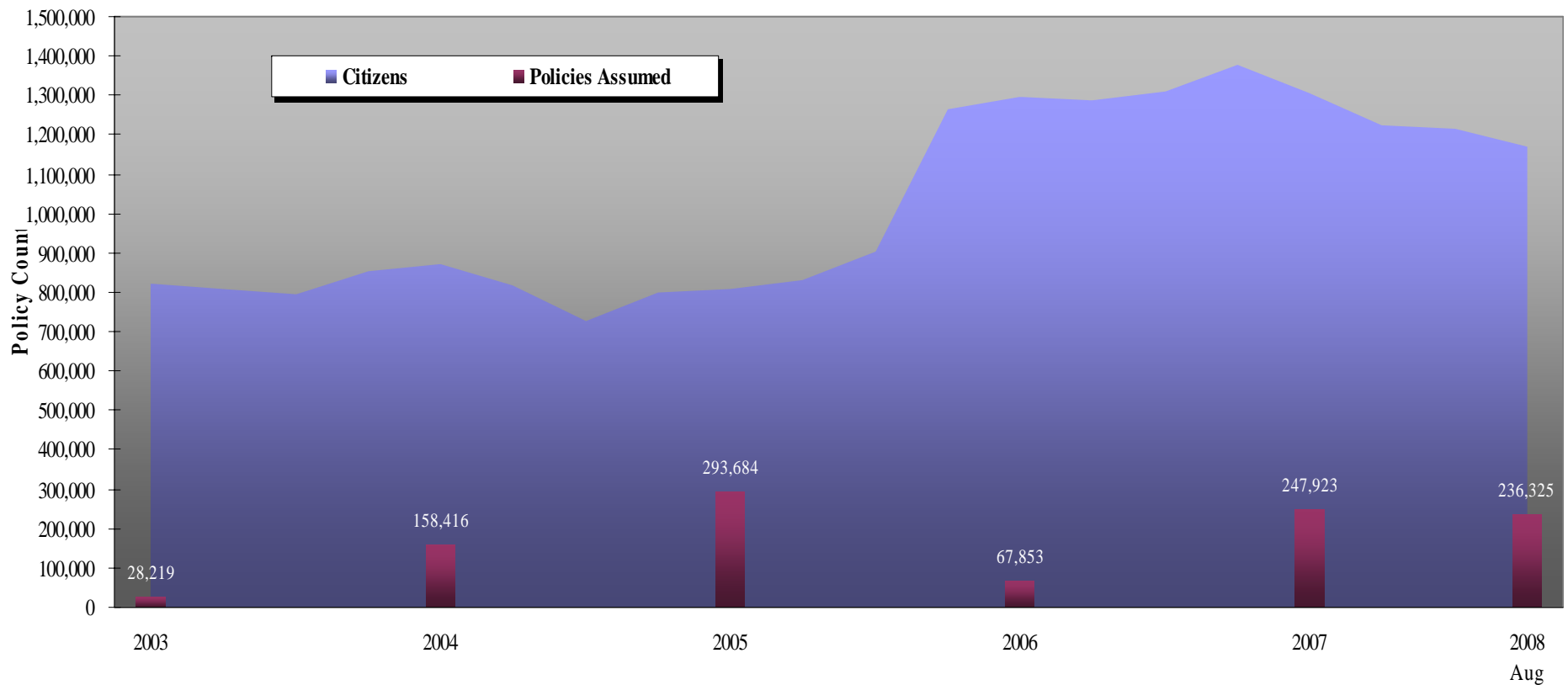
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# Depopulation Then and Now

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- Depopulation Then:
  - Bonus and Non-bonus programs
  - If a policyholder received an offer from a takeout carrier they became ineligible for coverage with Citizens
  - Agent consent was not required
  - Wind-only takeouts occurred
  
- Depopulation Now:
  - Non-bonus program
  - Consumers can opt out when they receive a takeout offer and remain insured with Citizens.
  - Agent consent is required
  - Wind-only takeouts have proved unsuccessful
  - Includes participation by Capital Build-Up Incentive Program Companies

# Depopulation Assumption Summary 2003-2008





# Exhibit Five



## *Citizens' Rates*

*Mission Review Task Force*

*October 10, 2008*

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## Citizens' Rates Then...

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- Prior to 2007, by statute, rates were based on the Top Twenty insurers in the state and were required not to be competitive with approved rates for other insurers
- Average Rates were calculated by county for each insurer
- Citizens' rates were set equal to the highest insurer for that county
- In 2007, the law was amended to replace the Top Twenty requirement and provide that Citizens implement actuarially sound rates

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## Citizens' Rates Now...

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- The first filing to implement actuarially sound rates was effective in January of 2007
- Those rates were rescinded by the Legislature in the 2007 Special Session and Citizens was directed to continue to charge the rates in effect in 2006
- Rates for Citizens are frozen at 2006 levels until no earlier than January of 2010
- Citizens is required to make an actuarially sound rate filing for all lines of business by July 15, 2009

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# Citizens Rate Plan Considerations

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- Elements of Citizens' Rating Plan
- Underwriting Guidelines – Citizens versus the private market

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# Elements of Pricing a Homeowners Policy

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1. Territory
2. Age of Home
3. Building Code Compliance
4. Construction Type
5. Protection Class
6. Burglar/Fire/Sprinkler Credit
7. Seasonal or Unoccupied
8. Wind Mitigation Credit
9. No Prior Insurance
10. *Amount to rebuild the house in the event of a total loss (replacement value)*
11. *Deductible*

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# Risk Characteristics

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- Items 1 thru 9 are risk characteristics that are used to predict the expected costs of the policy (10 and 11 are coverage amounts)
- Private companies use all of these characters as well as others such as additional territories, loss history, financial history, number of years with the company, age of insured and others
- The result is that many of the private carriers have a more refined rating plan
- This makes it difficult to compare Citizens' rates to those of other insurers

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# Underwriting Guidelines

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- Relative to the private market, and in furtherance of its duty to provide coverage to those unable to find affordable coverage in the voluntary market, Citizens has less restrictive U/W guidelines
- Private companies consider many other characteristics that cause a risk to either be rejected or surcharged
- Examples are: location in the state, loss history, financial history, certain types of dogs, poorly maintained homes, roof in poor condition, etc.
- As an insurer charged with providing coverage to those unable to find affordable coverage in the voluntary market, Citizens is not permitted to reject as many applications as the private market



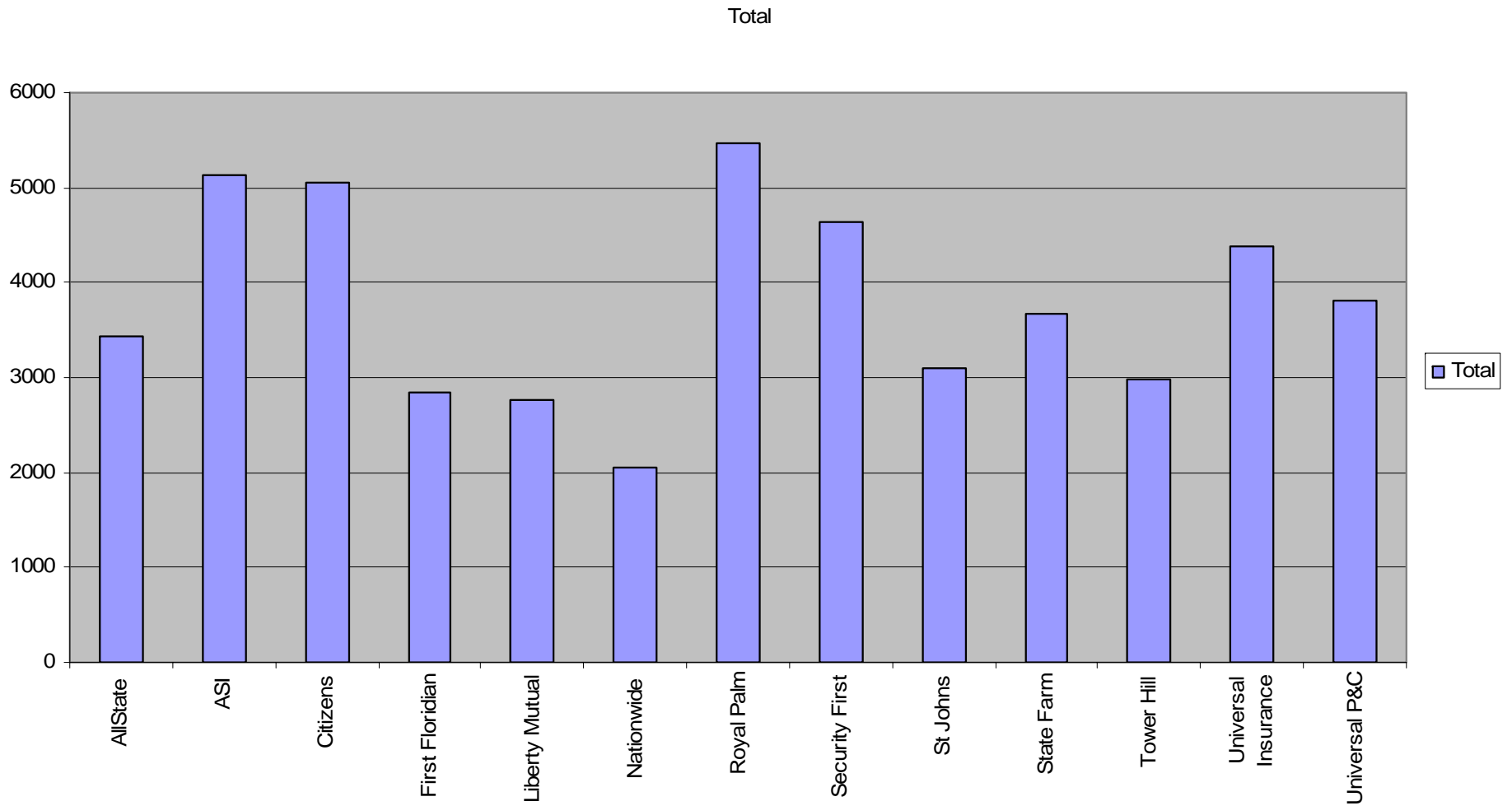
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# Summary

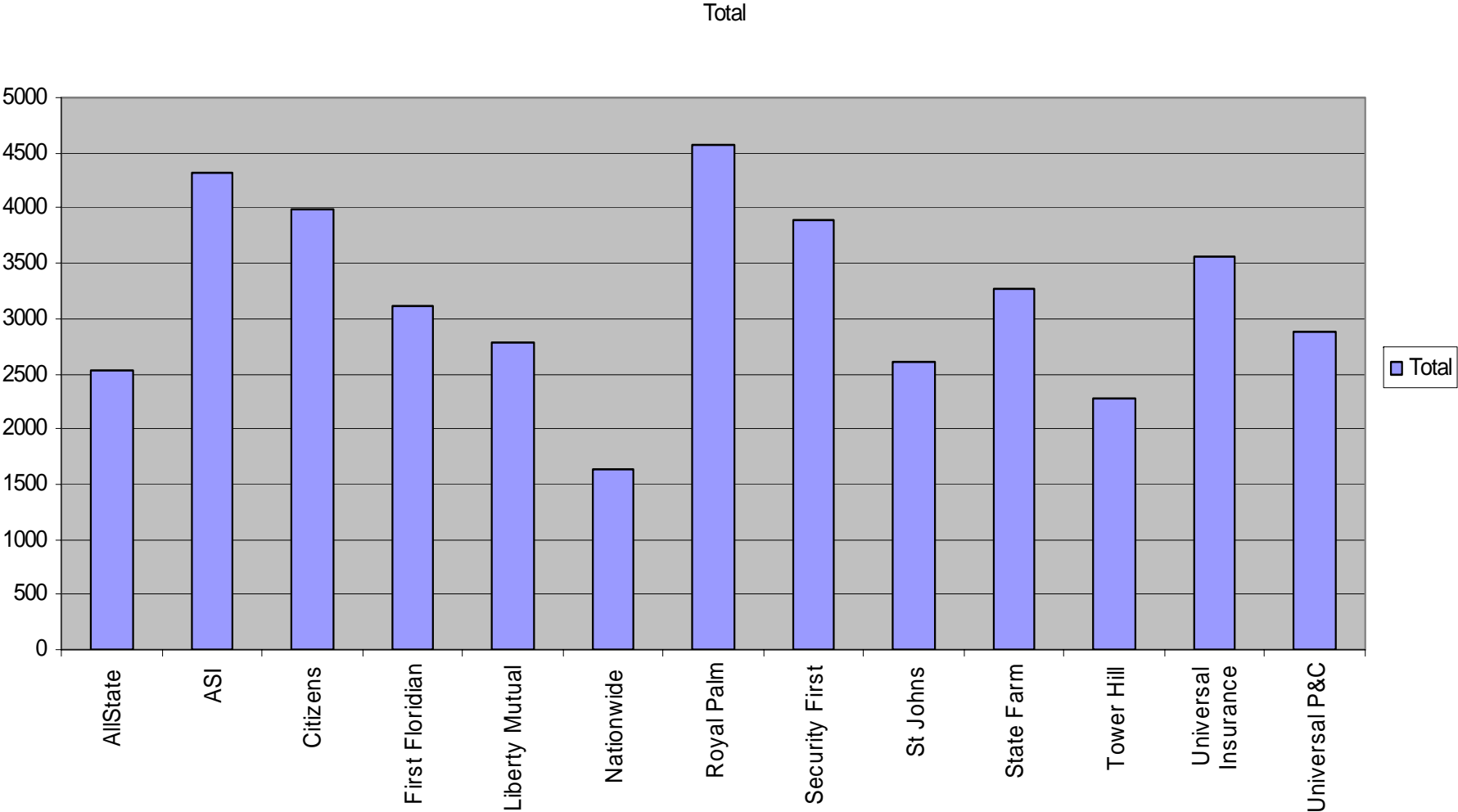
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- Rate Plan – A more refined rating plan allows proper rating of policies based on individual risk characteristics
- Underwriting Guidelines – The fact that the private market has more restrictive eligibility requirements means that an “apples-to apples” comparison of rates is difficult
- Citizens’ rates need to be adjusted periodically to assure they are “actuarially sound”

