

Economic Impact of a 1-in-100 Year Hurricane

*Department of Financial Services
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Purpose of Report

During the 2008 Legislative Session, the Florida Legislature directed the Chief Financial Officer to provide a report on the economic impact on the State of Florida of a 1-in-100 year hurricane. Specifically, s. 215.55952, F.S states:

“The report shall include an estimate of the short-term and long-term fiscal impacts of such a storm on Citizens Property Insurance Corporation, the Florida Hurricane Catastrophe Fund, the private insurance and reinsurance markets, the state economy, and the state debt. The report shall also include an analysis of the average premium increase to fund a 1-in-100-year hurricane event and list the average cost, in both a percentage and dollar amount, impact to consumers on a county-level basis.”

This report details the economic effects of a 1-in-100 year hurricane both on the state and its residents. This is the first report submitted pursuant to this statute and is designed to serve as a benchmark for subsequent reports submitted annually pursuant to this statute.

This report was produced with information from the following sources: the Office of Insurance Regulation, Citizens Property Insurance Corporation, the Florida Hurricane Catastrophe Fund, the Florida Insurance Consumer Advocate, the Florida Commission on Hurricane Loss Projection Methodology, the State Board of Administration, the Legislative Office of Economic and Demographic Research, and DFS Divisions of Risk Management and Rehabilitation and Liquidation.

Special thanks to Amy Baker, Director of the Legislative Office of Economic and Demographic Research; Steve Alexander, Actuary with Florida’s Insurance Consumer Advocate; and Ben Watkins, Director of the Division of Bond Finance for their invaluable assistance in helping the Department of Financial Services complete this report.

Executive Summary

Section 215.55952, F.S., directs the Chief Financial Officer to provide an annual report on the economic impact on the State of Florida of a 1-in-100 year hurricane. Specifically, the Legislature requested two items for which actuarial analysis was required:

- An estimate of the short-term and long-term fiscal impacts of such a storm on Citizens Property Insurance Corporation, the Florida Hurricane Catastrophe Fund, the private insurance and reinsurance markets.
- An analysis of the average premium increase to fund a 1-in-100 year hurricane and list the average cost, in both a percentage and dollar amount, impact to consumers on a county-level basis.

For purposes of this report, a 1-in-100 year storm is comparable to a Category Four Hurricane on the Saffir-Simpson Hurricane Scale making initial landfall in a heavily-populated area in the vicinity of Tampa Bay or Miami during the 2009 Hurricane Season. Such a storm is expected to cause approximately \$60.86 billion in residential insured windstorm losses and loss adjustment expenses (LAE) to insured property.

In addition to the \$60.86 billion in residential insured losses, it is estimated that commercial buildings and contents will experience approximately \$30 billion in insured losses. Based on this information, the Legislature's Office of Economic and Demographic Research predicts Florida would experience between \$183.22 billion and \$198.99 billion in total damages.

A 1-in-100 year hurricane in Florida in 2009 would far surpass the costliest single hurricane in the United States (Hurricane Katrina at \$81 billion in 2005) and more than triple the entire loss associated with the four 2004 storms in Florida (\$45 billion). Businesses would be closed, Floridians would be displaced, and the rebuilding process would take years. Additionally, industries like tourism would be significantly impacted, as thousands of leisure visitors would vacation elsewhere following a 1-in-100 year hurricane.

The responsibility for the \$60.86 billion in residential insured windstorm losses is expected to be divided as follows:

Residential Insured Losses 1-in-100 Year Storm Loss and LAE (in billions)	
FHCF Claims Payment	\$29.0
Policyholder Deductible	\$7.91
Private Insurers	\$14.68
Citizens	\$9.27
FIGA	UNK
Total	\$60.86

Excluding post-event borrowing, the total projected funding capacity of Citizens Property Insurance Corporation (Citizens) and the Florida Hurricane Catastrophe Fund (FHCF) is \$6.75 billion and \$8.93 billion, respectively. Therefore, a 1-in-100 year hurricane resulting in \$60.86 billion in residential insured losses will leave Citizens with a deficit of \$2.52 billion and the FHCF with a deficit of \$20.07 billion.

The lack of pre-event information available and the multitude of estimates required when evaluating the impact of a 1-in-100 year storm makes it impossible to generate a credible estimate of potential insurers placed into liquidation, and therefore to calculate Florida Insurance Guarantee Association (FIGA) assessments. Therefore, FIGA assessments will be reflected as “unknown” in this report.

For purposes of this report, the total deficit of Citizens and the FHCF is estimated to be \$22.59 billion. These deficits will be paid with emergency assessments levied on Florida’s property and casualty insurance companies and passed on to insurance consumers (excluding workers’ compensation, accident and health, federal flood, federal crop, and medical malpractice insurance policies) in order to pay debt service on tax-exempt revenue bonds issued to pay claims.

The estimated average impact of rate increases upon homeowners’ insurance policies is expected to vary by county and by the amount of reinsurance provided by the FHCF. A 1-in-100 year hurricane in 2009 is expected to increase reinsurance rates by 15 to 25 percent in 2010, which will be reflected in higher private insurance premiums. If the FHCF offers TICL coverage in 2010, it will moderate the impact of these increased rates upon consumers. The following chart shows the estimated rate increases upon homeowners’ insurance policies from Dade and Jefferson Counties, in addition to the average statewide impact, with the assumption that TICL coverage is renewed in 2010.

Homeowners’ Insurance¹ 1-in-100 Year Storm Estimated Average Rate Increases Assuming TICL is Renewed in 2010					
	Average Premium ²	Low Rate Increase	High Rate Increase	Low Rate Increase	High Rate Increase
Dade County	\$3,363	\$351	\$604	10.5%	18.0%
Jefferson County	\$1,035	\$28	\$48	2.7%	4.6%
State Average	\$1,558	\$89	\$150	5.7%	9.6%

¹ As opposed to homeowners with private insurance policies, Citizens policyholders will be subject to rate increases due to increases in reinsurance rates only to the extent that Citizens purchases private reinsurance and reinsurance costs are passed through in Citizens’ rates.

² Average premium includes both Citizens and private insurance premiums.

If the TICL coverage expires after the 2009 Hurricane Season, increased rates and higher reinsurance costs will have a greater impact upon consumers. The following chart shows the estimated rate increases after a 1-in-100 year storm upon homeowners' insurance policies in Dade and Jefferson Counties, in addition to the average statewide impact, without TICL coverage.

