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Hurricane Assessments

Office of the Insurance Consumer Advocate
State of Florida

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SCOPE

The purpose of this report is to provide estimates of the assessment rates and assessment dollar amounts expected to be levied by the Florida Hurricane Catastrophe Fund (FHCF), Citizens Property Insurance Corporation (Citizens) and the Florida Insurance Guaranty Association (FIGA) for a 1 in 25 year, 1 in 100 year and 1 in 250 year hurricane making initial landfall in the vicinity of Tampa or Miami, Florida.

LIMITATIONS

This analysis is based on a single hurricane event and does not consider possible assessments due to multiple hurricane events.

This report does not estimate FIGA losses for a 1 in 25 year or 1 in 100 year hurricane, because of difficulties in estimating insurer failures, and because of the OIR requirement that insurers have financial resources in the form of surplus or reinsurance to fund hurricane losses up to at least a 1 in 100 year. However, there is always some risk of insurer failure after a hurricane, because actual hurricane losses may vary widely from the model estimates, and because individual insurers' geographic distributions of business will differ significantly from industry-wide distributions.

It is assumed that private reinsurance exhausts on average at a 1 in 175 year event. However, actual reinsurance programs are more diverse and complex. Some insurers reinsure for only one 1 in 100 year storm, others reinsure for only one 1 in 250 year storm, still others reinsure for two 1 in 100 year storms, and other variations.

The conclusions of this report are developed in the accompanying text and exhibits, which together comprise the report. The conclusions in this report are related to its stated purpose only and may not be applicable for other purposes. This report should only be distributed in its entirety and should not replace the due diligence on behalf of any third party.

The author reserves the right to make or approve any changes to this report. Judgments as to the conclusions, indications, methods, and data contained in this report should be made only after studying the report in its entirety. The author is available to explain any matter presented herein and assumes that the user of the report will seek such explanation as to any matter in question.

EXECUTIVE SUMMARY

In Florida there are three entities that may levy assessments due to residential property insurance claims: 1) Florida Hurricane Catastrophe Fund (FHCF), 2) Citizens Property Insurance Corporation (Citizens) and, 3) the Florida Insurance Guaranty Association (FIGA). Regular assessments for a single year and emergency assessments for one or more years are made as necessary to cure deficits and retire indebtedness.

The estimated total assessment rates as a percentage of annual premiums by line of insurance that may be levied by each of these entities for a 1 in 25 year, 1 in 100 year or 1 in 250 year hurricane making initial landfall in the vicinity of either Tampa or Miami are summarized in the following table:

| | 1 in 25 | | 1 in 100 | | 1 in 250 | |
|-------------------|----------|---------|----------|---------|----------|---------|
| | Citizens | Private | Citizens | Private | Citizens | Private |
| Homeowners | 8.7% | 8.7% | 91.5% | 54.4% | 157.9% | 128.4% |
| Auto | 8.7% | 8.7% | 54.4% | 54.4% | 89.2% | 89.2% |
| Business | 8.7% | 8.7% | 54.4% | 54.4% | 128.4% | 128.4% |

If financing is available, these assessment rates may be reduced by spreading them over several years, however total costs will increase due to financing costs. Current state law currently does not allow single year assessments as large as are given in the above table for the 1-in-100 and 1-in-250 year storms.

This report does not estimate FIGA losses due to failures of insurers after a 1 in 25 year or 1 in 100 year storm. However, there is always some risk of insurer failure after a hurricane, because actual hurricane losses may vary widely from the model estimates upon which surplus has been accumulated and reinsurance has been purchased and because individual insurers' geographic distributions of business will differ significantly from industry-wide distributions.

The following major lines of property and casualty insurance are exempt from assessments for commercial and residential property hurricane claims: 1) automobile liability, automobile physical damage, surplus lines, federal flood and any insurance provided by or guaranteed by government, workers compensation policies and various other lines are exempt from FIGA assessments and, 2) workers compensation, federal flood, medical malpractice policies (until 2010) and various other lines are exempt from FHCF and Citizens assessments.

The following chart summarizes assessments from all sources for the 2004 and 2005 hurricanes:

| Entity with Deficit | Deficit Year | Assessment Type | Percent of Premium Assessed | Effective Date | Years | Policyholders Paying |
|----------------------------|---------------------|------------------------|------------------------------------|-----------------------|--------------|--|
| Citizens | 2004 | Regular | 6.08% | August-05 | 1 | Voluntary Market |
| Citizens | 2005 | Regular | 2.07% | July-07 | 1 | Voluntary Market |
| Citizens | 2005 | Emergency | 1.40% | July-07 | 10 | Voluntary Market |
| CAT Fund | 2005 | Emergency | 1.00% | January-07 | 8 | Voluntary Market & Citizens |
| FIGA | 2006 | Regular | 2.00% | July-06 | 1 | Voluntary Market & Citizens |
| FIGA | 2006 | Emergency | 2.00% | January-07 | 1 | Voluntary Market & Citizens |
| FIGA | 2006 | Regular | 2.00% | October-07 | 1 | Voluntary Market & Citizens |

FLORIDA HURRICANE CATASTROPHE FUND

(Reference: 215.555 (6) (b), F.S.)

FHCF Emergency Assessments

FHCF emergency assessments apply to all property and casualty lines of business, including surplus lines, but exclude workers' compensation, accident and health, medical malpractice, and Federal Flood. The current FHCF emergency assessment is for the purpose of financing the FHCF's shortfall from the 2005 hurricane season.

The FHCF issued bonds in the amount of \$1.35 billion in 2006 and \$625 million in 2008 which are currently being financed by a 1% emergency assessment on premiums for the lines of business as noted above for approximately 8 years beginning for all policies renewed after January 1, 2007.

A policy is not subject to FHCF annual emergency assessments in excess of 6 percent of premium for one contract year or 10 percent of premium for multiple contract years. An FHCF annual emergency assessment continues until the revenue bonds issued with respect to the assessment are retired.

The exemption of medical malpractice insurance premiums from emergency assessments has been repealed as of May 31, 2010.

CITIZENS PROPERTY INSURANCE CORPORATION

(Reference: Section 627.351(6), F.S.)

According to Florida Law, Citizens is required to maintain three distinct deposit accounts: 1) High Risk Account (HRA), 2) Personal Lines Account (PLA) and 3) Commercial Lines Account (CLA). These accounts are kept separate and assessments are calculated and levied based upon deficits incurred in each individual account.