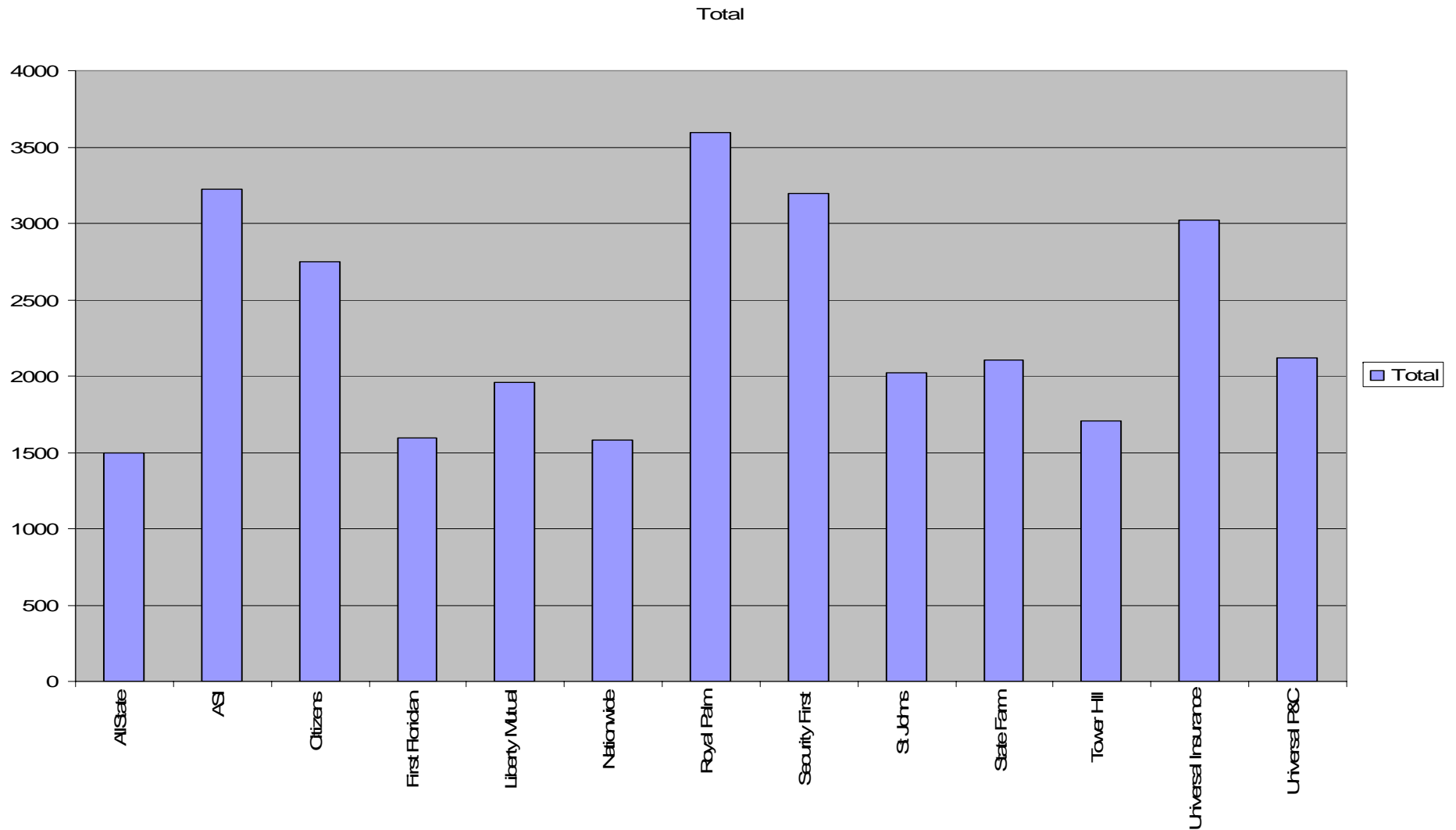
# Dade County



# Broward County



# Pinellas County



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## Summary Of Rate Comparison

300 Coverage A Amount; Year Built – 2005; With Wind Mitigation

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| Citizens' Rank | # of Counties | % of Counties | Cumulative |
|----------------|---------------|---------------|------------|
| 1              | 43            | 64.2%         | 64.2%      |
| 2              | 13            | 19.4%         | 83.6%      |
| 3              | 11            | 16.4%         | 100%       |

## Summary of Rate Comparison

300 Coverage A Amount; Year Built – Pre-2001; No Wind Mitigation

| Citizens' Rank | # of Counties | % of Counties | Cumulative |
|----------------|---------------|---------------|------------|
| 1              | 3             | 4.5%          | 4.5%       |
| 2              | 17            | 25.4%         | 29.9%      |
| 3              | 10            | 14.9%         | 44.8%      |
| 4              | 13            | 19.4%         | 64.2%      |
| 5              | 13            | 19.4%         | 83.6%      |
| 6              | 3             | 4.5%          | 88.1%      |
| 7              | 4             | 6.0%          | 94.0%      |
| 8              | 3             | 4.5%          | 98.5%      |
| 9              | 1             | 1.5%          | 100.0%     |

## Summary of Rate Comparison

300 Coverage A Amount; Year Built – 2005; No Wind Mitigation

| Citizens' Rank | # of Counties | % of Counties | Cumulative |
|----------------|---------------|---------------|------------|
| 1              | 15            | 22.4%         | 22.4%      |
| 2              | 6             | 9.0%          | 31.3%      |
| 3              | 12            | 17.9%         | 49.3%      |
| 4              | 33            | 49.3%         | 98.5%      |
| 5              | 1             | 1.5%          | 100.0%     |

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## Other Considerations that affect Citizens Rate Need

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- Depopulation
  
- Wind Mitigation Credits



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# Depopulation

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- Depopulation Programs have been implemented to encourage other insurers to write coverage for risks currently insured by Citizens to reduce the number of property owners insured by Citizens
- Since 2006 over 500K policies have been taken out of Citizens and returned to the private market
- This is a positive result in terms of reducing the exposure to Citizens
- Consideration must be given to the fact that the better than average risks are being selected by companies participating in Depopulation Programs which, while reducing exposure, puts an upward pressure on the rate need

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# Wind Mitigation Credits

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- In 2001, there were changes to the Florida Building Code
- ARA conducted a study to quantify the impact of the new building code
- ARA developed hurricane severity relativities by studying characteristics such as roof covering, roof shape, roof-to wall connections, openings, building height, and roof framing
- OIR mandated the partial implementation of wind premium discounts based on results of this study

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# Wind Mitigation Credits

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- New requirements to fully implement the 2001 wind mitigation credits went into effect on 3/08 for Citizens' personal residential policies and 9/08 for its commercial residential policies
- In addition to larger credits, a larger percent of insureds are receiving them
- Today, roughly 45% of all Citizens' policies have a wind mitigation credit. The average credit, for those who have it, is close to 20% of the total premium
- In 2009, it is estimated that 50% of Citizens' policies will have a wind mitigation credit with an average credit of over 40% of the total premium

# Exhibit Six



*Citizens Financial Overview*

*Mission Review Task Force*

*October 10, 2008*

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# Financial Resources

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Citizens has at its disposal both the typical resources available to all property and casualty companies that conduct business in the state, as well as special assessment powers granted to Citizens by the state legislature.

## Citizens' Financial Resources

### Typical Financial Resources

- Insurance Premiums
- Investment Income
- Operating Surplus from Prior Years
- Florida Hurricane Catastrophe Fund Reimbursements
- Private Reinsurance (if purchased)

### Unique Financial Resources

- Citizens Policyholder Surcharges
- Regular Assessments
- Emergency Assessments
- Pre-event liquidity resources (debt issuances and lines of credit which, if drawn upon must be repaid)

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# Financial Information At-A-Glance

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- Cash & Invested Assets (total \$7.7 billion, includes bond proceeds of \$1.75 billion)
  - PLA \$1.7 billion
  - CLA \$1.6 billion
  - HRA \$4.4 billion
  
- Surplus (total \$3.4 billion)
  - PLA \$1.4 billion
  - CLA \$.7 billion
  - HRA \$1.3 billion
  
- Assessment Base
  - Broad base covering multiple lines of business
  - \$34 Billion – Regular Assessment
  - \$37.4 Billion – Emergency Assessment

Note: Cash & Invested Assets and Surplus at 6/30/08

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# Bond Ratings

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| Ratings Agency | PLA/CLA<br>Long Term | HRA<br>Long Term/Short<br>Term |
|----------------|----------------------|--------------------------------|
| S&P            | A+                   | A+/A-1+                        |
| Moody's        | A2                   | A2/MIGI                        |



## Estimated Claims Paying Ability – 2008 Hurricane Season

| \$'s in Millions |   |         |          |                    |
|------------------|---|---------|----------|--------------------|
|                  | Description   | PLA/CLA | HRA      | Pro-Forma Combined |
| a.               | Year-end 2007 Surplus   | \$1,759 | \$884    | \$2,643            |
| b.               | 2008 Budgeted Net Income  | \$997   | \$541    | \$1,538            |
| c.=a.+b.         | Total Available for Claims from Surplus   | \$2,756 | \$1,425  | \$4,181            |
| d.               | Pre-event Liquidity Available <sup>1</sup>  | \$1,666 | \$2,500  | \$4,166            |
| e.               | Projected FHCF Coverage (Mandatory Layer) <sup>2</sup>                                      | \$1,868 | \$3,605  | \$5,473            |
| f.               | Projected FHCF Coverage (TICL Layer) <sup>2</sup>   | \$1,356 | \$2,617  | \$3,973            |
| g.               | Private Reinsurance   | \$0     | \$446    | \$446              |
| h.=e.+f.+g.      | Total Reinsurance   | \$3,223 | \$6,668  | \$9,892            |
| i.=c.+d.+h.      | Total Funds Available to Pay Claims<br>(Includes Surplus, Pre-Event Liquidity, Reinsurance) | \$7,645 | \$10,593 | \$18,239           |

### Notes:

- 1) Pre-Event Liquidity reflects current liquidity for PLA/CLA and HRA.
- 2) Cat Fund coverage is based on preliminary exposure data, rating factors and coverage multiples. The final retentions and coverage amounts may be significantly different from these estimations.