Homeowners' Insurance³ 1-in-100 Year Storm Estimated Average Rate Increases Assuming TICL expires after 2009					
	Average Premium ⁴	Low Rate Increase	High Rate Increase	Low Rate Increase	High Rate Increase
Dade County	\$3,363	\$1467	\$1780	43.6%	52.9%
Jefferson County	\$1,035	\$91	\$112	8.8%	10.9%
State Average	\$1,558	\$275	\$355	17.7%	22.8%

In addition to rate increases on homeowners' insurance policies, consumers will face assessments on other property and casualty insurance policies (e.g., auto, general liability). The following chart shows the estimated total household impact of both assessments and rate increases upon consumers from Dade and Jefferson Counties, in addition to the average statewide impact. This chart assumes TICL will be renewed for the 2010 Hurricane Season, which will temper the impact on rates.

Estimated Household Impact 1-in-100 year storm Assessments spread over 30 years Assuming TICL is Renewed in 2010			
County	Average Total Premium per Household ⁵	** LOW** Assessment and Premium Increase	** HIGH** Assessment and Premium Increase
Dade	\$8,340	13.1%	19.2%
Jefferson	\$3,496	5.9%	7.2%
Statewide	\$5,265	9.2%	12.6%

³ As opposed to homeowners with private insurance policies, Citizens policyholders will be subject to rate increases due to increases in reinsurance rates only to the extent Citizens purchases private reinsurance and reinsurance costs are passed through in Citizens' rates.

⁴ Average premium includes both Citizens and private insurance premiums.

⁵ Average Total Premium per household includes auto insurance and homeowners' insurance premiums, in addition to the business premiums embedded in the products sold and services provided to Florida consumers.

If TICL coverage expires after the 2009 Hurricane Season, increased rates, assessments, and higher reinsurance costs will have a greater impact upon consumers. The following chart shows the estimated total household impact of both assessments and rate increases upon consumers in Dade and Jefferson Counties, in addition to the average statewide impact, assuming the expiration of TICL in 2010.

Estimated Household Impact 1-in-100 year storm Assessments spread over 30 years Assuming TICL expires after 2009			
County	Average Total Premium per Household ⁶	** LOW** Assessment and Premium Increase	** HIGH** Assessment and Premium Increase
Dade	\$8,340	26.4%	33.3%
Jefferson	\$3,496	7.7%	9.1%
Statewide	\$5,265	15.7%	19.4%

Note:

1. In the Estimated Household Impact charts above, total average household premiums include auto insurance premiums as well as:
 - a. The average business premium per household embedded in products sold and services provided to Florida consumers; and
 - b. The estimated average homeowners' premiums including individual condominium owners and tenants' costs of coverage as well as the embedded cost of condominium association and apartment building owners insurance, which impact condominium owners and tenants indirectly via association dues and rent.
2. In all assessment impact calculations, it is assumed that assessments will be spread over 30 years.
3. Rate increases will be substantially higher for Citizens policyholders the first year after a 1-in-100 year storm due to the first-year assessments that are levied specifically on Citizens policyholders.

State direct debt outstanding at June 30, 2008 was \$24.3 billion, which includes all debt for educational facilities, land conservation, transportation projects, and other State facilities. At June 30, 2008, the post-event debt outstanding (indirect) for the FHCF, Citizens, and FIGA totaled \$2.7 billion. As stated earlier, a 1-in-100 year storm event is estimated to require the issuance of an additional \$22.59 billion of post-event indirect debt. The debt outstanding (direct and indirect) would more than double the \$24.3 billion it took the State more than 150 years to accumulate to a total of \$46.89 billion.

⁶ Ibid.

Hurricanes: The Four Economic Phases of Activity

The professional economic literature related to disasters and recovery is fairly thin. When this situation occurs, emphasis generally shifts from academic theory to historic experience. From past events, there appear to be four distinct phases of activity related to hurricanes – each of which has unique economic responses [See Table 1]. From a statewide perspective, the Crisis and Recovery phases have the greatest impact. The Crisis Phase begins at landfall and is usually measured in weeks. The subsequent Recovery Phase can easily last up to two years – and sometimes longer – depending on the severity of the damage. All four phases are detailed below in sequential order, using history as a guide.

The **Preparatory Phase** contains the first wave of unusual activity. As the hurricane approaches, local businesses and individuals make a number of specific purchases to get ready. These atypical expenditures include items that secure the physical environment, as well as survival supplies like food and water. While many people heed warnings to evacuate, some number will typically stay in their homes. During the 2004 storms, about half of the survey respondents in the most affected areas indicated that they had chosen not to evacuate.⁷ For those that do evacuate, costs may include lodging and transport when a location other than a nearby shelter is chosen. However, several analyses have found that nearly 60 percent of evacuees stay with relatives and friends. Any in-state expenditures benefit Florida businesses, while the benefits associated with out-of-state expenditures are exported elsewhere and represent a leakage from the state's economy. The picture for business expenses is similarly mixed. Some businesses incur losses from abbreviated operating hours, while others have gains from extended hours and increased sales. Governments will generally see a shifting of costs from normally provided services to emergency management, as well as unanticipated overtime and shelter costs. The sum total of all of these costs – while not insignificant – rarely rises to a level that affects the state's overall economy. In part, this result occurs because many of the new expenditures offset postponed planned expenditures, and increased in-state expenditures are mitigated by unplanned out-of-state expenditures.

During the **Crisis Phase**, emergency rescue and relief efforts are usually funded by entities located outside the affected area. When the goods and services are provided by the federal government or national organizations like the Red Cross, many of the goods and services come from outside the state and are rarely taxable. In other instances, agencies of state and local government provide the goods and services and incur new expenditures that may or may not be matched at a later time by the federal government. For example, shelter costs are largely covered by the state's government agencies, but are partially reimbursed by the federal government. In addition, businesses will experience losses as employees stay home, debris closes roads and delays deliveries, disruptions occur to utilities, and looting depletes inventory. Consumer spending will similarly come to a halt. While the sum total of all of these costs can be significant and suppress the state's overall economy, they are generally short-term in nature.

⁷ Bureau of Economic and Business Research at the University of Florida, "*Florida Focus – Florida's 2004 Hurricane Season: Local Effects*," October 2005. The survey also found that 6.5% of evacuees stayed in public shelters; 22.4% stayed in hotels and motels; and the rest stayed somewhere else.