Assessments are paid by insurers and passed on to policyholders as surcharges. Insurer annual assessments and policyholder annual surcharges continue as long as necessary to cure deficits or retire indebtedness.

For the HRA deficit in plan year 2004, Citizens levied a regular one-year assessment of 6.08%. For the HRA deficit in plan year 2005, citizens levied a regular one-year assessment of 2.07% and an emergency assessment of 1.4% to be charged for 10 years.

Citizens Policyholder Surcharge (Tier 1)

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

Regular Assessment (Tier 2)

If the Tier 1 surcharge is insufficient to fully cure the deficit for any individual account, a regular assessment of up to 6% of direct written premium or 6% of the deficit, whichever is greater, may be required for 12 months for each of the three Citizens accounts. 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.

Emergency Assessment (Tier 3)

If the deficit is not fully cured by Tier 1 and 2 assessments for any of the three Citizens' accounts, an emergency assessment of up to 10% of direct written premium or 10% of the deficit, whichever is greater, may be required for each of the three Citizens' accounts. 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 subject to the emergency assessment. 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 per account.

FLORIDA INSURANCE GUARANTY ASSOCIATION

(Reference: Chapter 631, F.S.)

According to Florida Law, Florida Insurance Guaranty Association (FIGA) is required to maintain three distinct deposit accounts: 1) Automobile Liability Account, 2) Automobile Physical Damage Account and a 3) All Other Lines Account. These accounts are kept separate and assessments are calculated and levied based upon deficits incurred in each individual account.

The All Other Lines Account pays residential and commercial property hurricane losses of insolvent insurers. The assessment base of the All Other Lines Account excludes several large lines of insurance including: 1) life and health, 2) workers compensation, 3) title insurance and, 4) surplus lines. Life and health and workers compensation claims of insolvent insurers are covered by other Florida guaranty associations.

FIGA assessments are paid by insurers and passed on to policyholders as surcharges on their policies. Insurer annual assessments and policyholder annual surcharges may continue as long as necessary to cure deficits or retire indebtedness.

FIGA has made the following recent All Other Lines Account one-year assessments: 1) a 2% assessment on October 29, 2007, 2) a 2% emergency assessment on December 15, 2006 and, 3) a 2% regular assessment on July 21, 2006.

Regular Assessment

The annual assessments levied against an insurer shall not exceed 2% percent of that insurer's net direct written premiums during the preceding calendar year for the kinds of insurance included within one of the three distinct deposit accounts listed above.

Emergency Assessment

In addition to regular assessments, emergency assessments may be levied for the payment of claims of insurers rendered insolvent by hurricanes. The emergency assessments payable by an insurer shall not exceed 2% percent of that insurer's net direct written premiums during the preceding calendar year for the kinds of insurance included within one of the three distinct deposit accounts listed above.

PROJECTED ASSESSMENTS

Projected 2009 Funding

FHCF

The estimated theoretical funding capacity for 2009 of the FHCF is \$27.18 billion. This is the maximum amount by law that the FHCF may pay for a single hurricane. The actual funding capacity is dependent on the amount of money the FHCF can borrow. Currently, the post-event borrowing capacity of the FHCF is estimated at approximately \$8 billion.

The FHCF is projected have resources of \$8.93 billion as of the end of 2010 in the form of cash and invested assets (projected fund balance of \$5.43 billion), and pre-event borrowing (\$3.500 billion of notes). Therefore, the current funding capacity of the FHCF is estimated to be \$16.93 billion. It is assumed in this report that the FHCF will be able to borrow the additional \$10.25 billion if a hurricane requires the FHCF to pay out its maximum obligation of \$27.18 billion.

Citizens

The total projected maximum funding capacity for 2009 for Citizens is \$18.49 billion excluding Citizen's post-event bonding. This is the maximum projected amount of funding that Citizens may have available to pay claims and claim adjustment expenses as of 12/30/10 assuming the FHCF can bond up to its \$27.18 billion theoretical bonding capacity.

The \$18.49 billion funding is estimated to be composed of cash and invested assets (\$4.97 billion), pre-event borrowing (\$2.67 billion of HRA account notes), and FHCF reinsurance (\$10.85 billion). Citizen's post-event bonding capacity is unknown and may be constrained by "crowding out" of available capacity by the FHCF and FIGA.

FIGA

The total projected funding capacity for 2009 for FIGA is unknown and may be constrained by "crowding out" of available capacity by the FHCF and Citizens. FIGA does not accrue cash and invested assets in anticipation of potential bankruptcies and therefore depends entirely upon post-bankruptcy assessments and bonding capacity to pay claims.

Assumptions

- 1) The maximum available optional TICL coverage of \$10.0 billion will be purchased by FHCF contract holders in 2009.
- 2) The FHCF will assess and bond up to its maximum theoretical loss funding capacity for 2009 of \$27.18 billion for a 1 in 100 year or 1 in 250 year hurricane.
- 3) The average hurricane deductible is 2% of insured structure (coverage A) exposure.
- 4) FIGA losses will be reduced by 15% due to the \$500,000 statutory per home limit on loss reimbursements.
- 5) The Florida Office of Insurance Regulation will require insurers to have financial resources in the form of surplus or reinsurance to fund hurricane losses up to at least a 1 in 100 year storm. Because of this requirement and difficulties in estimating insurer failures, this report does not estimate FIGA losses for a 1 in 25 year or 1 in 100 year hurricane.
- 6) Private reinsurance exhausts on average at a 1 in 175 year event.
- 7) Loss estimates are for personal and commercial residential exposures only and do not include auto or commercial non-residential exposures.
- 8) For simplicity of presentation, Citizens' estimated assessments are based on averages of the three Citizens accounts even though by statute each account is required to be independent and cannot rely on the others to fund deficits.

Data Sources

- 1) Citizens Property Insurance Corp., RMS RiskLink, Version 7.0, Return Period Loss Amounts, Net of Deductible, Historical Event Rates, Including Loss Amplification, Excluding Storm Surge, data as of December 31, 2008
- 2) Page 56, FHCF 2009 Ratemaking Formula Report
- 3) FHCF Bonding Capacity Update, Guy Carpenter, October 2008
- 4) 2007/2008 FHCF Coverage Selections and Premium Calculations
- 5) Citizens Property Insurance Corporation, GAAP Consolidated Statement of Net Assets (audited), December 31, 2008
- 6) Florida Surplus Lines Service Office, 2007 annual report
- 7) NAIC I-Site Database
- 8) AIR hurricane model estimates for a Tampa or Miami vicinity land-falling category 4 hurricane
- 9) Tillinghast, "Study of Recent Legislative Changes to Florida Property Insurance Mechanisms", Prepared for Associated Industries of Florida, March 19, 2007
- 10) A report titled "Hurricane Assessments" dated June 11, 2009. A peer review of a draft of this report dated May 13, 2009 prepared by Kay Cleary of Risk Management Solutions.