# Balance Sheet: Statutory Accounting (unaudited as of 6/30/08)

|   | Consolidated            | PLA                     | CLA                     | HRA                     |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Assets</b>                                   |                         |                         |                         |                         |
| Cash and invested assets                        | \$ 7,718,316,294        | \$ 1,791,032,112        | \$ 1,521,777,093        | \$ 4,405,507,089        |
| Premium receivable, net                         | 206,611,702             | 130,759,742             | 5,553,632               | 70,298,328              |
| Due from takeout companies                      | 9,926,546               | 9,337,269               | -                       | 589,277                 |
| Reinsurance recoverable                         | 60,667,609              | 16,198,869              | 11,615,589              | 32,853,151              |
| Edp equipment, net                              | 9,281,865               | 9,281,865               | -                       | -                       |
| Accrued investment income                       | 10,338,325              | 3,978,347               | 221,559                 | 6,138,419               |
| Income tax recoverable                          | -                       | -                       | -                       | -                       |
| Other assets                                    | 188,424                 | 87,799                  | 100,625                 | -                       |
| Due from investment broker                      | -                       | -                       | -                       | -                       |
| Inter-account receivable (payable)              | 146,352                 | 558,923,333             | (420,679,545)           | (138,097,436)           |
| Assessment receivables                          | 761,065,186             | 34,805,240              | 10,924,220              | 715,335,726             |
| <b>Total Assets</b>                             | <b>\$ 8,776,542,303</b> | <b>\$ 2,554,404,576</b> | <b>\$ 1,129,513,173</b> | <b>\$ 5,092,624,554</b> |
| <b>Liabilities</b>                              |                         |                         |                         |                         |
| Loss reserves                                   | \$ 611,415,576          | \$ 323,502,136          | \$ 96,038,985           | \$ 191,874,455          |
| Loss expense reserves                           | 182,519,756             | 123,896,843             | 22,721,084              | 35,901,829              |
| Unearned premiums, net                          | 851,085,997             | 453,198,812             | 114,079,678             | 283,807,507             |
| Reinsurance premiums payable                    | 556,720,552             | 143,777,180             | 48,185,764              | 364,757,608             |
| Funds held under reinsurance treaties           | 13,160                  | -                       | -                       | 13,160                  |
| Provision for reinsurance                       | 17,084,566              | 13,980,088              | -                       | 3,104,478               |
| Advance premiums & suspended cash               | 180,957,770             | 43,213,356              | 73,180,306              | 64,564,108              |
| Notes payable                                   | 2,828,844,366           | -                       | -                       | 2,828,844,366           |
| Interest payable                                | 16,445,670              | -                       | -                       | 16,445,670              |
| Taxes and fees payable                          | 2,490,616               | 1,594,252               | 538,456                 | 357,908                 |
| Due to investment broker                        | 8,697,296               | 6,649,953               | 2,047,343               | -                       |
| Other liabilities                               | 89,041,851              | 61,984,675              | 5,598,874               | 21,458,302              |
| <b>Total Liabilities</b>                        | <b>5,345,317,176</b>    | <b>1,171,797,295</b>    | <b>362,390,490</b>      | <b>3,811,129,391</b>    |
| <b>Surplus (Deficit)</b>                        |                         |                         |                         |                         |
| Beginning surplus (deficit)                     | 2,593,052,613           | 1,156,822,477           | 601,965,196             | 834,264,940             |
| Restricted surplus                              | 50,155,515              | -                       | -                       | 50,155,515              |
| Change in non-admitted assets                   | 1,044,794               | (2,493,239)             | 1,259,896               | 2,278,137               |
| Change in other                                 | 1,926,526               | -                       | -                       | 1,926,526               |
| Net Income                                      | 785,045,679             | 228,278,043             | 163,897,591             | 392,870,045             |
| <b>Ending surplus (deficit)</b>                 | <b>3,431,225,127</b>    | <b>1,382,607,281</b>    | <b>767,122,683</b>      | <b>1,281,495,163</b>    |
| <b>Total Liabilities &amp; Surplus(Deficit)</b> | <b>\$ 8,776,542,303</b> | <b>\$ 2,554,404,576</b> | <b>\$ 1,129,513,173</b> | <b>\$ 5,092,624,554</b> |

## Income Statement: Statutory Accounting (unaudited as of 6/30/08)

|                                  | Consolidated          | PLA                   | CLA                   | HRA                   |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Net earned premiums:             |                       |                       |                       |                       |
| Direct earned premiums           | \$ 1,731,853,599      | \$ 854,559,648        | \$ 239,064,154        | \$ 638,229,797        |
| Ceded earned premiums            | (299,226,971)         | (223,988,761)         | (7,481,611)           | (67,756,599)          |
| Net earned premiums              | <u>1,432,626,628</u>  | <u>630,570,887</u>    | <u>231,582,543</u>    | <u>570,473,198</u>    |
| Underwriting expense:            |                       |                       |                       |                       |
| Losses incurred                  | 395,808,264           | 289,524,715           | 41,975,330            | 64,308,219            |
| Loss adjustment expense incurred | 73,868,982            | 52,982,544            | 12,056,497            | 8,829,941             |
| Producer commissions             | 139,579,289           | 52,579,850            | 21,516,980            | 65,482,459            |
| Ceded commissions                | (19,346,967)          | (18,224,888)          | (798,351)             | (323,728)             |
| Taxes and assessments            | 29,166,533            | 14,139,378            | 3,634,436             | 11,392,719            |
| Administrative                   | 66,545,277            | 33,456,961            | 10,200,361            | 22,887,955            |
| Total underwriting expenses      | <u>685,621,378</u>    | <u>424,458,560</u>    | <u>88,585,253</u>     | <u>172,577,565</u>    |
| Net underwriting income          | <u>747,005,250</u>    | <u>206,112,327</u>    | <u>142,997,290</u>    | <u>397,895,633</u>    |
| Other income (expense)           |                       |                       |                       |                       |
| Investment income                | 161,311,307           | 37,896,442            | 25,533,375            | 97,881,490            |
| Interest expense                 | (111,368,890)         | (12,254,284)          | (3,772,768)           | (95,341,838)          |
| Financing costs                  | (11,219,897)          | (2,794,351)           | (860,306)             | (7,565,240)           |
| Takeout bonuses                  | (682,091)             | (682,091)             | -                     | -                     |
| Assessment income                | -                     | -                     | -                     | -                     |
| Total other income (expense)     | <u>38,040,429</u>     | <u>22,165,716</u>     | <u>20,900,301</u>     | <u>(5,025,588)</u>    |
| Federal income taxes             | -                     | -                     | -                     | -                     |
| Net income (loss)                | <u>\$ 785,045,679</u> | <u>\$ 228,278,043</u> | <u>\$ 163,897,591</u> | <u>\$ 392,870,045</u> |

# Modeled Loss Report (as of 6/30/08)

## PML Occurrence – Single Event (in thousands)

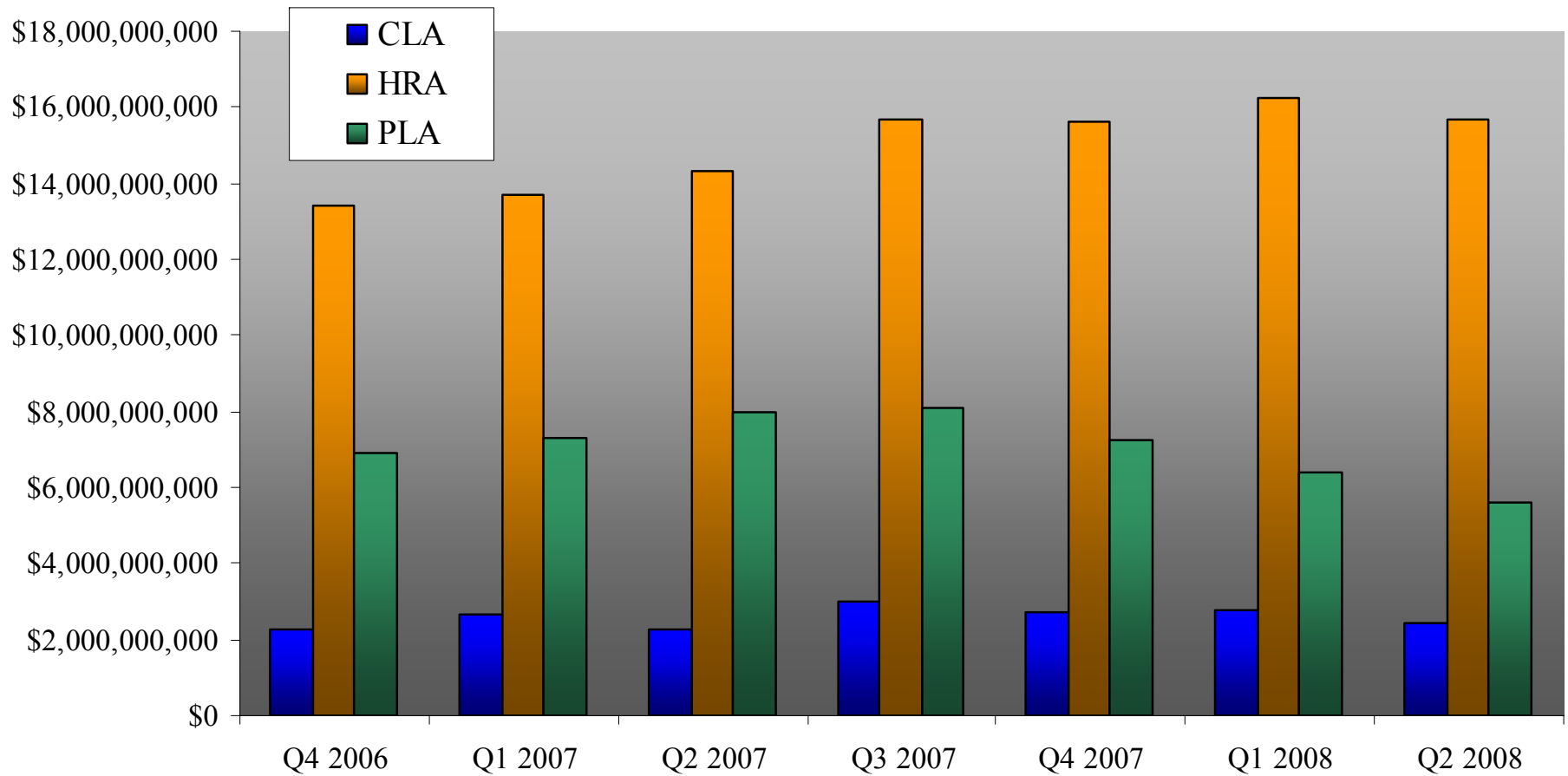
| Return Period | HRA<br>(High Risk Account) | PLA<br>(Personal Lines Account) | CLA<br>(Commercial Lines Account) |
|---------------|----------------------------|---------------------------------|-----------------------------------|
| 10            | \$2,421,044                | \$1,100,197                     | \$367,652                         |
| 20            | \$4,425,967                | \$1,,954,788                    | \$724,936                         |
| 30            | \$6,123,448                | \$2,598,108                     | \$1,009,062                       |
| 50            | \$9,146,641                | \$3,629,950                     | \$1,471,650                       |
| 100           | \$14,689,706               | \$5,611,282                     | \$2,312,737                       |

**Notes:**

- 1) PMLs in these tables were calculated using RiskLink version 7.0, Historical (long-term) and Stochastic (mid-term) event sets, weighted, including loss amplification (demand surge) and excluding storm surge. Citizens prepares its PMLs with a weighted rate comprised of 67% Stochastic rate and 33% Historical Rate.
- 2) Beginning August 2007, HRA includes personal residential multi-peril policies in the wind-eligible territories. Beginning December 2007, HRA includes commercial residential multi-peril policies in the wind-eligible territories.
- 3) The CLA modeled losses exclude the commercial non-residential wind-only policies (Commercial Inland Wind program) managed by ICAT.