During the **Recovery Phase**, a surge of rebuilding and re-accumulation activities takes place. This heightened activity attracts new resources to the affected area and is enabled by:

1. The incoming flow of funds from locations outside the state (FEMA and other federal agencies, insurance payments, and national or non-Florida based charitable organizations).
2. The reallocation of state and local government spending to the affected area.
3. The withdrawal of money from savings or the acquisition of loans to make outright purchases and to pay deductibles.

Spending facilitated by category #1 has the greatest economic benefit to the state since these are dollars that otherwise would not have been available. They have an expansionary effect on the economy and increase state and local government revenues. As the demand for the scarce goods and services required for recovery increases, upward pressure is placed on prices and wages, creating an expansionary feedback loop. On the other hand, entities and individuals deploying categories #2 and #3 are largely reallocating resources that were otherwise available, yielding a limited net gain to the state. This gain is largely transitory and is a function of drawing funds that would have been spent later into an earlier time period.

In this regard, there is an oft-repeated myth that state government makes money from hurricanes striking the state. As the charts below show, state government typically has expenditures greater than the incremental increase in the revenue estimate and becomes a net loser when all expenditures are taken into account.

2004 Hurricane Season

FUNDS AVAILABLE	Rec	Non-Rec	Total
Incremental Increase to Revenue Estimate	0.0	751.9	751.9
Total Funds Available	0.0	751.9	751.9
EXPENDITURES (authorized & estimated)	Rec	Non-Rec	Total
State Match for FEMA Funds	0.0	403.0	403.0
BA - Emergency Food Stamp Services	0.0	1.3	1.3
BA - Grants to Public Schools	0.0	12.1	12.1
BA - Visit Florida for Tourism	0.0	4.8	4.8
SB 8-A Property Tax / Mobile Homes	0.0	35.1	35.1
SB 14-A Beaches and Dunes	0.0	64.6	64.6
SB 16-A Agricultural Programs	0.0	7.1	7.1
HB 1889 Doc Stamp Surplus for Housing	0.0	250.0	250.0
05/06 GAA Grants to Schools	0.0	12.7	12.7
Total State Expenditures	0.0	790.7	790.7
ENDING BALANCE	0.0	(38.8)	(38.8)

2005 Hurricane Season - Recovery

Estimated Gross Probable Loss	Data
9,659,383,823	Wilma 4/30/06
25,242,545	Rita 4/30/06
853,000,053	Katrina 4/30/06
<u>297,399,182</u>	Dennis 12/31/05
10,835,025,603	<u>TOTAL</u>

0.5614 Ratio to 2004
\$422.1 Est Incremental Revenue Increase

FUNDS AVAILABLE	Rec	Non-Rec	Total
Incremental Increase to Revenue Estimate	0.0	422.1	422.1
Total Funds Available	0.0	422.1	422.1
EXPENDITURES (authorized & estimated)	Rec	Non-Rec	Total
State Match for FEMA Funds	0.0	401.3	401.3
BA - Emergency Food Stamp Services	0.0	3.3	3.3
BA - National Guard Expenditures (partial)	0.0	14.5	14.5
BA - Dept of Military Affairs / EMAC Miss (partial)	0.0	2.8	2.8
HB 1363 - Affordable Housing Recovery (Sect 31)	0.0	108.0	108.0
<i>06/07 General Appropriations Act</i>			
DCA Funding for non-fed reimbursed items	0.0	1.2	1.2
SA 2227A - Hurricane Relief Funding / Repairs	0.0	35.1	35.1
SA 141A - Community College Risk Mgmt Fund	0.0	1.3	1.3
SA 383, 389, 393A, 409, 425 - Mental Health	0.0	5.3	5.3
SA 2035A - Hurricane Damaged Marinas	0.0	2.5	2.5
SA 3260B - Roof Repairs to 4th DCA (WPB)	0.0	0.2	0.2
SA 1796 - Beach Projects (hurricane impacts)	0.0	50.0	50.0
Total State Expenditures	0.0	625.4	625.4
ENDING BALANCE	0.0	(203.3)	(203.3)

NOTE: 2004 and 2005 expenditures do not include the various loan programs.

Private insurance companies are the single largest source of funds for recovery and replacement efforts. While insurance payments covered only 70 percent of the loss value during the 2004 storms, 92 percent of homeowners and 64 percent of renters had some types of insurance.⁸ From an economic perspective, the benefit to the homeowners is mitigated by extraordinary losses to the insurance companies. To the extent that their reserves are depleted, in-state insurance companies will experience losses. Other businesses will experience a loss of man hours as their employees attempt cope with the disaster's aftermath, structural and equipment damage that impairs operations, and the possible need to relocate – either temporarily or permanently. A few businesses that provide items like rental cars, lodging and temporary housing may experience a boom as relief and recovery workers move into the area. And – new enterprises will spring up and increase employment in the construction sector and other closely related industries. The sum total of all of these expenditures is significant and rises to a level that boosts the state's overall economy.

⁸ Ibid.

Finally, the **Displacement Phase** is a period of diminished activity relative to what would have happened in the hurricane's absence. Many durable goods have a lifecycle that leads to cyclical maintenance and replacement activities. Because purchasing occurs on an accelerated basis during the Recovery Phase, there is a reduction in normal purchasing behavior during the subsequent period for items that were bought or replaced ahead of schedule. This slow-down is exacerbated by evacuees and other displaced persons who never return to the affected area. In turn, the loss of population decreases the size and quality of the labor force until normalcy returns. After Hurricane Andrew, Homestead and Florida City lost approximately one-third of their residents and took five to six years to regain their pre-hurricane population sizes.⁹ The sum total of all of these costs – while not insignificant – rarely rises to a level that affects the state's overall economy. In some instances, the losses are more than offset by economic advances achieved through the replacement of outdated and outmoded assets with more advanced, efficient and productive assets as the local economy recovers.

⁹ Stanley K. Smith and Chris McCarty, *"Florida's 2004 Hurricane Season: Demographic Response and Recovery."*

What is a 1-in-100 Year Hurricane?