1 in 25 Year Hurricane

It is expected that a 1 in 25 year hurricane making initial landfall in the vicinity of Tampa or Miami will cause approximately \$25.92 billion in residential wind losses and loss adjustment expenses. This loss estimate excludes privately insured commercial losses and losses for flood, storm surge and uninsured economic losses.

Because of difficulties in estimating insurer failures, this report does not estimate FIGA losses for a 1 in 25 year or 1 in 100 year hurricane. However, there is always some risk of insurer failure after a hurricane, because actual hurricane losses may vary widely from the model estimates upon which surplus has been accumulated and reinsurance has been purchased, and because individual insurers’ geographic distributions of business will differ significantly from industry-wide distributions.

The following table summarizes the losses and the projected deficit (\$billions):

| | Citizens | | | | FIGA | Privately Insured Losses | Total Market |
|---------------------------------------|-------------|-------------|-------------|-------------|----------|--------------------------|--------------|
| | HRA | PLA | CLA | Subtotal | | | |
| Losses & LAE | 5.54 | 2.19 | 1.01 | 8.74 | - | 17.18 | 25.92 |
| Policyholder Deductible | 0.60 | 0.24 | 0.11 | 0.95 | - | 1.86 | 2.80 |
| Recoveries from FHCF | 2.65 | 1.05 | 0.48 | 4.18 | - | 8.22 | 12.41 |
| Net | 2.29 | 0.90 | 0.42 | 3.61 | - | 7.10 | 10.71 |
| Funding @ 12/30/08 | 4.06 | 1.45 | 0.86 | 6.37 | - | 7.10 | 13.47 |
| Additional Funding by 12/31/10 | 0.45 | 0.37 | 0.46 | 1.28 | - | - | 1.28 |
| Funding @ 12/31/10 | 4.50 | 1.82 | 1.32 | 7.64 | - | 7.10 | 14.74 |
| Deficit | - | - | - | - | - | - | - |
| FHCF Deficit | | | | | | | 3.32 |
| Total Deficit | | | | | | | 3.32 |

1 in 100 Year Hurricane

It is expected that a 1 in 100 year hurricane making initial landfall in the vicinity of Tampa or Miami will cause approximately \$65.63 billion in residential wind losses and loss adjustment expenses. This loss estimate excludes privately insured commercial losses and losses for flood, storm surge and uninsured economic losses.

Because of difficulties in estimating insurer failures, this report does not estimate FIGA losses for a 1 in 25 year or 1 in 100 year hurricane. However, there is always some risk of insurer failure after a hurricane, because actual hurricane losses may vary widely from the model estimates upon which surplus has been accumulated and reinsurance has been purchased, and because individual insurers’ geographic distributions of business will differ significantly from industry-wide distributions.

The following table summarizes the losses and the projected deficit (\$billions):

| | Citizens | | | | FIGA | Privately Insured Losses | Total Market |
|---------------------------------------|--------------|-------------|-------------|--------------|------|--------------------------|--------------|
| | HRA | PLA | CLA | Subtotal | | | |
| Losses & LAE | 14.50 | 5.06 | 2.58 | 22.14 | - | 43.49 | 65.63 |
| Policyholder Deductible | 0.99 | 0.34 | 0.18 | 1.51 | - | 2.96 | 4.47 |
| Recoveries from FHCF | 6.00 | 2.10 | 1.07 | 9.17 | - | 18.01 | 27.18 |
| Net | 7.51 | 2.62 | 1.34 | 11.47 | - | 22.52 | 33.98 |
| Funding @ 12/30/08 | 4.06 | 1.45 | 0.86 | 6.37 | - | 22.52 | 28.88 |
| Additional Funding by 12/31/10 | 0.45 | 0.37 | 0.46 | 1.28 | - | - | 1.28 |
| Funding @ 12/31/10 | 4.50 | 1.82 | 1.32 | 7.64 | - | 22.52 | 30.16 |
| Deficit | 3.01 | 0.80 | 0.02 | 3.82 | - | - | 3.82 |
| FHCF Deficit | | | | | | | 17.81 |
| Total Deficit | | | | | | | 21.63 |

1 in 250 Year Hurricane

It is expected that a 1 in 250 year hurricane making initial landfall in the vicinity of Tampa or Miami will cause approximately \$98.54 billion in residential wind losses and loss adjustment expenses. This loss estimate excludes privately insured commercial losses and losses for flood, storm surge and uninsured economic losses. The following table summarizes the losses and the projected deficit (\$billions):

| | Citizens | | | | FIGA | Privately Insured Losses | Total Market |
|---------------------------------------|--------------|-------------|-------------|--------------|--------------|--------------------------|--------------|
| | HRA | PLA | CLA | Subtotal | | | |
| Losses & LAE | 24.27 | 8.20 | 4.31 | 36.79 | 13.75 | 48.01 | 98.54 |
| Policyholder Deductible | 1.34 | 0.45 | 0.24 | 2.04 | 0.76 | 2.66 | 5.45 |
| Recoveries from FHCf | 6.69 | 2.26 | 1.19 | 10.14 | 3.79 | 13.24 | 27.18 |
| Net | 16.23 | 5.49 | 2.88 | 24.60 | 9.19 | 32.11 | 65.91 |
| Funding @ 12/30/08 | 4.06 | 1.45 | 0.86 | 6.37 | - | 32.11 | 38.48 |
| Additional Funding by 12/31/10 | 0.45 | 0.37 | 0.46 | 1.28 | - | - | 1.28 |
| Funding @ 12/31/10 | 4.50 | 1.82 | 1.32 | 7.64 | - | 32.11 | 39.75 |
| Deficit | 11.73 | 3.67 | 1.57 | 16.96 | 9.19 | - | 26.16 |
| FHCf Deficit | | | | | | | 17.81 |
| Total Deficit | | | | | | | 43.96 |

It is expected that FIGA losses will be very significant for a 1 in 250 year storm, because: 1) the Office of Insurance Regulation (OIR) only requires insurers to have financial resources in the form of surplus or reinsurance to fund up to a 1 in 100 year storm, and 2) actual hurricane losses will vary widely from model estimates causing some insurers to unexpectedly fail. For the purposes of estimating FIGA losses, it is assumed that insurers purchase reinsurance on average to a 175 year PML.