# Modeled Losses over Time

CLA, HRA and PLA 100YR Probable Maximum Loss (000s)

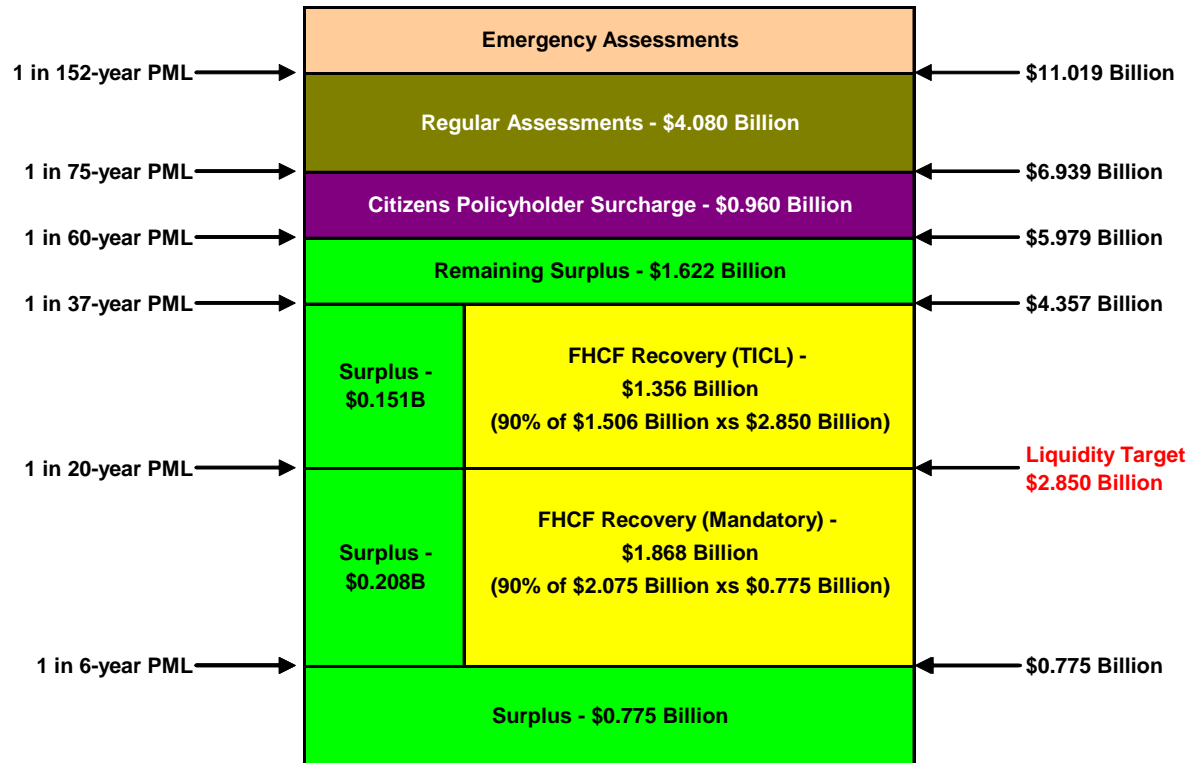


# PLA/CLA Projected Claims Paying Resources (2008 Hurricane Season) <sup>1</sup>

(Not to scale)

100 Year PML - \$8.291 Billion  
As of 6/30/08

PMLs are weighted 1/3 Historical  
and 2/3 Stochastic and reflect Single  
Event Occurrence



Note: Cat Fund coverage is based on preliminary exposure data, rating factors and coverage multiples. The final retentions and coverage amounts may be significantly different from the estimates shown in the layer chart.

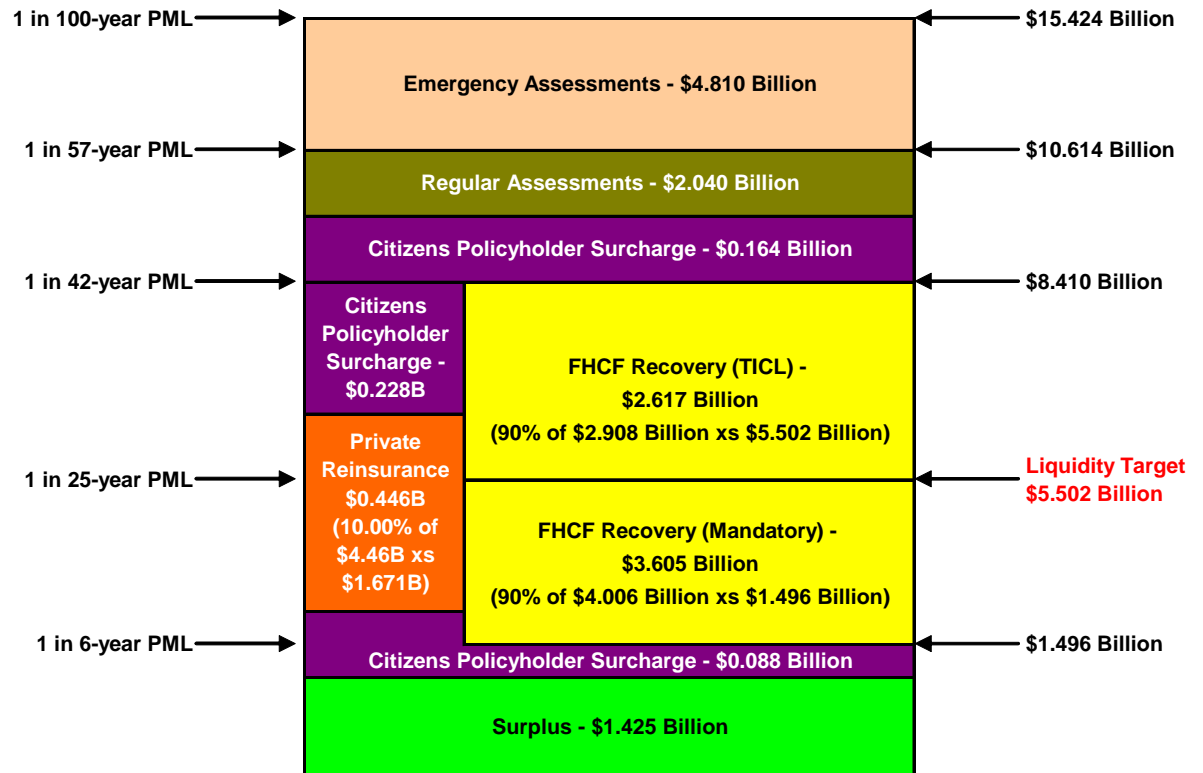
<sup>1</sup> Please see Notes & Assumptions attached hereto

# HRA Projected Claims Paying Resources (2008 Hurricane Season) <sup>1</sup>

(Not to scale)

100 Year PML - \$15.424 Billion  
As of 6/30/08

PMLs are weighted 1/3 Historical and 2/3 Stochastic and reflect Single Event Occurrence



Note: Cat Fund coverage is based on preliminary exposure data, rating factors and coverage multiples. The final retentions and coverage amounts may be significantly different from the estimates shown in the layer chart.

<sup>1</sup> Please see Notes & Assumptions attached hereto

# Citizens' Projected Claims Paying Resources: Notes and Assumptions

## ASSUMPTIONS for New Law

|   |                |
|---|----------------|
| ▶ Citizens DWP  | \$3.2 Billion  |
| ▶ Citizens Policyholder Surcharge Maximum %                               | 15.0%          |
| ▶ Regular Assessment Base Premium   | \$34.0 Billion |
| ▶ Regular Assessment Maximum %  | 6.0%           |
| ▶ Emergency Assessment Base Premium                                       | \$37.2 Billion |
| ▶ Citizens participation in FHCF is based on estimated exposure and rates |                |
| ▶ Interim return periods are derived by linear interpolation              |                |
| ▶ Return periods reflect a 5% adjusting expense grossup                   |                |
| ▶ Surplus based on projections at December 31, 2008                       |                |

## NOTES

- ▶ These charts are imperfect! They attempt to show projected PML resources, but they are approximations only. Four significant complicating factors are described below.
  - ☼ HRA PML vs. PLA/CLA PML: An actual 100-year PML event in HRA may not be a 100-year PML event for PLA/CLA. The relative magnitude of actual losses for HRA and PLA/CLA will depend on the storm size and path.
  - ☼ Combining PLA and CLA: The PLA and CLA are separate accounts for deficit calculation and assessment purposes, but are combined for FHCF and credit purposes. It is impossible to accurately show the PML resources situation of these accounts on either separate or combined charts since simplifications must be made in either case that could prove materially inaccurate. Although we show the combined accounts, there is no guarantee that they will have deficits at the same time or of similar magnitude.
  - ☼ Nonresidential exposure: Commercial nonresidential exposures in the CLA and HRA are not reinsured by FHCF. Actual deficits and assessments may be significantly different than an aggregated PML would otherwise indicate.
  - ☼ Liquidity: These charts do not show the liquidity needs of the accounts. An account with ample PML resources may still require liquidity as many of the PML resources are not available immediately following a major hurricane. The timing and magnitude of receivables such as FHCF recoveries and assessments are unknown. Therefore, Citizens must have a liquidity bridge. Liquidity needs are analyzed separately.



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# Citizens Assessment Overview

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1.

Citizens Policyholder Surcharge

2.

Regular Assessment

3.

Emergency Assessment

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# Citizens Policyholder Surcharge (Tier 1)

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If a deficit is incurred in any individual account (HRA, PLA, CLA), up to a 15% of premium surcharge may be required for 12 months on all Citizens' policies.

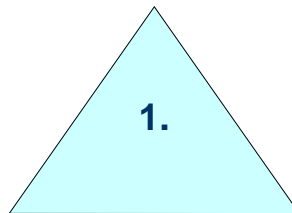
Tier 1 assessments apply on a per account basis.

If there is a deficit in all three accounts, Citizens policyholders could receive up to a 45% of premium surcharge for 12 months.

- 15% for the HRA account deficit
- 15% for the PLA account deficit
- 15% for the CLA account deficit

Citizens policyholder surcharges would be collected upon issuance or renewal.

Failure to pay shall be treated as a failure to pay premium.



**Citizens Policyholder Surcharge**

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# Regular Assessment (Tier 2)

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If the Tier 1 surcharge is insufficient to fully cure the deficit for any individual account, a regular assessment of up to 6% of premium or 6% of the deficit, whichever is greater, may be required.

- This applies to admitted and surplus lines property and casualty policies, including auto insurance (but excluding workers compensation, medical malpractice, federal flood and crop)
- Citizens policyholders are not subject to the regular assessment

The regular assessment is levied against admitted carriers, and may be passed through to its policyholders through a rate filing process. Agents collect the regular assessment directly from surplus lines policyholders.

Insurers are obligated to pay within 30 days.

Citizens has a program in which assessable insurers may reduce their assessment exposure based on their wind writings in the HRA.

Limited Apportionment Companies may pay their regular assessment over a twelve month period.

Tier 2 assessments apply on a per account basis.



**Regular Assessment**

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# Emergency Assessment (Tier 3)

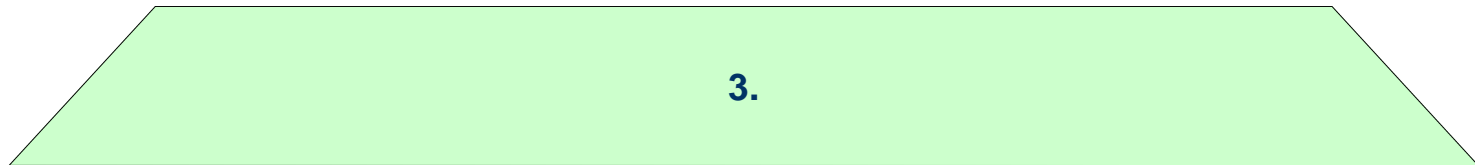
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If the deficit is not fully cured by Tier 1 and 2 assessments for any individual account, an emergency assessment of up to 10% of premium or 10% of the deficit, whichever is greater, may be required.

- Applies to admitted and surplus lines policies, including auto insurance (but excluding workers compensation, medical malpractice, federal flood and crop); and
- Citizens policyholders.

The emergency assessment would be collected for as many years as necessary to cure the deficit, but not to exceed 10% in any calendar year.

Tier 3 assessments apply on a per account basis.



**Emergency Assessment**

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# Summary

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1.

**Citizens Policyholder Surcharge**

Up to 15% for HRA, PLA, and/or CLA deficits  
Applies at new business/renewal for all Citizens' policyholders

2.