A 1-in-100 year hurricane event is comparable to a Category Four Hurricane on the Saffir-Simpson Hurricane Scale making initial landfall in the highly populated areas of Tampa Bay or Miami in 2009. The Saffir-Simpson Hurricane Scale defines a Category Four Hurricane as follows:

Category Four Hurricane:

“Winds 131-155 mph (114-135 kt or 210-249 km/hr). More extensive curtainwall failures with some complete roof structure failures on small residences. Shrubs, trees, and all signs are blown down. Complete destruction of mobile homes. Extensive damage to doors and windows. Low-lying escape routes may be cut by rising water 3-5 hours before arrival of the center of the hurricane. Major damage to lower floors of structures near the shore. Terrain lower than 10 ft above sea level may be flooded requiring massive evacuation of residential areas as far inland as 6 miles (10 km). Hurricane Charley of 2004 was a Category Four hurricane made landfall in Charlotte County, Florida with winds of 150 mph. Hurricane Dennis of 2005 struck the island of Cuba as a Category Four hurricane.”¹⁰

A hurricane of this magnitude will produce considerable economic losses and disruption to the local and state economies. The three most costly storms in Florida’s recent history include:

Andrew, 1992

Category Five – Miami, Miami-Dade County

\$26.5 billion in damages (ranked as the 2nd most costly in the US, 1900-2006)¹¹

Using 2006 deflator: \$48.1 billion in damages

Wilma, 2005

Category Three – Naples, Collier County & Key West, Monroe County

\$20.6 billion in damages (ranked as the 3rd most costly in the US, 1900-2006)

Using 2006 deflator: \$21.5 billion in damages

EDR Model Prediction: Between \$21.9 and \$23.8 billion

Charley, 2004

Category Four – Ft. Myers, Lee County

\$15 billion in damages (ranked as the 4th most costly in the US, 1900-2006)

Using 2006 deflator: \$16.3 billion in damages

EDR Model Prediction: Between \$14.9 and \$16.2 billion

¹⁰ See <http://www.nhc.noaa.gov/aboutsshs.shtml>.

¹¹ External cost figures and rankings for all storms are pulled from: National Weather Service and the National Hurricane Center, “*The Deadliest, Costliest, and Most Intense United States Tropical Cyclones from 1851 to 2006*,” April 15, 2007.

Economic Impact of a 1-in-100 Year Hurricane

The 1-in-100 year hurricane is estimated to result in \$60.86 billion of insured residential property losses, of which \$7.91 billion will be covered by deductibles. In addition, there will be approximately \$30 billion in insured losses for commercial buildings and contents. Based on this information, the EDR model prediction indicates that there will be between \$183.22 billion and \$198.99 billion in total damages [See Tables 2 and 3, respectively]. This range includes various assumptions regarding insured losses, potential flood or storm surge losses, damage to state-owned infrastructure, and uninsured losses. Excluding deductibles, approximately 41 percent of the total loss will be borne by insurance companies.

Property Damage from a 1-in-100 Year Hurricane *(in billions)*

Property Type	Total Damage¹²
Residential Structures	\$77.58-\$84.25
Mobile Homes	\$0.5
Personal Property	\$29.91-\$32.53
Commercial Non-residential	\$27.16-\$29.54
Utilities	\$13.52-\$14.69
Agriculture	\$12.72-\$13.82
Government	\$21.83-\$23.67
Total	\$183.22-\$198.99

Source: EDR Estimates of Financial Damage from a 1-in-100 Year Hurricane.

This event will far surpass the costliest single hurricane in the United States (Hurricane Katrina at \$81 billion in 2005) and more than triple the entire loss associated with the four 2004 storms in Florida (\$45 billion). Using a 2006 deflator to put events occurring in different times on the same footing, it will be essentially equivalent to the combined losses of Hurricanes Katrina, Andrew and Wilma simultaneously hitting the state. Through the 2008 hurricane season, these were the three costliest storms to hit the mainland United States.

The economic damage for a 1-in-100 year hurricane will far exceed the projected annual gross domestic product for the Tampa-St. Petersburg-Clearwater metropolitan area or equal about 60 percent of the annual gross domestic product for the Miami-Ft. Lauderdale-Pompano Beach metropolitan area.¹³ For the state overall, it will be approximately 20 percent of Florida's annual gross domestic product. Even at this level, it will be a relative improvement over Louisiana's crisis – the damage from Katrina was equal to 44 percent of its gross domestic product.

¹² Total damage includes uninsured damage.

¹³ Gross Domestic Product is essentially the market value of all final goods and services produced in a given area over the course of a year; the area's output.

One of greatest cost drivers for the 1-in-100 year hurricane event is its location. The assumption that a major urban area is directly hit escalates costs dramatically. Miami and Tampa Bay are the largest cities in the state, excluding Jacksonville. Their counties are among the most densely populated with 1,273 persons per square mile (Miami-Dade) and 1,142 persons per square mile (Hillsborough). There are no recent comparable events for these areas. According to the National Hurricane Center, Tampa Bay has not experienced a major hurricane for 86 years. Similarly, Miami has been struck only once since 1950, and that instance (Hurricane Andrew) skirted the most densely populated area of the region.

Using Hurricane Charley as a rough guide, *at least* one in three people will be forced to leave or remain out of their homes after the Crisis Phase has ended. Nearly half of them will have sustained significant structural damage – about half of which will be classified as total losses or major damage. Businesses will be closed at least temporarily. Challenges from the dislocation of families and businesses will be severe.

In the immediate aftermath of the hurricane, sales tax collections will be suppressed in the affected area as non-essential businesses remain closed and employees are unable to work. Once the Recovery Phase begins in earnest, the state will experience a cumulative windfall of \$3.2 billion in additional sales tax collections. Equivalent to nearly 15 percent of the current General Revenue estimate, the new revenue will be non-recurring and spread over multiple years. Given the magnitude of the damage, this time period will range from three to five years – and likely be back-loaded. The State’s expected expenditures on recovery will be greater than the revenue windfall and will partially occur in advance of those receipts. This could cause temporary, but serious cash flow problems for the state. Over the long-run, property tax revenues could increase as improvements are made to the housing and capital stocks.

Some industries, such as tourism, will experience significant declines for extended periods of time following a 1-in-100 year hurricane. For example, tourism was experiencing an 8.3 percent increase in visitors during the first six months of 2004.¹⁴ By September 30, visitor volume had fallen by more than 12 percent down to an overall four percent decrease in visitors over the previous year.¹⁵ A survey commissioned by Visit Florida in late 2004 showed that nearly 31 percent of leisure travelers believed many places were destroyed, and that Florida was not a good place to visit.¹⁶ Even worse, more than 12 percent of leisure travelers believed 2004 was a typical hurricane season and more than one in five adults was “less likely to visit Florida” following the 2004 Hurricane Season.¹⁷

While this hurricane would significantly reduce the affected area’s productive capacity in the short-term, the recovery phase will eliminate much – if not all – of this effect over the longer run. In this regard, a high rate of insurance payments and substantial government aid are critical assumptions. To the extent they do not exist or the timing is inordinately protracted, economic renewal will be stunted or nonexistent. At the very least, geographic regions that are under-insured will have a more difficult time achieving recovery.