EXHIBITS 1 - 10

Exhibit 1

Florida Residential Property Insurance
Estimated Average Assessment Percentages

| | 1 in 25 Year Hurricane | | 1 in 100 Year Hurricane | | 1 in 250 Year Hurricane | |
|------------|------------------------|---------|-------------------------|---------|-------------------------|---------|
| | Citizens | Private | Citizens | Private | Citizens | Private |
| Homeowners | 8.7% | 8.7% | 91.5% | 54.4% | 157.9% | 128.4% |
| Auto | 8.7% | 8.7% | 54.4% | 54.4% | 89.2% | 89.2% |
| Business | 8.7% | 8.7% | 54.4% | 54.4% | 128.4% | 128.4% |

Notes:

- (1) Based on Exhibit 2
- (2) Homeowners premiums exclude federal flood insurance. Business premiums exclude workers compensation, federal flood, medical malpractice and miscellaneous other premiums. See Exhibit 8 for a complete list of assessable lines of business.

Florida Residential Property Insurance
Estimated Average Assessment Percentages

| Assessing Entity | 1 in 25 Year Hurricane | | | | 1 in 100 Year Hurricane | | | | 1 in 250 Year Hurricane | | | |
|---------------------------------------|------------------------|----------------|-----------------------|----------------|-------------------------|----------------|-----------------------|----------------|-------------------------|----------------|-----------------------|----------------|
| | Citizens Policyholders | | Private Policyholders | | Citizens Policyholders | | Private Policyholders | | Citizens Policyholders | | Private Policyholders | |
| | Total | Average Annual | Total | Average Annual | Total | Average Annual | Total | Average Annual | Total | Average Annual | Total | Average Annual |
| Homeowners / Dwelling Premiums | | | | | | | | | | | | |
| Citizens | 0.0% | 0.0% | 0.0% | 0.0% | 45.0% | 3.4% | 7.9% | 0.6% | 72.3% | 5.5% | 42.8% | 3.3% |
| FHCF | 8.7% | 0.7% | 8.7% | 0.7% | 46.5% | 3.6% | 46.5% | 3.6% | 46.5% | 3.6% | 46.5% | 3.6% |
| FIGA | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 39.2% | 3.0% | 39.2% | 3.0% |
| Total | 8.7% | 0.7% | 8.7% | 0.7% | 91.5% | 7.0% | 54.4% | 4.2% | 157.9% | 12.1% | 128.4% | 9.8% |
| Auto Premiums | | | | | | | | | | | | |
| Citizens | 0.0% | 0.0% | 0.0% | 0.0% | 7.9% | 0.6% | 7.9% | 0.6% | 42.8% | 3.3% | 42.8% | 3.3% |
| FHCF | 8.7% | 0.7% | 8.7% | 0.7% | 46.5% | 3.6% | 46.5% | 3.6% | 46.5% | 3.6% | 46.5% | 3.6% |
| FIGA | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Total | 8.7% | 0.7% | 8.7% | 0.7% | 54.4% | 4.2% | 54.4% | 4.2% | 89.2% | 6.8% | 89.2% | 6.8% |
| Business Premiums | | | | | | | | | | | | |
| Citizens | 0.0% | 0.0% | 0.0% | 0.0% | 7.9% | 0.6% | 7.9% | 0.6% | 42.8% | 3.3% | 42.8% | 3.3% |
| FHCF | 8.7% | 0.7% | 8.7% | 0.7% | 46.5% | 3.6% | 46.5% | 3.6% | 46.5% | 3.6% | 46.5% | 3.6% |
| FIGA | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 39.2% | 3.0% | 39.2% | 3.0% |
| Total | 8.7% | 0.7% | 8.7% | 0.7% | 54.4% | 4.2% | 54.4% | 4.2% | 128.4% | 9.8% | 128.4% | 9.8% |

Notes:

- (1) Based on Exhibits 3 and 5
- (2) Homeowners premiums exclude Federal Flood. Business premiums exclude workers compensation, Federal Flood, medical malpractice and miscellaneous other premiums. See Exhibit 8 for a complete list of assessable lines of business.
- (3) Average annual payment percentages assume financing is available for 30 years at a 6.5% annual interest rate to fund all assessments including substantially higher first year assessments for larger storms. It is assumed that some of this financing may be done by assessing entity and the balance will require financing by individual policyholders. Individual policyholders may experience significant first year assessments that may require financing to be affordable.

Citizens
Estimated Average Assessment Rates
(\$Billions)