**Regular Assessment**

Up to 6% for HRA, PLA and/or CLA deficits  
Applies at new business/renewal for all non-Citizens' policyholders

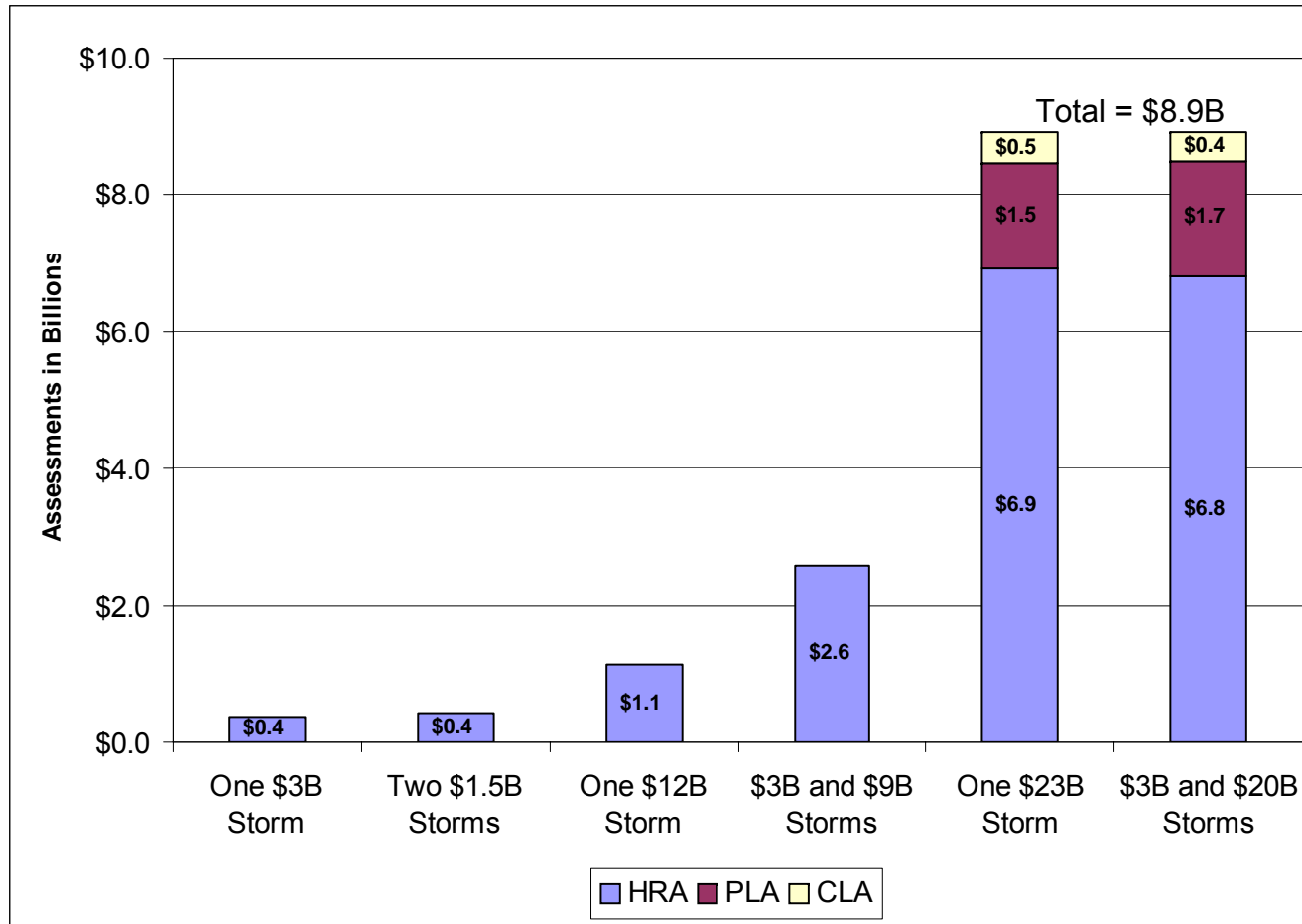
3.

**Emergency Assessment**

Up to 10% per year for HRA, PLA and/or CLA deficits  
Applies at new business/renewal for all Citizens' and non-Citizens' policyholders

# Estimated Assessment Scenarios – 2008 Hurricane Season

## \$3B, \$12B, and \$23B Hurricane Season Losses



Note: Assessments shown above are based on estimates of FHCF coverage, year-end surplus, and modeled losses in each account. Actual assessments may be significantly different than estimated.

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# History of Purchasing Private Reinsurance Coverage

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- Florida statutes require that Citizens, *“shall make its best efforts to procure catastrophe reinsurance at reasonable rates, to cover its projected 100-year probable maximum loss as determined by the board of governors.”*
- Prior to the 2005 hurricane season, Citizens had not purchased private reinsurance
- \$515 million of assessments caused by 2004 storm losses led to closer evaluation and purchase of private reinsurance for the 2005 hurricane season
- No private reinsurance purchased for the 2006 and 2007 hurricane seasons
- For 2008 hurricane season, Citizens Board of Governors approved the purchase of private reinsurance: \$466 million of coverage for losses in excess of \$1.67 billion was purchased for the HRA (excludes commercial non-residential)

## Exhibit Seven



**HOMEOWNERS RISK**

**Coverage A** 200,000  
**Coverage B %** 10%  
**Coverage C %** 50%  
**Year Built** 1975  
**Construction** Masonry  
**Protection Class** 4  
**A.O.P. Deductible** 1000.00  
**Hurr Deductible** 0.02  
**Replacement Cost Contents** Yes  
**Ordinance Law** 25%  
**Sinkhole Coverage** Included

**COMPARISON OF FILED RATES**

**FALL 2008**

| COUNTY       | CITIZENS RANK | TERRITORY                   | Filing: SFIC<br>Purpose: True-Up<br>Effective Date: 4/1/2008 | Universal  | Not Approved  | Citizens | American   | State Farm*                           | Universal P&C                        |                                 |
|--------------|---------------|-----------------------------|--|--|---|----------|--|---------------------------------------|--------------------------------------|---------------------------------|
|              |               |                             |  | North America<br>07-22944<br>Age Discount Change<br>2/1/2008 | St. Johns<br>Standard<br>08-14390<br>Base Change<br>6/15/2008 |          | Strategic<br>08-01249<br>Rate Filing<br>4/1/2008 | 08-08763<br>Cov B Changes<br>7/1/2008 | 07-19224<br>Settlement<br>12/15/2007 | 07-18267<br>True-Up<br>1/1/2008 |
| Broward      | 1             | Remainder of County         | 350  | 4,514  | 4,330   | 4,380    | 3,967  | 5,309                                 | 9,074                                | 4,202                           |
| Broward      | 3             | Coastal                     | 360  | 4,563  | 5,125   | 4,264    | 5,083  | 6,204                                 | 12,613                               | 6,136                           |
| Broward      | 2             | Inland – West Broward       | 370  | 3,991  | 4,185   | 3,491    | 3,423  | 4,615                                 | 5,678                                | 3,161                           |
| Dade         | 3             | Coastal                     | 310  | 5,336  | 3,984   | 4,972    | 5,693  | 7,439                                 | 11,939                               | 6,650                           |
| Dade         | 3             | Remainder of County         | 320  | 5,012  | 5,085   | 4,389    | 4,550  | 5,840                                 | 6,484                                | 4,476                           |
| Dade         | 2             | Inland – West Dade          | 340  | 4,850  | 5,773   | 4,147    | 4,452  | 5,635                                 | 8,984                                | 4,804                           |
| Duval        | 7             | Remainder                   | 390  | 1,353  | 1,183   | 905      | 1,434  | 1,417                                 | 1,142                                | 928                             |
| Duval        | 6             | Inland – West Duval         | 391  | 1,365  | 1,218   | 908      | 1,398  | 1,413                                 | 1,093                                | 865                             |
| Duval        | 4             | Coastal                     | 410  | 1,899  | 1,448   | 1,369    | 1,437  | 2,105                                 | 1,142                                | 1,458                           |
| Escambia     | 6             | Coastal                     | 120  | 3,307  | 2,687   | 2,479    | 4,014  | 3,702                                 | 5,904                                | 2,873                           |
| Escambia     | 6             | Inland                      | 430  | 2,031  | 2,493   | 1,895    | 2,711  | 2,259                                 | 2,731                                | 1,428                           |
| Hillsborough | 3             | Tampa/Hillsborough Metro    | 470  | 2,846  | 2,861   | 2,170    | 2,317  | 2,622                                 | 3,302                                | 1,843                           |
| Hillsborough | 3             | Tampa Suburban              | 471  | 3,030  | 2,861   | 2,170    | 2,237  | 2,815                                 | 3,302                                | 1,892                           |
| Hillsborough | 3             | Southwest Hillsborough      | 472  | 3,572  | 2,659   | 1,745    | 2,237  | 3,497                                 | 3,302                                | 1,892                           |
| Hillsborough | 4             | East                        | 473  | 2,343  | 2,659   | 1,745    | 2,237  | 2,176                                 | 2,507                                | 1,892                           |
| Palm Beach   | 1             | Coastal                     | 361  | 4,621  | 5,371   | 4,636    | 4,105  | 6,359                                 | 14,381                               | 5,826                           |
| Palm Beach   | 3             | Remainder                   | 380  | 3,878  | 4,006   | 3,151    | 3,759  | 4,556                                 | 9,657                                | 3,282                           |
| Palm Beach   | 5             | Inland – W. Palm Beach City | 381  | 3,196  | 4,006   | 3,151    | 3,759  | 3,659                                 | 6,036                                | 3,282                           |
| Pasco        | 5             | Coastal                     | 129  | 3,950  | 2,599   | 2,155    | 3,598  | 3,309                                 | 6,788                                | 2,548                           |
| Pasco        | 6             | Inland                      | 459  | 2,788  | 2,747   | 2,228    | 3,172  | 2,366                                 | 3,973                                | 1,237                           |
| Pinellas     | 1             | Coastal                     | 420  | 3,727  | 2,945   | 3,013    | 2,686  | 4,461                                 | 5,034                                | 3,051                           |
| Pinellas     | 3             | Exterior zip codes          | 480  | 3,444  | 3,218   | 2,497    | 2,540  | 3,625                                 | 3,713                                | 2,479                           |
| Pinellas     | 2             | Inland                      | 481  | 3,098  | 3,101   | 2,579    | 2,554  | 3,208                                 | 3,713                                | 2,106                           |
| Volusia      | 3             | Coastal                     | 145  | 3,072  | 2,176   | 2,282    | 2,288  | 3,839                                 | 3,384                                | 2,438                           |
| Volusia      | 1             | Inland                      | 442  | 1,725  | 1,572   | 1,532    | 1,488  | 1,876                                 | 1,834                                | 1,627                           |

**Rate Comparison Work Sheet**  
**for Avatar Property & Casualty Insurance Company**  
 spreadsheet last updated on: 7/30/2008

①

**Base Company**                      **Security First**

**Coverage A**                              200,000  
**Coverage B %**                            10%  
**Coverage C %**                            50%  
**Year Built**                                1975  
**Construction**                            Masonry  
**Protection Class**                        4  
**A.O.P. Deductible**                      \$                      500  
**Hurr Deductible**                        0.02  
**Replacement Cost Contents**            Yes  
**Ordinance Law**                         25%  
**Sinkhole Coverage**                      Included