¹⁴ Visit Florida, “*Protecting Market Share, Hurricane Response Platform*,” December 2004, 4.

¹⁵ Ibid.

¹⁶ Ibid, 8.

¹⁷ Ibid, 8-9.

The chart below illustrates the estimated total net construction costs for rebuilding and repair and the net cost of replacing lost tangible personal property.

Total Net New Spending from a 1-in-100 Year Hurricane
(in billions)

Property Type	Construction Activity	Tangible Personal Property
Residential Structures	\$32.72-\$35.53	\$5.71-\$6.2
Mobile Homes	\$0.07	\$0.18
Personal Property	N/A	\$20.69-\$22.49
Commercial Non-residential	\$1.39	\$16.07-\$17.65
Utilities	\$6.7-\$7.3	N/A
Agriculture	\$0.14	N/A
Government	\$1.52	\$13.01-\$14.27
Total	\$42.56-\$45.95	\$55.65-\$60.79

Source: EDR estimates of total net new spending for replacement and repair from a 1-in-100 year hurricane. Spending for replacement and repair typically falls below property damage totals, as people often chose not to replace or repair uninsured or underinsured property.

Florida Hurricane Catastrophe Fund

The Florida Legislature created the Florida Hurricane Catastrophe Fund (FHCF) during a November 1993 Special Session, one year after Hurricane Andrew struck South Florida. The Legislature created the FHCF to supply a “stable and ongoing source of reimbursement to insurers for a portion of their catastrophic hurricane losses in order to provide additional insurance capacity for the state.”¹⁸ The FHCF is structured like a tax-exempt state trust fund with low administrative costs which is administered by the State Board of Administration.

The FHCF serves as a state-run public-private reinsurance fund that sells reduced cost reinsurance to private insurance companies selling residential homeowners’ insurance in Florida. All private insurance companies selling residential homeowners’ policies in Florida are required to participate at certain reinsurance levels in the FHCF. Reinsurance premiums are retained by the FHCF as cash proceeds to pay claims, and private companies can access these funds when hurricanes trigger specific coverage levels. If the FHCF has a deficit after a hurricane, emergency assessments are levied on Florida’s property and casualty insurance consumers (except for workers’ compensation, accident and health, National Flood Insurance Program and medical malpractice) in order to pay debt service on tax-exempt revenue bonds issued to pay claims.

The FHCF recently underwent a significant expansion of the amount of coverage it offers. During the 2006 hurricane season, the FHCF required private insurers to retain residential windstorm losses up to approximately \$6 billion before they are entitled to reimbursement from the fund. The FHCF offered \$12 billion in reinsurance coverage, which was mandatory for private insurers writing policies at those levels. However, insurance premiums had increased dramatically following the 2004 and 2005 storms, and the Florida Legislature sought to reduce insurance premiums. In January 2007, the Florida Legislature expanded the FHCF coverage limits by providing for an additional \$12 billion in optional reinsurance coverage available through the FHCF, called the temporary increase in coverage limit (TICL). This optional reinsurance coverage increased the total FHCF coverage capacity to nearly \$28 billion, nearly doubling the financial risk borne by insurance consumers (as opposed to private insurance or reinsurance companies) from a FHCF deficit after a storm.

Through a combination of cash balances (\$4.8 billion) and pre-event borrowing (\$3.5 billion in floating rate notes), the FHCF is projected to have \$7.57 billion in total liquidity by the end of 2009.¹⁹ Taking into account \$1.36 billion in additional premium revenue during the 2010 hurricane year, the FHCF will have approximately \$8.93 billion in liquid assets available to pay claims and claim adjustment expenses after a 1-in-100 year hurricane in 2009.

In the event of a 1-in-100 year hurricane in 2009, the FHCF is projected to cover \$29.0 billion of the total \$60.86 billion in residential insured losses. Taking the difference between the \$29.0 billion in claims and the \$8.93 billion in liquid assets, the FHCF is anticipated to have a deficit of

¹⁸ Florida Hurricane Catastrophe Fund, “Fiscal Year 2006-2007 Annual Report,” 1.

¹⁹ Florida Hurricane Catastrophe Fund, “Florida Hurricane Catastrophe Fund Update,” Senate Ways and Means Committee, February 9, 2009, 14.

\$20.07 billion, which must be funded by the issuance of revenue bonds secured by additional emergency assessments on most property and casualty insurance consumers.

Throughout this report, it is assumed that the FHCF can meet its statutory coverage obligations. The FHCF Advisory Council has reported that post-event bonding may not be sufficient to fund the FHCF total deficit. If sufficient bonding cannot be obtained, the FHCF would not have adequate resources to pay all covered losses unless an alternative funding source is secured. One potential alternative funding source may be a line of credit from the federal government, which state officials are currently exploring.

Citizens Property Insurance Corporation

In 2002, the Florida Legislature created Citizens Property Insurance Corporation (Citizens) to provide homeowners' insurance for Floridians unable to secure coverage in the private market. At that time, the Legislature specifically intended for Citizens to serve as a public insurer of last resort:

“The Legislature finds that private insurers are unwilling or unable to provide property insurance coverage in this state to the extent sought and needed... It is necessary, therefore, to provide property insurance to applicants who are in good faith entitled to procure insurance through the voluntary market but are unable to do so.”²⁰

Since its inception, Citizens has grown to become the largest insurer in the state. As of January 2009, Citizens had approximately 1.1 million policies and covered nearly \$400 billion of insured property, representing 27 percent of the state's residential premium.²¹ Exhibit 15, Sheet 4 details Citizens' percentage of direct written premium market share by county.

By comparison, State Farm Florida, currently the second-largest homeowners' insurance provider in the state, has 13 percent of the state's premium market share.²² Citizens is governed by an eight-member Board, with two appointments each from the Governor, Chief Financial Officer, Senate President, and Speaker of the House. The Chief Financial Officer selects the Chair.