| | 1 in 25 Year Hurricane | | | | 1 in 100 Year Hurricane | | | | 1 in 250 Year Hurricane | | | |
|--------------------------------------|------------------------|-------|-------|----------|-------------------------|-------|--------|----------|-------------------------|-------|-------|----------|
| | HRA | PLA | CLA | Subtotal | HRA | PLA | CLA | Subtotal | HRA | PLA | CLA | Subtotal |
| (1) Deficit | - | - | - | - | 3.01 | 0.80 | 0.02 | 3.82 | 11.73 | 3.67 | 1.57 | 16.96 |
| (2) Tier 1 Assessment Base | 0.83 | 1.06 | 0.38 | 2.26 | 0.83 | 1.06 | 0.38 | 2.26 | 0.83 | 1.06 | 0.38 | 2.26 |
| (3) Current Assessment Rate | 1.4% | 1.4% | 1.4% | | 1.4% | 1.4% | 1.4% | | 1.4% | 1.4% | 1.4% | |
| (4) Maximum One Year Assessment Rate | 15.0% | 15.0% | 15.0% | | 15.0% | 15.0% | 15.0% | | 15.0% | 15.0% | 15.0% | |
| (5) First Year Assessment Rate | 0.0% | 0.0% | 0.0% | 0.0% | 45.0% | 45.0% | 45.0% | 45.0% | 45.0% | 45.0% | 45.0% | 45.0% |
| (6) First Year Assessment | - | - | - | - | 0.37 | 0.48 | 0.17 | 1.02 | 0.37 | 0.48 | 0.17 | 1.02 |
| (7) Remaining Deficit | - | - | - | - | 2.63 | 0.32 | (0.15) | 2.81 | 11.36 | 3.19 | 1.40 | 15.95 |
| (8) Tier 2 Assessment Base | 35.5 | 35.5 | 35.5 | 35.5 | 35.5 | 35.5 | 35.5 | 35.5 | 35.5 | 35.5 | 35.5 | 35.5 |
| (9) Current Assessment Rate | 0.0% | 0.0% | 0.0% | | 0.0% | 0.0% | 0.0% | | 0.0% | 0.0% | 0.0% | |
| (10) Maximum Account Assessment Rate | 6.0% | 6.0% | 6.0% | | 6.0% | 6.0% | 6.0% | | 6.0% | 6.0% | 6.0% | |
| (11) First Year Assessment Rate | 0.0% | 0.0% | 0.0% | 0.0% | 6.0% | 0.9% | 1.0% | 7.9% | 6.0% | 6.0% | 3.5% | 15.5% |
| (12) First Year Assessment | - | - | - | - | 2.13 | 0.32 | 0.36 | 2.81 | 2.13 | 2.13 | 1.24 | 5.51 |
| (13) Remaining Deficit | - | - | - | - | 0.50 | 0.00 | (0.51) | 0.00 | 9.23 | 1.06 | 0.15 | 10.44 |
| (14) Tier 3 Assessment Base | 38.3 | 38.3 | 38.3 | 38.3 | 38.3 | 38.3 | 38.3 | 38.3 | 38.3 | 38.3 | 38.3 | 38.3 |
| (15) Current Assessment Rate | 0.0% | 0.0% | 0.0% | | 0.0% | 0.0% | 0.0% | | 0.0% | 0.0% | 0.0% | |
| (16) Max Single Year Assessment Rate | 10.0% | 10.0% | 10.0% | | 10.0% | 10.0% | 10.0% | | 10.0% | 10.0% | 10.0% | |
| (17) Assessment Rate | | | | 0.0% | | | | 0.0% | | | | 2.1% |
| (18) Number of Years to Cure Deficit | | | | 30.00 | | | | 30.00 | | | | 30.00 |
| (19) Single Year Assessment Rate | | | | 0.0% | | | | 0.0% | | | | 27.3% |

Notes:

- (1) Exhibit 4, Row (8)
- (2) Citizens Property Insurance Corporation, Supplemental Combining Statement of Revenues, Expenses and Changes in Net Assets, Year Ended December 31, 2008
- (3) Citizens Property Insurance Corporation
- (4) & (5) Section 627.351(6), F.S. Account independence not considered to simplify analysis.
- (6) (2) x (5).
- (7) (1) - (6)
- (8) Exhibit 8
- (9) Citizens Property Insurance Corporation
- (10) & (11) Section 627.351(6), F.S. Account independence not considered to simplify analysis.
- (12) (8) x (11)
- (13) (7) - (12)
- (14) Exhibit 7
- (15) Citizens Property Insurance Corporation
- (16) Section 627.351(6), F.S.
- (17) Annual assessment at 6.5% annual interest to cure deficit in Row (18) years.
- (18) Selected to cure deficit based on actuarial judgment
- (19) (13) / (14)

Florida Residential Property Insurance
Estimated Deficits
(\$Billions)

| | 1 in 25 Year Hurricane | | | | | | | 1 in 100 Year Hurricane | | | | | | | 1 in 250 Year Hurricane | | | | | | |
|------------------------------------|------------------------|------|------|----------|-------------------|--------------|-------|-------------------------|------|------|----------|-------------------|--------------|-------|-------------------------|------|------|----------|-------------------|--------------|-------|
| | Citizens | | | | Privately Insured | Total Market | FIGA | Citizens | | | | Privately Insured | Total Market | FIGA | Citizens | | | | Privately Insured | Total Market | FIGA |
| | HRA | PLA | CLA | Subtotal | | | | HRA | PLA | CLA | Subtotal | | | | HRA | PLA | CLA | Subtotal | | | |
| (1) Losses & LAE | 5.54 | 2.19 | 1.01 | 8.74 | - | 17.18 | 25.92 | 14.50 | 5.06 | 2.58 | 22.14 | - | 43.49 | 65.63 | 24.27 | 8.20 | 4.31 | 36.79 | 13.75 | 48.01 | 98.54 |
| (2) Policyholder Deductible | 0.60 | 0.24 | 0.11 | 0.95 | - | 1.86 | 2.80 | 0.99 | 0.34 | 0.18 | 1.51 | - | 2.96 | 4.47 | 1.34 | 0.45 | 0.24 | 2.04 | 0.76 | 2.66 | 5.45 |
| (3) Recoveries from FHCF | 2.65 | 1.05 | 0.48 | 4.18 | - | 8.22 | 12.41 | 6.00 | 2.10 | 1.07 | 9.17 | - | 18.01 | 27.18 | 6.69 | 2.26 | 1.19 | 10.14 | 3.79 | 13.24 | 27.18 |
| (4) Net | 2.29 | 0.90 | 0.42 | 3.61 | - | 7.10 | 10.71 | 7.51 | 2.62 | 1.34 | 11.47 | - | 22.52 | 33.98 | 16.23 | 5.49 | 2.88 | 24.60 | 9.19 | 32.11 | 65.91 |
| (5) Funding @ 12/30/08 | 4.06 | 1.45 | 0.86 | 6.37 | - | 7.10 | 13.47 | 4.06 | 1.45 | 0.86 | 6.37 | - | 22.52 | 28.88 | 4.06 | 1.45 | 0.86 | 6.37 | - | 32.11 | 38.48 |
| (6) Additional Funding by 12/31/10 | 0.45 | 0.37 | 0.46 | 1.28 | - | - | 1.28 | 0.45 | 0.37 | 0.46 | 1.28 | - | - | 1.28 | 0.45 | 0.37 | 0.46 | 1.28 | - | - | 1.28 |
| (7) Funding @ 12/31/10 | 4.50 | 1.82 | 1.32 | 7.64 | - | 7.10 | 14.74 | 4.50 | 1.82 | 1.32 | 7.64 | - | 22.52 | 30.16 | 4.50 | 1.82 | 1.32 | 7.64 | - | 32.11 | 39.75 |
| (8) Deficit | - | - | - | - | - | - | - | 3.01 | 0.80 | 0.02 | 3.82 | - | - | 3.82 | 11.73 | 3.67 | 1.57 | 16.96 | 9.19 | - | 26.16 |
| (9) FHCF Deficit | | | | | | | 3.32 | | | | | | 17.81 | | | | | | | | 17.81 |
| (10) Total Deficit | | | | | | | 3.32 | | | | | | 21.63 | | | | | | | | 43.96 |