|           |                       | Filing:<br>Purpose:<br>Effective Date: | RPIC<br>07-22239<br>True-Up<br>4/1/2008 | SFIC<br>07-22238<br>True-Up<br>4/1/2008 | Universal<br>North America<br>07-22944<br>Age Discount Change<br>2/1/2008 | Not Approved<br>St. Johns<br>Preferred<br>08-14390<br>Base Change<br>6/15/2008 | Not Approved<br>St. Johns<br>Standard<br>08-14390<br>Base Change<br>6/15/2008 | Homewise<br>07-19033<br>Sinkhole<br>1/1/2008 | Citizens<br>08-08763<br>Cov B Changes<br>7/1/2008 | American<br>Strategic<br>08-01249<br>Rate Filing<br>4/1/2008 | State Fam*<br>07-19224<br>Settlement<br>12/15/2007 | Universal P&C<br>07-18267<br>True-Up<br>1/1/2008 | United P&C<br>07-16695<br>True-Up<br>1/1/2008 | American<br>Integrity<br>07-19908<br>Initial Filing<br>2/1/2006 | Safe<br>Harbor<br>07-18323<br>True-Up<br>11/1/2007 |
|-----------|-----------------------|--|---|---|---|--|---|--|---|--|--|--|---|---|--|
| Alachua   |                       | 524                                    | 1,679                                   | 1,835                                   | 1,117   | 931  | 1,104   | 959  | 1,613   | 1,420  | 1,737  | 1,037  | 1,109   | 1,454   | 1,429  |
| Baker     |                       | 525                                    | 2,402                                   | 2,334                                   | 1,651   | 1,476  | 1,757   | 1,193  | 1,819   | 2,296  | 1,238  | 1,015  | 1,484   | 2,327   | 2,279  |
| Bay       | Coastal               | 124                                    | 3,125                                   | 2,684                                   | 2,951   | 2,237  | 2,672   | 1,738  | 4,242   | 3,023  | 6,870  | 2,934  | 3,082   | 3,224   | 3,206  |
| Bay       | Inland                | 454                                    | 2,259                                   | 2,006                                   | 2,480   | 1,585  | 2,480   | 1,397  | 2,987   | 2,195  | 3,178  | 2,291  | 2,149   | 2,311   | 2,289  |
| Bradford  |                       | 525                                    | 2,402                                   | 2,334                                   | 1,651   | 1,476  | 1,757   | 1,193  | 1,819   | 2,296  | 1,093  | 921  | 1,484   | 2,327   | 2,279  |
| Brevard   | Coastal - South       | 143                                    | 4,460                                   | 3,781                                   | 3,050   | 2,404  | 2,871   | 3,237  | 3,353   | 4,307  | 4,986  | 3,676  | 3,030   | 4,617   | 4,598  |
| Brevard   | Coastal - North       | 144                                    | 2,762                                   | 2,403                                   | 3,050   | 2,404  | 2,871   | 3,237  | 3,353   | 2,674  | 7,311  | 3,676  | 3,030   | 2,837   | 2,816  |
| Brevard   | Inland - South        | 440                                    | 2,497                                   | 2,181                                   | 2,554   | 1,520  | 1,813   | 1,991  | 2,371   | 2,422  | 3,306  | 2,277  | 1,652   | 2,565   | 2,546  |
| Brevard   | Inland - North        | 441                                    | 2,448                                   | 2,229                                   | 2,554   | 1,520  | 1,813   | 1,991  | 2,371   | 2,386  | 3,306  | 2,277  | 1,652   | 2,486   | 2,456  |
| Broward   | Remainder of County   | 350                                    | 5,701                                   | 4,702                                   | 4,708   | 3,986  | 4,773   | 4,041  | 4,308   | 5,492  | 10,561   | 4,604  | 6,624   | 5,947   | 5,940  |
| Broward   | Coastal               | 360                                    | 6,645                                   | 4,760                                   | 5,573   | 3,889  | 4,653   | 6,110  | 5,520   | 6,396  | 14,680   | 6,723  | 6,359   | 6,946   | 6,944  |
| Broward   | Inland - West Broward | 370                                    | 4,988                                   | 4,198                                   | 4,551   | 3,186  | 3,806   | 3,095  | 3,717   | 4,817  | 6,610  | 3,463  | 4,812   | 5,175   | 5,158  |
| Calhoun   |                       | 527                                    | 2,248                                   | 2,128                                   | 1,803   | 1,395  | 1,659   | 1,362  | 1,807   | 2,198  | 2,057  | 1,023  | 1,487   | 2,253   | 2,212  |
| Charlotte | Coastal               | 132                                    | 3,741                                   | 3,099                                   | 3,322   | 2,467  | 2,944   | 3,144  | 2,940   | 3,605  | 6,517  | 3,239  | 3,003   | 3,897   | 3,892  |
| Charlotte | Inland                | 462                                    | 2,801                                   | 2,407                                   | 2,858   | 2,065  | 2,466   | 2,377  | 2,501   | 2,707  | 4,541  | 2,594  | 2,152   | 2,887   | 2,871  |
| Citrus    | Coastal               | 128                                    | 3,738                                   | 3,495                                   | 2,696   | 2,017  | 2,405   | 1,895  | 2,342   | 2,713  | 2,538  | 2,538  | 2,701   | 2,823   | 2,795  |
| Citrus    | Inland                | 458                                    | 1,946                                   | 1,778                                   | 2,489   | 1,732  | 2,065   | 1,728  | 2,540   | 2,174  | 2,447  | 1,396  | 2,481   | 2,250   | 2,224  |
| Clay      |                       | 523                                    | 1,470                                   | 1,386                                   | 1,429   | 972  | 1,153   | 826  | 1,541   | 1,437  | 1,093  | 927  | 1,140   | 1,476   | 1,451  |
| Collier   | Coastal               | 134                                    | 5,248                                   | 4,041                                   | 4,211   | 3,111  | 3,722   | 4,255  | 4,676   | 5,046  | 9,224  | 3,072  | 3,214   | 5,499   | 5,502  |
| Collier   | Inland                | 464                                    | 3,643                                   | 3,103                                   | 3,496   | 2,563  | 3,062   | 2,399  | 3,389   | 3,523  | 6,246  | 2,999  | 2,309   | 3,769   | 3,751  |
| Columbia  |                       | 525                                    | 2,402                                   | 2,334                                   | 1,651   | 1,476  | 1,757   | 1,193  | 1,743   | 2,296  | 1,238  | 916  | 1,400   | 2,327   | 2,279  |
| Dade      | Coastal               | 310                                    | 7,992                                   | 5,604                                   | 4,332   | 4,535  | 5,427   | 6,495  | 6,182   | 7,700  | 13,894   | 7,286  | 8,164   | 8,334   | 8,324  |
| Dade      | Remainder of County   | 320                                    | 6,294                                   | 5,249                                   | 5,529   | 3,994  | 4,780   | 5,048  | 4,941   | 6,071  | 7,546  | 4,904  | 6,422   | 6,547   | 6,532  |
| Dade      | Inland - West Dade    | 340                                    | 6,080                                   | 5,087                                   | 6,277   | 3,779  | 4,518   | 4,621  | 4,835   | 5,866  | 10,456   | 5,263  | 6,228   | 6,318   | 6,302  |
| DeSoto    |                       | 465                                    | 2,186                                   | 1,949                                   | 2,301   | 1,595  | 1,900   | 1,519  | 2,140   | 2,125  | 1,950  | 1,436  | 1,966   | 2,233   | 2,211  |
| Dixie     | Coastal               | 127                                    | 2,955                                   | 2,660                                   | 2,203   | 1,645  | 1,963   | 1,841  | 2,301   | 2,775  | 2,706  | 2,466  | 2,409   | 2,911   | 2,881  |
| Dixie     | Inland                | 457                                    | 1,740                                   | 1,612                                   | 2,110   | 1,354  | 1,612   | 1,732  | 2,144   | 1,647  | 1,832  | 958  | 1,950   | 1,704   | 1,680  |
| Duval     | Remainder             | 390                                    | 1,594                                   | 1,498                                   | 1,286   | 827  | 978   | 835  | 1,557   | 1,558  | 1,330  | 1,017  | 1,006   | 1,601   | 1,575  |
| Duval     | Inland - West Duval   | 391                                    | 1,597                                   | 1,519                                   | 1,324   | 831  | 982   | 814  | 1,518   | 1,563  | 1,272  | 948  | 1,006   | 1,598   | 1,570  |
| Duval     | Coastal               | 410                                    | 2,312                                   | 2,044                                   | 1,574   | 1,247  | 1,488   | 1,363  | 1,561   | 2,246  | 1,330  | 1,597  | 1,514   | 2,368   | 2,347  |
| Escambia  | Coastal               | 120                                    | 4,054                                   | 3,539                                   | 2,922   | 2,263  | 2,703   | 2,346  | 4,359   | 3,928  | 6,870  | 3,146  | 2,808   | 4,163   | 4,131  |
| Escambia  | Inland                | 430                                    | 2,480                                   | 2,181                                   | 2,711   | 1,731  | 2,062   | 1,493  | 2,944   | 2,405  | 3,178  | 1,565  | 2,286   | 2,543   | 2,522  |
| Flagler   | Coastal               | 146                                    | 2,304                                   | 2,006                                   | 1,561   | 1,405  | 1,671   | 1,360  | 1,835   | 2,202  | 2,499  | 2,462  | 1,744   | 2,339   | 2,323  |
| Flagler   | Inland                | 450                                    | 1,821                                   | 1,652                                   | 1,385   | 1,164  | 1,385   | 1,099  | 1,561   | 1,773  | 1,848  | 1,404  | 1,255   | 1,848   | 1,826  |
| Franklin  |                       | 125                                    | 3,321                                   | 2,833                                   | 2,787   | 2,049  | 2,268   | 2,446  | 4,569   | 3,211  | 8,475  | 2,810  | 2,499   | 3,433   | 3,416  |
| Gadsden   |                       | 526                                    | 1,935                                   | 1,847                                   | 1,838   | 1,394  | 1,659   | 1,287  | 1,518   | 1,895  | 2,057  | 960  | 1,405   | 1,935   | 1,899  |
| Gilchrist |                       | 527                                    | 2,248                                   | 2,128                                   | 1,803   | 1,395  | 1,659   | 1,362  | 1,609   | 2,198  | 1,455  | 860  | 1,278   | 2,253   | 2,212  |
| Glades    |                       | 150                                    | 2,662                                   | 2,347                                   | 2,219   | 1,766  | 2,108   | 1,671  | 2,267   | 2,582  | 1,950  | 1,762  | 2,392   | 2,725   | 2,702  |

2

Coverage A 200,000  
 Coverage B % 10%  
 Coverage C % 50%  
 Year Built 1975  
 Construction Masonry  
 Protection Class 4  
 A.O.P. Deductible \$ 500  
 Hurr Deductible 0.02  
 Replacement Cost Contents Yes  
 Ordinance Law 25%  
 Sinkhole Coverage Included