Citizens writes three lines of insurance:²³

- Personal Lines Account (PLA)- This includes homeowners', mobile homeowners', dwelling fire, tenants, and condominium unit owners policies, and coverage is comprehensive and multi-peril. PLA had 728,525 policies in 2008 Q3.
- Commercial Lines Account (CLA)- This includes commercial residential-- condominium association, apartment building and homeowners' association—and commercial non-residential policies. Commercial non-residential coverage is wind-only. CLA had 10,267 policies in 2008 Q3.
- High Risk Account (HRA)- This line provides windstorm coverage for properties within a defined high risk area and includes personal residential, commercial residential, and commercial non-residential properties. HRA had 453,350 policies in 2008 Q3.

Citizens currently has a projected funding capacity of \$6.75 billion for a 1-in-100 hurricane in 2009, excluding post-event bonding and FHCF reinsurance reimbursements.²⁴ This is the projected amount of funding that Citizens will have available to pay claims and claim adjustment

²⁰ Section 627.351(6)(a)1., F.S. (2002)

²¹ Citizens Property Insurance Corporation, “*Presentation to House Insurance, Business & Financial Affairs Policy Committee*,” February 2009, 4.

²² Ibid. State Farm Florida in early 2009 announced their intention to withdrawal completely from the property and casualty market in Florida.

²³ Citizens, 14.

²⁴ See Exhibit 12, Sheet 2.

expenses as of 12/30/10. The \$6.75 billion includes cash and invested assets totaling \$1.93 billion (as of 9/30/08), pre-event borrowing totaling \$2.82 billion (HRA account notes), and \$1.99 billion in additional cash flow in 2009 and 2010, assuming no additional hurricanes.²⁵

In the event of a 1-in-100 year hurricane in 2009, Citizens is projected to cover \$9.27 billion of the total \$60.86 billion in residential insured losses, after FHCF recoveries and policyholder deductibles.²⁶ Therefore, with \$6.75 billion in funding capacity, Citizens is estimated to have a \$2.52 billion deficit that will require funding through assessments primarily on Citizens policyholders, supplemented by assessments on Citizens' broad assessment base. This deficit may also be funded by post-event bonding; however, Citizens' post-event bonding capacity is unknown.

²⁵ Ibid.

²⁶ See Exhibit 12, Sheet 1. Citizens is estimated to assume \$23.55 billion in losses and loss adjustment expenses; however, Citizens will receive \$11.22 billion in recoveries from FHCF and \$3.06 billion in policyholder deductibles, leaving a net loss of approximately \$9.27 billion.

Florida Insurance Guarantee Association

The Florida Insurance Guarantee Association (FIGA) is a non-profit entity created by the Florida Legislature in s. 631, F.S., in order to provide for the payment of claims in the event a member insurance company becomes insolvent with outstanding unfunded claims. All property and casualty insurers authorized to transact insurance in the State are member insurance companies of FIGA. FIGA is governed by a Board of Directors with at least five and no more than nine members appointed by the Department of Financial Services, according to specific statutory guidelines about the membership. FIGA is legally responsible to pay covered claims of insolvent member insurance companies as defined by s. 631.54 and s. 631.57, F.S.

FIGA does not accrue cash and invested assets in anticipation of potential insolvencies and therefore depends upon post-insolvency assessments and bonding capacity to pay claims. Many of the factors that would dictate whether FIGA would need to make an assessment cannot be known or estimated until after a 1-in-100 year storm. Further, the variability of the factors that impact an assessment decision following a 1-in-100 year storm would make any estimate of a potential FIGA assessment too speculative to be credible.

First, historical events are not an accurate predictor for the number of insolvencies following a 1-in-100 year storm. Major events such as Hurricane Andrew or the hurricanes of 2004, while helpful, only serve as reference points not predictors. Insurers have used these reference points and other events to implement additional solvency enhancements in an effort to avoid a catastrophic failure. Those enhancements include catastrophic modeling, exposure management planning, the creation of the FHCF, policy language changes, and the expanded use of reinsurance. Each of these enhancements becomes a variable with regard to the depth of any potential insolvency and any potential FIGA assessment to cover the insolvency.

An estimate of a potential assessment of FIGA member insurance companies would also require knowledge of the cash position of the insolvent insurer and liquidity of its other assets, especially its ability to collect reinsurance and other receivables in a timely manner. The failure of an insurer or insurers following a 1-in-100 year storm could be a result of overwhelming losses (such as was the case after the 2004 and 2005 Hurricane Seasons), or as a result of a cash-flow insolvency. In the event of a cash-flow insolvency, it may be possible for the Receiver to collect sufficient reinsurance or other receivables and avoid a FIGA assessment altogether.

Equally difficult to predict is the actual development of the loss claims against the insurers. A number of factors impact the ultimate cost of claims against an insurer including: a determination of coverage, demand surge following a 1-in-100 year storm, lawsuits, and the adjustment process. Critical in the development of claims following a 1-in-100 year storm will be a determination as to the storm surge in various locations, and what portion of the losses are covered under federal flood insurance policies and what portion of the loss is the responsibility of Florida's property insurers.

Very significantly, there can be substantial variability between hurricane loss models with regard to losses for a particular insurer from a 1-in-100 year storm. The degree to which the insurer has

utilized the model or models that prove to be the most accurate when the storm occurs will have a great influence on the insurer's ability to financially withstand a 1-in-100 year storm.

Lastly, FIGA's responsibility for the claims of an insurer does not begin until after a court has made a finding of insolvency and placed the insurer in liquidation. Insurers may not be fully aware of all of their potential liabilities until one or more years following a 1-in-100 year storm. This can occur as the result of additional late-filed claims, re-opened claims, adverse court decisions, lawsuits, or a poor initial assessment of their claims. If in fact one or more insolvencies occur as a result of any of these factors, insolvency may be delayed, further complicating the estimation of any potential FIGA assessment.

The lack of pre-event information available and the multitude of estimates required when evaluating the impact of a 1-in-100 year storm makes it impossible to generate a credible estimate of a potential FIGA assessment. Therefore, FIGA assessments will be reflected as "unknown" in this report.

Private Insurance and Reinsurance Markets

Homeowners' Insurance Rates

Homeowners' insurance rates are anticipated to increase in 2010 as a result of a 1-in-100 year Category Four hurricane making initial landfall in the vicinity of Tampa Bay or Miami in 2009. These increases are due to: 1) increases in reinsurance costs and 2) depletion of insurers' capital. This report estimates the impact on homeowners' insurance rates due to increases in reinsurance rates. It does not estimate the impact of depletion of insurers' capital because ratemaking is prospective in nature and does not contemplate the restoration of depleted capital in the formulation of rates. With reductions in capital, insurers' capacity to write new or existing business is proportionally reduced. Therefore, decreased competition may occur, resulting in upward pressure on rates that cannot be quantified at this time.