Notes:

- (1) Citizens Property Insurance Corp., RMS RiskLink, Version 7.0, Return Period Loss Amounts, Net of Deductible, Historical Event Rates, Including Loss Amplification, Excluding Storm Surge, Data as of December 31, 2008. Total Market losses based on Exhibit 9, Sheet 1, Column (6). FIGA losses for 1 in 25 year and 1 in 100 year hurricanes are not estimated based upon difficulty in predicting insurer failures and OIR requirement that insurers maintain financial resources to fund up to a 1 in 100 year hurricane. FIGA losses for a 1 in 250 year hurricane assume average private reinsurance exhausts at a 1 in 175 year event based on actuarial judgment.
- (2) Exhibit 9, Sheet 1, Column (5)
- (3) Page 56, FHCF 2009 Ratemaking Formula Report, FHCF Bonding Capacity Update, Guy Carpenter, October 2008 and actuarial judgment.
- (4) (1) - (2) - (3)
- (5) Exhibit 6, Row (4)
- (6) Exhibit 6, Row (6)
- (7) (5) + (6)
- (8) Maximum of (4) - (7) and 0
- (9) Exhibit 5, Row (5)
- (10) (8) + (9)

FHCF and FIGA
Estimated Average Assessment Rates
(\$Billions)

| | 1 in 25 Year Hurricane | | 1 in 100 Year Hurricane | | 1 in 250 Year Hurricane | |
|--|------------------------|-------|-------------------------|-------|-------------------------|-------|
| | FHCF | FIGA | FHCF | FIGA | FHCF | FIGA |
| (1) Net Losses & LAE | 12.69 | - | 27.18 | - | 27.18 | 9.19 |
| (2) Projected Fund Balance @12/31/09 | 7.79 | - | 7.79 | - | 7.79 | - |
| (3) Estimated Income 12/31/09 - 12/31/10 | 1.58 | - | 1.58 | - | 1.58 | - |
| (4) Projected Fund Balance @12/31/10 | 9.37 | - | 9.37 | - | 9.37 | - |
| (5) Deficit | 3.32 | - | 17.81 | - | 17.81 | 7.82 |
| (6) Assessment Base | 38.30 | 19.95 | 38.30 | 19.95 | 38.30 | 19.95 |
| (7) Current Assessment Rate | 1.0% | - | 1.0% | - | 1.0% | - |
| (8) Max Single Year Assessment Rate | 6.0% | 4.0% | 6.0% | 4.0% | 6.0% | 4.0% |
| (9) Max Multiple Year Assessment Rate | 10.0% | 4.0% | 10.0% | 4.0% | 10.0% | 4.0% |
| (10) Assessment Rate | 0.7% | 0.0% | 3.6% | 0.0% | 3.6% | 3.0% |
| (11) Number of Years to Cure Deficit | 30 | 30 | 30 | 30 | 30 | 30 |
| (12) Single Year Assessment Rate | 8.7% | 0.0% | 46.5% | 0.0% | 46.5% | 39.2% |

Notes:

- (1) Exhibit 9, Sheet 1, actuarial judgment and the maximum theoretical funding capacity of the FHCF as provided by HB1495 of the 2009 regular session of the Florida Legislature (assumes 100% take-up of \$10 billion TICL layer for the 2009/2010 contract year). The \$10 million layer available to specified companies has been included for the 1 in 25 year hurricane at twice the additional coverage premium of \$139 million and is assumed to be included in the maximum payout capacity for the 1 in 100 and 1 in 250 year storms
- (2) FHCF Bonding Capacity Update, Guy Carpenter, October 2008. Includes \$3.50 billion in Series 2007A pre-event notes. Assumes 100% purchase of \$10 billion of TICL Coverage at twice 2007/2008 contract year rate as provided by HB 1495 of the 2009 regular session of the Florida Legislature and assumes 5.0% Cash Build-Up Factor applied to Mandatory Premium. Assumes current loss reserves are fully adequate.
- (3) Based on 2007/2008 FHCF Coverage Selections and Premium Calculations and actuarial judgment. Assumes 100% purchase of \$10 billion of TICL Coverage at twice 2007/2008 contract year rate as provided by HB 1495 of the 2009 regular session of the Florida Legislature and assumes 5.0% Cash Build-Up Factor applied to Mandatory Premium.
- (4) (2) + (3)
- (5) Maximum of (1) - (2) or 0 for FHCF and (1) x .85 - (2) for FIGA
15% reduction in FIGA deficit due to \$500,000 per home cap based on actuarial judgment
- (6) Exhibit 7
- (7) FHCF
- (8) & (9) Section 215.555 (6) (b), F.S. & Chapter 631, F.S.
- (10) Annual assessment at 6.5% annual interest to cure deficit in Row (9) years.
- (11) Based on actuarial judgment
- (12) (5) / (6)

Citizens Property Insurance Corporation
Estimated Funding @12/31/10

| | HRA | PLA | CLA | Total |
|--------------------------------------|-------------|-------------|-----------|-------------|
| (1) Cash & Invested Assets | 4,981,178 | 2,575,861 | 1,160,255 | 8,717,294 |
| (2) Total Liabilities | (3,591,297) | (1,126,727) | (300,366) | (5,018,390) |
| (3) Borrowed Money | 2,667,748 | - | - | 2,667,748 |
| (4) Funding @12/31/08 | 4,057,629 | 1,449,134 | 859,889 | 6,366,652 |
| (5) Income 1/1/08-12/31/08 | 222,724 | 186,050 | 228,970 | 637,744 |
| (6) Estimated Income 1/1/09-12/31/10 | 445,448 | 372,100 | 457,940 | 1,275,488 |
| (7) Funding @ 12/31/10 | 4,503,077 | 1,821,234 | 1,317,829 | 7,642,140 |

Notes:

- (1) - (3) Citizens Property Insurance Corporation, GAAP Consolidated Statement of Net Assets (audited), December 31, 2008
- (4) (1) + (2) + (3)
- (5) Citizens Property Insurance Corporation, GAAP Consolidated Statement of Net Assets (audited), December 31, 2008
- (6) (5) x 2. Assumes average premium, number of policies, expense rates and loss rates will remain constant from 12/31/08 through 12/31/10.
- (7) (4) + (6). Assumes all expiring debt will be rolled over into new borrowings.