|              |                             | Filing:         | RPIC     | SFIC     | Universal           | Not Approved | Not Approved |          |               | American    | State Farm* | Universal P&C | United P&C | American       | Safe      |
|--------------|-----------------------------|-----------------|----------|----------|---------------------|--------------|--------------|----------|---------------|-------------|-------------|---------------|------------|----------------|-----------|
|              |                             | Purpose:        | 07-22239 | 07-22238 | North America       | St. Johns    | St. Johns    | Homewise | Citizens      | Strategic   | 07-19224    | 07-18267      | 07-16695   | Integrity      | Harbor    |
|              |                             | Effective Date: | True-Up  | True-Up  | 07-22944            | 08-14390     | 08-14390     | 07-19033 | 08-08763      | 08-01249    | 07-19224    | True-Up       | True-Up    | 07-19908       | 07-18323  |
|              |                             |                 | 4/1/2008 | 4/1/2008 | Age Discount Change | Base Change  | Base Change  | Sinkhole | Cov B Changes | Rate Filing | Settlement  | 1/1/2008      | 1/1/2008   | Initial Filing | True-Up   |
|              |                             |                 |          |          | 2/1/2008            | 6/15/2008    | 6/15/2008    | 1/1/2008 | 7/1/2008      | 4/1/2008    | 12/15/2007  |               |            | 2/1/2008       | 11/1/2007 |
| Gulf         | Coastal                     | 125             | 3,321    | 2,833    | 2,787               | 2,049        | 2,446        | 2,268    | 4,546         | 3,211       | 6,870       | 3,008         | 3,019      | 3,433          | 3,416     |
| Gulf         | Inland                      | 455             | 2,056    | 1,851    | 2,742               | 1,731        | 2,062        | 1,786    | 3,189         | 1,999       | 3,178       | 1,706         | 2,298      | 2,093          | 2,070     |
| Hamilton     |                             | 525             | 2,402    | 2,334    | 1,651               | 1,476        | 1,757        | 1,193    | 1,982         | 2,296       | 1,238       | 898           | 1,630      | 2,327          | 2,279     |
| Hardee       |                             | 465             | 2,186    | 1,949    | 2,301               | 1,595        | 1,900        | 1,519    | 2,140         | 2,125       | 1,950       | 1,280         | 1,972      | 2,233          | 2,211     |
| Hendry       |                             | 150             | 2,662    | 2,347    | 2,219               | 1,766        | 2,108        | 1,671    | 2,267         | 2,582       | 1,950       | 1,972         | 2,286      | 2,725          | 2,702     |
| Hernando     | Coastal                     | 128             | 3,738    | 3,495    | 2,696               | 2,017        | 2,405        | 1,895    | 2,588         | 2,713       | 4,819       | 2,821         | 3,220      | 2,823          | 2,795     |
| Hernando     | Inland                      | 458             | 1,946    | 1,778    | 2,489               | 1,732        | 2,065        | 1,728    | 2,426         | 2,174       | 4,590       | 1,387         | 2,970      | 2,250          | 2,224     |
| Highlands    |                             | 466             | 2,044    | 1,828    | 2,152               | 1,498        | 1,787        | 1,313    | 1,879         | 1,986       | 1,950       | 1,469         | 1,516      | 2,086          | 2,062     |
| Hillsborough | Tampa/Hillsborough Metro    | 470             | 3,425    | 3,141    | 3,110               | 1,974        | 2,358        | 2,296    | 2,516         | 2,799       | 3,843       | 2,019         | 2,885      | 2,928          | 2,900     |
| Hillsborough | Tampa Suburban              | 471             | 3,624    | 3,353    | 3,110               | 1,974        | 2,358        | 2,296    | 2,429         | 3,026       | 3,843       | 2,073         | 2,803      | 3,151          | 3,116     |
| Hillsborough | Southwest Hillsborough      | 472             | 4,328    | 3,905    | 2,891               | 1,589        | 1,895        | 1,694    | 2,429         | 3,722       | 3,843       | 2,073         | 2,803      | 3,915          | 3,879     |
| Hillsborough | East                        | 473             | 2,804    | 2,594    | 2,891               | 1,589        | 1,895        | 1,694    | 2,429         | 2,340       | 2,917       | 2,073         | 2,803      | 2,436          | 2,409     |
| Holmes       |                             | 526             | 1,935    | 1,847    | 1,838               | 1,394        | 1,659        | 1,287    | 1,565         | 1,895       | 2,057       | 1,018         | 1,484      | 1,935          | 1,899     |
| Indian River | Coastal                     | 182             | 4,365    | 3,646    | 3,685               | 2,721        | 3,253        | 3,616    | 6,365         | 3,441       | 10,552      | 4,651         | 4,133      | 4,540          | 4,529     |
| Indian River | Inland                      | 142             | 3,562    | 3,015    | 3,070               | 2,320        | 2,766        | 2,258    | 3,206         | 4,210       | 4,918       | 3,370         | 2,286      | 3,689          | 3,674     |
| Jackson      |                             | 526             | 1,935    | 1,847    | 1,838               | 1,394        | 1,659        | 1,287    | 1,518         | 1,895       | 2,057       | 960           | 1,561      | 1,935          | 1,899     |
| Jefferson    | Coastal                     | 126             | 2,183    | 1,968    | 2,128               | 1,527        | 1,820        | 1,398    | 2,365         | 2,123       | 1,868       | 2,911         | 2,582      | 2,221          | 2,196     |
| Jefferson    | Inland                      | 525             | 2,402    | 2,334    | 1,651               | 1,476        | 1,757        | 1,193    | 1,874         | 2,296       | 1,557       | 951           | 1,681      | 2,327          | 2,279     |
| Lafayette    |                             | 527             | 2,248    | 2,128    | 1,803               | 1,395        | 1,659        | 1,362    | 1,819         | 2,198       | 2,057       | 930           | 1,610      | 2,253          | 2,212     |
| Lake         |                             | 521             | 1,343    | 1,215    | 1,301               | 1,076        | 1,281        | 965      | 1,779         | 1,419       | 1,737       | 1,148         | 1,162      | 1,476          | 1,459     |
| Lee          | Coastal                     | 133             | 4,357    | 3,645    | 3,532               | 2,353        | 2,808        | 3,793    | 2,802         | 4,205       | 7,846       | 3,179         | 2,523      | 4,530          | 4,516     |
| Lee          | Inland                      | 463             | 3,132    | 2,701    | 3,124               | 2,208        | 2,632        | 2,193    | 2,663         | 3,032       | 3,574       | 2,585         | 1,986      | 3,229          | 22,193    |
| Leon         |                             | 528             | 1,803    | 1,731    | 1,448               | 1,032        | 1,225        | 923      | 1,446         | 1,723       | 1,179       | 936           | 983        | 1,756          | 1,721     |
| Levy         | Coastal                     | 127             | 2,955    | 2,660    | 2,203               | 1,645        | 1,963        | 1,841    | 2,057         | 2,775       | 2,706       | 2,320         | 2,246      | 2,911          | 2,881     |
| Levy         | Inland                      | 457             | 1,740    | 1,612    | 2,110               | 1,354        | 1,612        | 1,732    | 1,961         | 1,647       | 1,832       | 996           | 1,811      | 1,704          | 1,680     |
| Liberty      |                             | 527             | 2,248    | 2,128    | 1,803               | 1,395        | 1,659        | 1,362    | 2,033         | 2,198       | 2,057       | 1,023         | 1,805      | 2,253          | 2,212     |
| Madison      |                             | 525             | 2,402    | 2,334    | 1,651               | 1,476        | 1,757        | 1,193    | 1,743         | 2,296       | 2,057       | 939           | 1,339      | 2,327          | 2,279     |
| Manatee      | Coastal                     | 130             | 4,345    | 3,605    | 3,210               | 2,424        | 2,896        | 2,745    | 3,297         | 4,187       | 9,341       | 3,412         | 3,015      | 4,524          | 4,515     |
| Manatee      | Inland                      | 460             | 2,477    | 2,134    | 2,930               | 1,722        | 2,057        | 1,722    | 2,437         | 2,398       | 4,042       | 2,605         | 1,830      | 2,552          | 2,537     |
| Marion       |                             | 522             | 1,685    | 1,590    | 1,017               | 937          | 1,112        | 900      | 1,629         | 1,365       | 1,737       | 1,041         | 1,085      | 1,409          | 1,390     |
| Martin       | Inland                      | 100             | 3,632    | 3,049    | 3,359               | 2,824        | 3,375        | 2,310    | 4,407         | 3,505       | 5,268       | 3,309         | 2,869      | 3,771          | 3,759     |
| Martin       | Coastal                     | 180             | 5,281    | 4,040    | 3,414               | 2,633        | 3,147        | 3,769    | 4,843         | 5,081       | 11,863      | 4,509         | 4,060      | 5,520          | 5,519     |
| Monroe       | Remainder of County         | 50              | 8,016    | 4,778    | 4,790               | 5,050        | 6,047        | 7,471    | 7,042         | 7,688       | 19,156      | 7,595         | 8,816      | 8,450          | 8,475     |
| Monroe       | Key West                    | 70              | 6,460    | 4,414    | 4,669               | 4,338        | 5,194        | 7,698    | 7,217         | 6,202       | 20,822      | 9,731         | 8,245      | 6,792          | 6,806     |
| Nassau       | Coastal                     | 147             | 2,047    | 1,832    | 1,804               | 1,303        | 1,545        | 1,213    | 1,854         | 1,990       | 1,330       | 2,446         | 1,565      | 2,088          | 2,067     |
| Nassau       | Inland                      | 529             | 1,560    | 1,471    | 1,292               | 914          | 1,084        | 997      | 1,696         | 1,525       | 1,314       | 942           | 1,285      | 1,566          | 1,539     |
| Okaloosa     | Coastal                     | 122             | 4,032    | 3,372    | 2,884               | 2,180        | 2,603        | 2,608    | 4,327         | 3,889       | 6,870       | 3,132         | 3,224      | 4,190          | 4,178     |
| Okaloosa     | Inland                      | 452             | 2,510    | 2,306    | 2,576               | 1,667        | 1,987        | 1,680    | 2,944         | 2,447       | 3,178       | 2,510         | 2,397      | 2,542          | 2,506     |
| Okeechobee   |                             | 150             | 2,662    | 2,347    | 2,219               | 1,766        | 2,108        | 1,671    | 2,274         | 2,582       | 1,950       | 1,755         | 1,849      | 2,725          | 2,702     |
| Orange       | Orlando                     | 490             | 1,763    | 1,619    | 1,523               | 1,001        | 1,189        | 1,056    | 1,804         | 1,637       | 1,908       | 1,304         | 1,132      | 1,703          | 1,681     |
| Orange       | Remainder of County         | 520             | 1,815    | 1,671    | 1,539               | 1,064        | 1,263        | 1,056    | 1,798         | 1,716       | 1,908       | 1,337         | 1,105      | 1,781          | 1,757     |
| Osceola      |                             | 510             | 2,109    | 1,915    | 1,643               | 1,271        | 1,090        | 1,053    | 1,653         | 2,034       | 1,670       | 1,355         | 1,199      | 2,121          | 2,096     |
| Palm Beach   | Coastal                     | 361             | 6,778    | 4,778    | 5,841               | 4,228        | 5,060        | 6,123    | 4,458         | 6,512       | 16,736      | 6,383         | 5,436      | 7,114          | 7,124     |
| Palm Beach   | Remainder                   | 380             | 4,897    | 4,044    | 4,356               | 2,875        | 3,437        | 3,969    | 4,082         | 4,717       | 11,239      | 3,596         | 3,945      | 5,107          | 5,100     |
| Palm Beach   | Inland - W. Palm Beach City | 381             | 3,968    | 3,383    | 4,356               | 2,875        | 3,437        | 3,264    | 4,082         | 3,841       | 7,025       | 3,596         | 3,945      | 4,105          | 4,086     |

2

Coverage A 200,000  
 Coverage B % 10%  
 Coverage C % 50%  
 Year Built 1975  
 Construction Masonry  
 Protection Class 4  
 A.O.P. Deductible \$ 500  
 Hurr Deductible 0.02  
 Replacement Cost Contents Yes  
 Ordinance Law 25%  
 Sinkhole Coverage Included