The estimated average impact of rate increases upon consumers is expected to vary by the amount of reinsurance provided by the FHCF. If the FHCF offers TICL coverage in 2010, it will moderate the impact of these increased rates upon consumers. The following chart shows the estimated rate increases on homeowners' insurance policies in Dade and Jefferson Counties, in addition to the statewide average, due to increases in reinsurance rates in 2010 as a result of a 100 year hurricane making initial landfall in the vicinity of Tampa Bay or Miami in 2009.

Homeowners' Insurance 1-in-100 Year Storm Estimated Average Rate Increases Assuming TICL is Renewed in 2010					
	Average Premium ²⁷	Low Rate Increase	High Rate Increase	Low Rate Increase	High Rate Increase
Dade County	\$3,363	\$351	\$604	10.5%	18.0%
Jefferson County	\$1,035	\$28	\$48	2.7%	4.6%
State Average	\$1,558	\$89	\$150	5.7%	9.6%
As opposed to homeowners with private insurance policies, Citizens policyholders will be subject to rate increases due to increases in reinsurance rates only to the extent that Citizens purchases private reinsurance and reinsurance costs are passed through in Citizens' rates.					

If the TICL coverage expires after the 2009 Hurricane Season, the following table shows the comparable increases in homeowners' insurance rates.

²⁷ Average premium includes both Citizens and private insurance premiums.

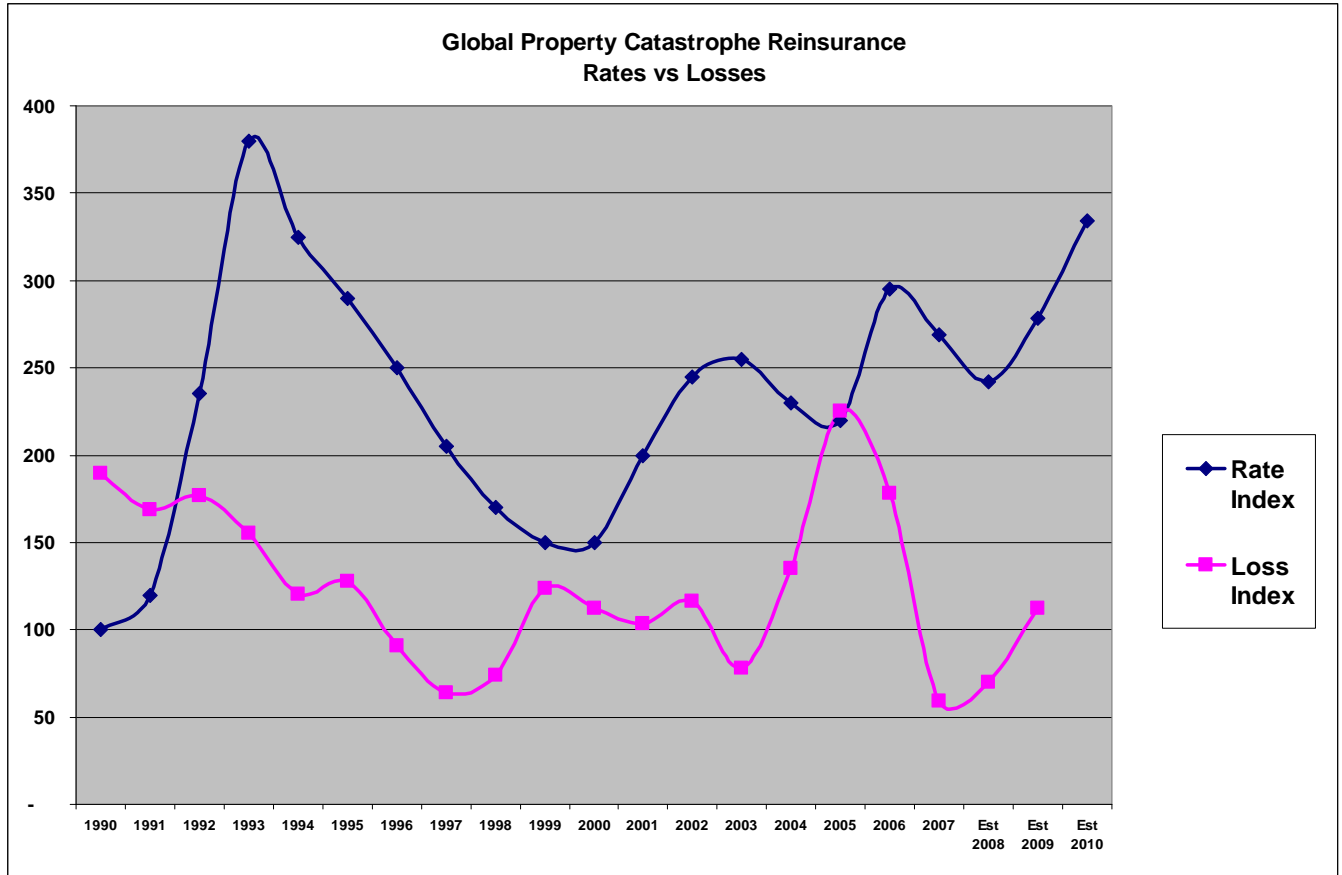
<p align="center">Homeowners' Insurance 1-in-100 Year Storm Estimated Average Rate Increases Assuming TICL expires after 2009</p>					
	Average Premium ²⁸	Low Rate Increase	High Rate Increase	Low Rate Increase	High Rate Increase
Dade County	\$3,363	\$1467	\$1780	43.6%	52.9%
Jefferson County	\$1,035	\$91	\$112	8.8%	10.9%
State Average	\$1,558	\$275	\$355	17.7%	22.8%
<p>As opposed to homeowners with private insurance policies, Citizens policyholders will be subject to rate increases due to increases in reinsurance rates only to the extent that Citizens purchases private reinsurance and reinsurance costs are passed through in Citizens' rates.</p>					

These projected rate increases assume: 1) no other large property catastrophe reinsurance losses occur in 2009 anywhere in the world and, 2) reinsurers on average increase Florida property reinsurance rates by 15 percent in 2009.

Reinsurance rates are expected to increase by 15 to 25 percent in 2010 in response to a 1-in-100 year hurricane striking Tampa Bay or Miami in 2009. This expected increase in reinsurance rates in 2010 is relatively small compared to historical rate changes after major natural catastrophes. Global reinsurance rates are expected to be near historic highs in 2009 as a consequence of 9/11, the hurricanes of 2004 and 2005, the current global financial crisis, and hurricanes Gustav and Ike.