Florida Residential Property Insurance
 Estimated 2008 Assessment Bases
 (\$000s)

| | 2008 Florida Direct Premiums Written | 2008 Non-Citizens Direct Premiums Written | Citizens Tier 1 Assessment Base | Citizens Tier 2 Assessment Base | FHCF & Citizens Tier 3 Assessment Base | FIGA Other Lines Assessment Base |
|--|--|---|--|--|--|---|
| Homeowners multiple peril | 7,246,247 | 6,210,741 | 1,035,506 | 6,210,741 | 7,246,247 | 7,246,247 |
| Other private passenger auto liability | 6,108,055 | 6,108,055 | | 6,108,055 | 6,108,055 | |
| Surplus Lines * | 4,715,137 | 4,715,137 | | 4,715,137 | 4,715,137 | |
| Private passenger auto physical damage | 3,725,099 | 3,725,099 | | 3,725,099 | 3,725,099 | |
| Allied lines | 3,038,376 | 1,479,717 | 1,558,659 | 1,479,717 | 3,038,376 | 3,038,376 |
| Other liability | 2,778,779 | 2,778,779 | | 2,778,779 | 2,778,779 | 2,778,779 |
| Private passenger auto no-fault (personal injury protection) | 2,480,926 | 2,480,926 | | 2,480,926 | 2,480,926 | |
| Workers' compensation | 2,307,166 | 2,307,166 | | | | |
| Fire | 1,533,639 | 1,355,958 | 177,681 | 1,355,958 | 1,533,639 | 1,533,639 |
| Commercial multiple peril (non-liability portion) | 1,391,531 | 1,391,531 | | 1,391,531 | 1,391,531 | 1,391,531 |
| Other commercial auto liability | 1,337,843 | 1,337,843 | | 1,337,843 | 1,337,843 | 1,337,843 |
| Inland marine | 952,663 | 952,663 | | 952,663 | 952,663 | 952,663 |
| Federal flood | 908,727 | 908,727 | | | | |
| Commercial multiple peril (liability portion) | 617,967 | 617,967 | | 617,967 | 617,967 | 617,967 |
| Medical malpractice | 596,894 | 596,894 | | | | 596,894 |
| Mortgage guaranty | 548,762 | 548,762 | | 548,762 | 548,762 | |
| Surety | 377,979 | 377,979 | | 377,979 | 377,979 | |
| Commercial auto physical damage | 356,433 | 356,433 | | 356,433 | 356,433 | |
| Ocean marine | 296,334 | 296,334 | | 296,334 | 296,334 | |
| Products liability | 181,053 | 181,053 | | 181,053 | 181,053 | 181,053 |
| Group accident and health | 148,495 | 148,495 | | | | |
| Aircraft (all perils) | 142,394 | 142,394 | | 142,394 | 142,394 | 142,394 |
| Multiple peril crop | 119,257 | 119,257 | | | | |
| Aggregate write-ins for other lines of business | 96,153 | 96,153 | | 96,153 | 96,153 | |
| Financial guaranty | 76,375 | 76,375 | | 76,375 | 76,375 | |
| Guaranteed renewable A&H | 74,592 | 74,592 | | | | |
| Commercial auto no-fault (personal injury protection) | 67,760 | 67,760 | | 67,760 | 67,760 | |
| Boiler and machinery | 61,474 | 61,474 | | 61,474 | 61,474 | 61,474 |
| Fidelity | 53,472 | 53,472 | | 53,472 | 53,472 | |
| Credit | 52,254 | 52,254 | | 52,254 | 52,254 | |
| Earthquake | 31,858 | 31,858 | | 31,858 | 31,858 | 31,858 |
| Farmowners multiple peril | 26,457 | 26,457 | | 26,457 | 26,457 | 26,457 |
| Credit A&H (group and individual) | 15,405 | 15,405 | | | | |
| Burglary and theft | 9,701 | 9,701 | | 9,701 | 9,701 | 9,701 |
| Non-renewable for stated reasons only | 9,679 | 9,679 | | | | |
| All other A&H | 7,893 | 7,893 | | | | |
| Other accident only | 5,179 | 5,179 | | | | |
| Collectively renewable A&H | 268 | 268 | | | | |
| Non-cancelable A&H | 7 | 7 | | | | |
| Medicare Title XVIII exempt from state taxes or fees | - | - | | | | |
| Federal employees health benefits program premium | - | - | | | | |
| | 42,498,283 | 39,726,437 | 2,771,846 | 35,532,875 | 38,304,721 | 19,946,876 |

Sources:

Florida Surplus Lines Service Office, 2007 annual report
 NAIC I-Site Database

Legal References:

FHCF: Section 215.555 (6) (b), F.S.
 Citizens: Section 627.351(6), F.S.
 FIGA: Chapter 631, F.S.

Florida Residential Property Insurance
 Estimated 2008 Assessment Bases
 Direct Premiums Written
 (\$000s)