|            |                    | Filing:         | RPIC     | SFIC     | Universal North America | Not Approved St. Johns Preferred | Not Approved St. Johns Standard | Homewise | Citizens      | American Strategic | State Farm* | Universal P&C | United P&C | American Integrity | Safe Harbor |
|------------|--------------------|-----------------|----------|----------|-------------------------|----------------------------------|---------------------------------|----------|---------------|--------------------|-------------|---------------|------------|--------------------|-------------|
|            |                    | Purpose:        | 07-22239 | 07-22238 | 07-22944                | 08-14390                         | 08-14390                        | 07-19033 | 08-08763      | 08-01249           | 07-19224    | 07-18267      | 07-16895   | 07-19908           | 07-18323    |
|            |                    | Effective Date: | True-Up  | True-Up  | Age Discount Change     | Base Change                      | Base Change                     | Sinkhole | Cov B Changes | Rate Filing        | Settlement  | True-Up       | True-Up    | Initial Filing     | True-Up     |
|            |                    |                 | 4/1/2008 | 4/1/2008 | 2/1/2008                | 6/15/2008                        | 6/15/2008                       | 1/1/2008 | 7/1/2008      | 4/1/2008           | 12/15/2007  | 1/1/2008      | 1/1/2008   | 2/1/2008           | 11/1/2007   |
| Pasco      | Coastal            | 129             | 4,768    | 4,384    | 2,826                   | 1,968                            | 2,349                           | 2,864    | 3,907         | 3,495              | 7,899       | 2,792         | 3,639      | 3,670              | 3,643       |
| Pasco      | Inland             | 459             | 3,324    | 3,116    | 2,987                   | 2,032                            | 2,426                           | 2,051    | 3,445         | 2,540              | 4,624       | 1,355         | 3,071      | 2,634              | 2,604       |
| Pinellas   | Coastal            | 420             | 4,780    | 3,872    | 3,203                   | 2,748                            | 3,285                           | 3,745    | 2,917         | 4,602              | 5,858       | 3,343         | 3,426      | 4,994              | 4,991       |
| Pinellas   | Exterior zip codes | 480             | 4,267    | 3,681    | 3,500                   | 2,280                            | 2,717                           | 2,525    | 2,758         | 3,785              | 4,322       | 2,716         | 3,228      | 4,052              | 4,036       |
| Pinellas   | Inland             | 481             | 3,794    | 3,343    | 3,372                   | 2,348                            | 2,804                           | 2,303    | 2,774         | 3,386              | 4,322       | 2,307         | 3,220      | 3,591              | 3,569       |
| Polk       |                    | 500             | 3,435    | 3,247    | 1,788                   | 1,556                            | 1,389                           | 1,389    | 2,417         | 3,178              | 2,157       | 1,316         | 1,581      | 3,263              | 3,209       |
| Putnam     |                    | 523             | 1,470    | 1,386    | 1,429                   | 972                              | 1,153                           | 826      | 1,502         | 1,437              | 1,211       | 926           | 1,222      | 1,476              | 1,451       |
| Santa Rosa | Coastal            | 121             | 3,389    | 2,883    | 3,121                   | 2,167                            | 2,588                           | 2,562    | 4,574         | 3,276              | 8,475       | 3,056         | 3,299      | 3,505              | 3,489       |
| Santa Rosa | Inland             | 451             | 2,937    | 2,690    | 2,714                   | 1,745                            | 2,083                           | 1,767    | 2,981         | 2,863              | 3,178       | 2,404         | 2,328      | 2,976              | 2,936       |
| Sarasota   | Coastal            | 131             | 3,758    | 3,085    | 3,291                   | 2,426                            | 2,901                           | 2,480    | 2,960         | 3,617              | 6,517       | 3,149         | 3,011      | 3,925              | 3,923       |
| Sarasota   | Inland             | 461             | 2,533    | 2,178    | 2,858                   | 1,613                            | 1,919                           | 1,810    | 2,327         | 2,452              | 4,088       | 2,750         | 1,858      | 2,612              | 2,597       |
| Seminole   |                    | 511             | 2,114    | 1,974    | 1,511                   | 1,229                            | 1,461                           | 996      | 1,804         | 1,998              | 1,908       | 1,342         | 1,126      | 2,062              | 2,030       |
| St. Johns  | Coastal            | 146             | 2,304    | 2,006    | 1,561                   | 1,405                            | 1,671                           | 1,360    | 1,798         | 2,202              | 1,330       | 2,344         | 1,633      | 2,339              | 2,323       |
| St. Johns  | Inland             | 450             | 1,821    | 1,652    | 1,385                   | 1,164                            | 1,385                           | 1,099    | 1,644         | 1,773              | 1,450       | 1,372         | 1,159      | 1,848              | 1,826       |
| St. Lucie  | Coastal            | 181             | 4,217    | 3,553    | 3,695                   | 2,468                            | 2,944                           | 3,476    | 6,082         | 3,034              | 9,010       | 4,338         | 4,054      | 4,374              | 4,358       |
| St. Lucie  | Inland             | 141             | 3,137    | 2,693    | 3,245                   | 2,320                            | 2,768                           | 2,347    | 3,301         | 4,071              | 4,353       | 3,224         | 2,409      | 3,236              | 3,218       |
| Sumter     |                    | 521             | 1,343    | 1,215    | 1,301                   | 1,076                            | 1,281                           | 965      | 1,613         | 1,419              | 1,737       | 1,095         | 1,330      | 1,476              | 1,459       |
| Suwannee   |                    | 525             | 2,402    | 2,334    | 1,651                   | 1,476                            | 1,757                           | 1,193    | 2,188         | 2,296              | 2,057       | 939           | 1,640      | 2,327              | 2,279       |
| Taylor     | Coastal            | 126             | 2,183    | 1,968    | 2,128                   | 1,527                            | 1,820                           | 1,398    | 2,496         | 2,123              | 1,868       | 2,470         | 2,492      | 2,221              | 2,196       |
| Taylor     | Inland             | 456             | 1,854    | 1,700    | 2,218                   | 1,529                            | 1,821                           | 1,571    | 2,278         | 1,754              | 1,868       | 1,030         | 2,024      | 1,822              | 1,797       |
| Union      |                    | 525             | 2,402    | 2,334    | 1,651                   | 1,476                            | 1,757                           | 1,193    | 1,819         | 2,296              | 1,211       | 911           | 1,484      | 2,327              | 2,279       |
| Volusia    | Coastal            | 145             | 3,798    | 3,269    | 2,366                   | 2,084                            | 2,487                           | 2,301    | 2,485         | 4,073              | 3,938       | 2,671         | 2,877      | 3,847              | 3,827       |
| Volusia    | Inland             | 442             | 2,079    | 1,877    | 1,710                   | 1,402                            | 1,666                           | 1,199    | 1,616         | 2,024              | 2,134       | 1,783         | 1,344      | 2,113              | 2,089       |
| Wakulla    | Coastal            | 125             | 3,321    | 2,833    | 2,787                   | 2,049                            | 2,446                           | 2,268    | 2,854         | 3,211              | 6,870       | 2,859         | 2,925      | 3,433              | 3,416       |
| Wakulla    | Inland             | 456             | 1,854    | 1,700    | 2,218                   | 1,529                            | 1,821                           | 1,571    | 2,437         | 1,754              | 3,178       | 1,188         | 2,249      | 1,822              | 1,797       |
| Walton     | Coastal            | 123             | 3,397    | 2,890    | 2,907                   | 2,121                            | 2,532                           | 1,886    | 4,363         | 3,283              | 6,870       | 2,971         | 2,885      | 3,513              | 3,497       |
| Walton     | Inland             | 453             | 1,996    | 1,805    | 2,587                   | 1,350                            | 1,608                           | 1,273    | 3,237         | 1,944              | 3,178       | 1,793         | 2,143      | 2,030              | 2,006       |
| Washington |                    | 527             | 2,248    | 2,128    | 1,803                   | 1,395                            | 1,659                           | 1,362    | 2,033         | 2,198              | 2,057       | 1,125         | 1,805      | 2,253              | 2,212       |

Notes:  
 Items in blue are more than over 110% than the rates for the base company.  
 Items in red are less than 90% of the rates for the base company.  
 \*State Farm Coverage C is always at 75%

\$200,000  
 MMSOPRY  
 Page 4

| Edison<br>07-17491<br>True-Up<br>11/1/2007 | Cypress<br>08-12512<br>True-Up<br>1/1/2007 | Not Approved<br>Olympus<br>Preferred<br>08-14067<br>Base & Age<br>6/6/2008 | Not Approved<br>Olympus<br>Standard<br>08-14067<br>Base & Age<br>6/6/2008 | Coral<br>08-04667<br>Cov A Curve<br>7/15/2008 | Florida Family<br>07-22617<br>Sinkhole<br>1/1/2008 | Tower Hill<br>Preferred<br>07-18254<br>True-Up<br>5/1/2008 | Avatar<br>07-20109<br>Initial<br>4/1/2008 | Ark Royal<br>08-02445<br>Initial<br>2/15/2008 | ASI Preferred<br>08-09063<br>Initial<br>5/1/2008 |
|--|--|--|---|---|--|--|---|---|--|
| 2,406                                      | 1,077                                      | 1,041  | 1,234   | 1,529   | 1,735  | 911  | 1,534                                     | 1,471   | 1,478  |
| 1,183                                      | 1,338                                      | 1,590  | 1,895   | 1,591   | 1,857  | 1,408  | 2,031                                     | 2,346   | 2,353  |
| 2,391                                      | 2,594                                      | 2,237  | 2,871   | 2,169   | 2,205  | 2,162  | 3,381                                     | 3,088   | 3,129  |
| 1,603                                      | 1,823                                      | 1,585  | 1,891   | 1,883   | 2,177  | 1,912  | 2,421                                     | 2,251   | 2,275  |
| 1,316                                      | 1,373                                      | 1,382  | 1,644   | 1,450   | 1,838  | 1,069  | 1,375                                     | 2,346   | 2,353  |
| 2,783                                      | 3,565                                      | 2,404  | 2,871   | 2,335   | 2,042  | 2,236  | 3,164                                     | 4,436   | 4,498  |
| 2,783                                      | 3,565                                      | 2,404  | 2,871   | 2,335   | 2,042  | 2,236  | 3,164                                     | 2,765   | 2,799  |
| 1,840                                      | 2,446                                      | 1,520  | 1,812   | 1,838   | 1,839  | 1,889  | 2,269                                     | 2,565   | 2,596  |
| 1,840                                      | 2,446                                      | 1,520  | 1,812   | 1,838   | 1,839  | 1,889  | 2,269                                     | 2,487   | 2,509  |
| 3,890                                      | 5,310                                      | 3,986  | 4,773   | 4,019   | 3,126  | 4,297  | 4,242                                     | 5,907   | 6,005  |
| 3,114                                      | 6,465                                      | 3,889  | 4,654   | 2,914   | 3,410  | 3,952  | 6,747                                     | 6,844   | 6,962  |
| 3,463                                      | 4,484                                      | 3,185  | 3,806   | 3,568   | 2,921  | 3,396  | 3,650                                     | 5,207   | 5,286  |
| 1,504                                      | 1,450                                      | 1,428  | 1,700   | 1,737   | 1,867  | 1,453  | 1,978                                     | 2,266   | 2,279  |
| 2,701                                      | 3,343                                      | 2,467  | 2,945   | 2,319   | 2,369  | 2,550  | 3,418                                     | 3,918   | 3,982  |
| 2,312                                      | 2,842                                      | 2,064  | 2,466   | 2,179   | 2,229  | 2,437  | 2,605                                     | 2,884   | 2,925  |
| 2,134                                      | 2,422                                      | 1,746  | 2,081   | 1,980   | 2,042  | 1,140  | 3,418                                     | 2,868   | 2,894  |
| 1,676                                      | 2,173                                      | 1,569  | 1,869   | 1,804   | 2,052  | 1,091  | 2,328                                     | 2,274   | 2,292  |
| 944  | 1,123                                      | 997  | 1,187   | 1,417   | 1,631  | 1,069  | 1,375                                     | 1,505   | 1,514  |
| 3,540                                      | 5,042                                      | 3,111  | 3,722   | 3,350   | 2,312  | 3,072  | 2,605                                     | 5,771   | 5,876  |
| 2,722                                      | 3,423                                      | 2,563  | 3,062   | 2,625   | 2,193  | 2,586  | 2,605                                     | 3,915   | 3,973  |
| 1,398                                      | 1,292                                      | 1,434  | 1,708   | 1,542   | 1,854  | 1,400  | 2,031                                     | 2,346   | 2,353  |
| 4,130                                      | 7,129                                      | 4,570  | 5,468   | 3,777   | 3,953  | 4,420  | 7,082                                     | 8,372   | 8,511  |
| 4,078                                      | 5,647                                      | 4,163  | 4,983   | 4,105   | 3,410  | 4,205  | 5,929                                     | 6,565   | 6,670  |
| 4,852                                      | 4,607                                      | 3,779  | 4,517   | 4,367   | 3,577  | 4,035  | 4,759                                     | 6,328   | 6,428  |
| 1,288                                      | 1,852                                      | 1,680  | 2,003   | 1,685   | 1,891  | 1,345  | 2,000                                     | 2,202   | 2,225  |
| 1,942                                      | 1,975                                      | 1,736  | 2,071   | 1,565   | 2,331  | 1,490  | 2,564                                     | 2,861   | 2,890  |
| 1,291                                      | 1,643                                      | 1,298  | 1,543   | 1,634   | 2,315  | 1,447  | 2,101                                     | 1,870   | 1,886  |
| 1,057                                      | 1,180                                      | 950  | 1,123   | 1,482   | 1,875  | 1,197  | 1,375                                     | 1,608   | 1,617  |
| 1,017                                      | 1,180                                      | 1,012  | 1,200   | 1,450   | 1,870  | 1,219  | 1,590                                     | 1,597   | 1,604  |
| 1,472                                      | 1,562                                      | 1,247  | 1,488   | 1,460   | 2,062  | 1,326  | 1,967                                     | 2,434   | 2,462  |
| 2,425                                      | 2,113                                      | 2,263  | 2,703   | 2,174   | 2,119  | 2,150  | 3,381                                     | 4,235   | 4,288  |
| 1,590                                      | 1,922                                      | 1,879  | 2,241   | 1,872   | 2,188  | 2,251  | 2,655                                     | 2,542   | 2,572  |
| 1,800                                      | 1,799                                      | 1,441  | 1,714   | 1,722   | 2,013  | 1,158  | 3,164                                     | 2,188   | 2,214  |
| 598  | 1,330                                      | 1,172  | 1,398   | 1,341   | 1,935  | 1,067  | 2,269                                     | 1,848   | 1,863  |
| 2,172                                      | 1,939                                      | 1,893  | 2,260   | 2,091   | 2,236  | 2,166  | 3,185                                     | 3,432   | 3,481  |
| 1,369                                      | 1,268                                      | 1,381  | 1,644   | 1,446   | 1,838  | 1,442  | 1,978                                     | 1,929   | 1,937  |
| 1,268                                      | 1,333                                      | 1,214  | 1,445   | 1,382   | 1,891  | 1,263  | 1,534                                     | 2,266   | 2,279  |
| 1,563                                      | 1,745                                      | 1,768  | 2,109   | 1,846   | 1,886  | 1,312  | 2,605                                     | 2,792   | 2,825  |