| | 2008 Florida | Non- Assessable | Assessable Business | Assessable Automobile | Assessable Citizens Homeowners | Assessable Private Homeowners |
|--|-----------------|--------------------|------------------------|--------------------------|--------------------------------------|-------------------------------------|
| Homeowners multiple peril | 7,246,247 | | | | 1,035,506 | 6,210,741 |
| Other private passenger auto liability | 6,108,055 | | | 6,108,055 | | |
| Surplus Lines * | 4,715,137 | | 4,715,137 | | | |
| Private passenger auto physical damage | 3,725,099 | | | 3,725,099 | | |
| Allied lines | 3,038,376 | | 1,479,717 | | 1,558,659 | |
| Other liability | 2,778,779 | | 2,778,779 | | | |
| Private passenger auto no-fault (personal injury protection) | 2,480,926 | | | 2,480,926 | | |
| Workers' compensation | 2,307,166 | 2,307,166 | | | | |
| Fire | 1,533,639 | | 1,391,531 | | 177,681 | |
| Commercial multiple peril (non-liability portion) | 1,391,531 | | 1,391,531 | | | |
| Other commercial auto liability | 1,337,843 | | 1,539,890 | | | |
| Inland marine | 952,663 | | 952,663 | | | |
| Federal flood | 908,727 | 908,727 | | | | |
| Commercial multiple peril (liability portion) | 617,967 | | 617,967 | | | |
| Medical malpractice | 596,894 | 596,894 | | | | |
| Mortgage guaranty | 548,762 | | 548,762 | | | |
| Surety | 377,979 | | 377,979 | | | |
| Commercial auto physical damage | 356,433 | | 356,433 | | | |
| Ocean marine | 296,334 | | 296,334 | | | |
| Products liability | 181,053 | | 181,053 | | | |
| Group accident and health | 148,495 | 148,495 | | | | |
| Aircraft (all perils) | 142,394 | | 142,394 | | | |
| Multiple peril crop | 119,257 | 119,257 | | | | |
| Aggregate write-ins for other lines of business | 96,153 | | 96,153 | | | |
| Financial guaranty | 76,375 | | 76,375 | | | |
| Guaranteed renewable A&H | 74,592 | 74,592 | | | | |
| Commercial auto no-fault (personal injury protection) | 67,760 | | 67,760 | | | |
| Boiler and machinery | 61,474 | | 61,474 | | | |
| Fidelity | 53,472 | | 53,472 | | | |
| Credit | 52,254 | | 52,254 | | | |
| Earthquake | 31,858 | | 31,858 | | | |
| Farmowners multiple peril | 26,457 | | 26,457 | | | |
| Credit A&H (group and individual) | 15,405 | 15,405 | | | | |
| Burglary and theft | 9,701 | | 9,701 | | | |
| Non-renewable for stated reasons only | 9,679 | 9,679 | | | | |
| All other A&H | 7,893 | 7,893 | | | | |
| Other accident only | 5,179 | 5,179 | | | | |
| Collectively renewable A&H | 268 | 268 | | | | |
| Non-cancelable A&H | 7 | 7 | | | | |
| Medicare Title XVIII exempt from state taxes or fees | - | - | | | | |
| Federal employees health benefits program premium | - | - | | | | |
| | 42,498,283 | 4,193,562 | 17,245,674 | 12,314,080 | 2,771,846 | 6,210,741 |

Sources:

Florida Surplus Lines Service Office, 2007 annual report
 NAIC I-Site Database
 Legal References:
 FHCF: Section 215.555 (6) (b), F.S.
 Citizens: Section 627.351(6), F.S.
 FIGA: Chapter 631, F.S.

Florida Residential Property Insurance
Estimated Single Event Losses at Various Return Times

| (1) Return Time | (2) Category | (3) Net Per Event Loss After Policyholder Deductible | (4) Loss Adjustment Expense | (5) Policyholder Deductible | (6) Gross Per Event Loss & LAE Before Policyholder Deductible |
|-----------------------|-----------------|--|--------------------------------------|-----------------------------------|---|
| 25 | 3 | 20,367,782,154 | 2,749,650,591 | 2,803,207,544 | 25,920,640,289 |
| 100 | 4 | 55,332,405,070 | 5,824,736,192 | 4,471,038,372 | 65,628,179,634 |
| 175 | 5 | 73,137,891,468 | 6,591,721,747 | 5,065,134,125 | 84,794,747,340 |
| 250 | 5 | 86,274,516,920 | 6,811,949,330 | 5,454,093,651 | 98,540,559,901 |

Notes:

- (1) & (3) Page 56, FHCF 2009 Ratemaking Formula Report
- (2) Actuarial judgment
- (4) (3) x Exhibit 9, Sheet 2, Column (2)
- (5) (6) - (3) - (4)
- (6) (3) / (1 - Exhibit 9, Sheet 2, Column (3)) + (4)

Exhibit 9
Sheet 2

Florida Residential Property Insurance
Estimated LAE and Deductible Ratios

| Return Time | (1) Insured Net Hurricane Losses | (2) Loss Adjustment Expense Ratio | (3) Policyholder Deductible Ratio |
|-------------|--|---|--|
| 25 | 20,367,782,154 | 13.5% | 12.1% |
| 100 | 55,332,405,070 | 10.5% | 7.5% |
| 175 | 73,137,891,468 | 9.0% | 6.5% |
| 250 | 86,274,516,920 | 7.9% | 5.9% |
| 500 | 108,567,500,000 | 6.0% | 4.8% |

Notes:

- (1) Exhibit 9, Sheet 1, Column (3) and Page 56, FHCF 2009
Ratemaking Formula Report
- (2) Exhibit 9, Sheet 3, Row (6) and actuarial judgment
- (3) RMS RiskLink, Version 6.0b

Exhibit 9
Sheet 3

Florida Residential Property Insurance
Estimated Loss Adjustment Expense

| | (1) | (2) | (3) | (4) |
|------------------|--|--------------------|-------------------------------|---|
| | | | | Loss Adjustment Expense Ratio to Incurred Losses |
| Calendar Year | Direct Premiums Earned (\$000s) | Losses Incurred | Loss Adjustment Expense | |
| 2004 | 4,127,443 | 303.0% | 40.3% | 13.3% |
| 2005 | 5,010,876 | 153.6% | 21.5% | 14.0% |
| (5) Average | | | | 13.6% |
| (6) Selected | | | | 13.5% |

Notes:

- (1) - (3) NAIC, Report on Profitability by Line by State, Homeowners Multiple Peril,
2005 and 2006 - excludes Citizens Property Insurance Corporation
- (4) (3) / (2)
- (6) based on actuarial judgment

Exhibit 10

Florida Residential Property Insurance
 1 in 100 Year Hurricane
 Reconciliation with Tillinghast Study
 (\$Billions)

| | (1) | (2) | (3) |
|--------------------------------------|-------------|-----------------------|------------|
| | | Insurance Consumer | |
| | Tillinghast | Advocate | Difference |
| (4) Losses & LAE | 59.02 | 65.63 | (6.61) |
| (5) Policyholder Deductibles | 4.02 | 4.47 | (0.45) |
| (6) Recoveries from Private Insurers | 12.60 | 22.52 | (9.92) |
| (7) Citizens Funding | 2.00 | 7.64 | (5.64) |
| (8) FHCF Funding | 3.00 | 9.37 | (6.37) |
| (9) FHCF / Citizens Combined Deficit | 37.40 | 21.63 | 15.77 |

Notes:

- (1) Tillinghast, "Study of Recent Legislative Changes to Florida Property Insurance Mechanisms", Prepared for Associated Industries of Florida, March 19, 2007.
- (2) Exhibits 4 and 5
- (3) (1) - (2)
- (5) Estimated for Tillinghast based on actuarial judgment
- (9) (4) - (5) - (6) - (7) - (8)