The following chart compares global property catastrophe reinsurance rate levels to loss levels since 1990. The estimated 2009 loss index includes the estimated private reinsured losses from a 1-in-100 year Florida hurricane. Such a storm is estimated to increase global property catastrophe reinsurance rates another 15 to 25 percent in 2010, which in addition to the anticipated 15 percent increase in 2009 would push global property catastrophe reinsurance rates above 2006 levels.

²⁸ Ibid.



Because the FHCF provides low cost reinsurance for hurricane losses, the actual percentage rate increases for individual homeowners' rates will vary based primarily upon each individual policyholder's degree of exposure to hurricanes.

Homeowners' policyholders with more hurricane exposure will on average experience greater rate increases, while policyholders with less hurricane exposure will on average experience lesser rate increases.

Probable maximum and minimum rate increases have been estimated in this report based upon a review of the rate making methodologies of Florida homeowners' insurers. Each insurer incorporates estimates of the following components in its rates:

- 1) Hurricane Wind Losses
- 2) Net Cost Of Reinsurance
- 3) Non-Hurricane Wind Losses
- 4) Non-Wind Losses
- 5) Overhead Expenses
- 6) Variable Expenses
- 7) Profit And Contingency Margin
- 8) Risk Margin

The provision for each component in the final rates varies by value of home, coverages provided, territory, type of construction, reinsurance rates, amount of private reinsurance purchased, wind mitigation discounts, insurance company rate adequacy, and other factors.

In this report, average changes in the net cost of reinsurance have been estimated and then translated into average changes in homeowners' rates. The maximum and minimum rate increases for individual homeowners are more difficult to estimate because the net cost of reinsurance varies for each homeowner's policy.

Based upon an extensive review of Florida homeowners' insurers' rate filings, it is believed that the net cost of reinsurance currently rarely exceeds 35 percent of premium for an individual homeowners' insurance policy. However, it is expected that this percentage will increase significantly if insurers must replace FHCF TICL coverage with private reinsurance in 2010 when the TICL option under s. 215.555(17), F.S., ends on May 31, 2010. Rate level estimates have been made in this report both with the TICL coverage ending in 2010 and with full TICL coverage available during the 2010 Hurricane Season.

Another consideration in evaluating the potential rate impact upon individual policyholders is that the estimated average increase of the net cost of reinsurance for the average insurer may not be representative of the increase in the net cost reinsurance of an individual insurer. For example, an insurer that cedes a small proportion of its premiums to reinsurers may be more adversely impacted by a reduction in TICL coverage than an insurer that cedes a large proportion of its premiums to reinsurers.

An insurer that purchased reinsurance up to a 1-in-100 year Probable Maximum Loss (PML) will probably experience a greater increase in its net cost of reinsurance than an insurer that reinsures up to its 1-in-500 year PML. For this reason, the probable maximum increases in this report are based upon the more conservative assumption that reinsurance is only purchased up to a 1-in-100 year PML by insurers not rated by A.M. Best. This assumption is only made for purposes of estimating the probable maximum rate increases in this report and not for estimating the average or minimum rate increases.

Commercial Property Insurance Rates

The global property catastrophe reinsurance rate and loss indices displayed in the above chart are equally applicable to commercial property insurance. Therefore, it is expected that commercial property insurance rates will increase in tandem with homeowners' insurance rates after a 1-in-100 year storm.

A major difference between the commercial property insurance market and the homeowners' insurance market in Florida is that commercial insurers are not reinsured by the FHCF (except for condominium associations and apartment buildings). It is estimated that commercial property insurers cede larger percentages of premiums to reinsurers; therefore, it is expected that commercial property rate increases due to increased reinsurance rates in 2010 will be greater than homeowners' insurance rate increases due to increased reinsurance rates in 2010.

Assessments

Florida Hurricane Catastrophe Fund Emergency Assessments

FHCF emergency assessments²⁹ apply to all property and casualty lines of business, including surplus lines, but exclude workers' compensation, accident and health, medical malpractice, and federal flood insurance policies. The current FHCF emergency assessment is for the purpose of financing the FHCF's deficit 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 one percent emergency assessment on premiums for the lines of business noted above. This one percent assessment is being levied annually for approximately eight years, beginning for eligible policies renewed after January 1, 2007.

A policy is not subject to FHCF annual emergency assessments in excess of six 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

According to Florida Law, Citizens³⁰ 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 percent. For the HRA deficit in plan year 2005, Citizens levied a regular one-year assessment of 2.07 percent and an emergency assessment of 1.4 percent 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 percent 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 percent premium surcharge for 12 months: 15 percent for the HRA account deficit, 15 percent for the PLA account deficit and 15 percent for the CLA account deficit. If a 1-in-100 year storm strikes Florida in 2009, it is

²⁹ Section 215.555(6)(b), F.S.

³⁰ Section 627.351(6), F.S.

estimated there would be deficits in the PLA and HRA accounts. It is estimated the CLA account would not have a 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 six percent of direct written premium or six percent 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 federal crop insurance policies). 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 percent of direct written premium or 10 percent 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 federal crop insurance policies). 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 percent in any calendar year per account.

Florida Insurance Guaranty Association

According to Florida Law, FIGA³¹ 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) automobile liability and physical damage, 2) life and health, 3) workers compensation, 4) title insurance, and 5) surplus lines. For example, 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. 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. Insurer annual assessments and policyholder annual surcharges may continue as long as necessary to cure deficits or retire indebtedness.

³¹ Chapter 631, F.S.

FIGA has made the following recent All Other Lines Account one-year assessments:

- 1) A two percent assessment on October 29, 2007;
- 2) A two percent emergency assessment on December 15, 2006; and
- 3) A two percent regular assessment on July 21, 2006.

Regular Assessment

The annual assessments levied against an insurer shall not exceed two 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 two 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.

Recent 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

Impact to Consumers on a County-Level Basis

The estimated average impact of rate increases and assessments upon consumers is expected to vary by county and by the amount of reinsurance provided by the FHCF. If the FHCF offers TICL coverage in 2010, it will moderate the impact of increased rates and assessments upon consumers. The complete county-by-county breakdown of assessments and rate increases per line of insurance can be found in Exhibit 1, Sheets 1a and 1b. The following chart shows the estimated impacts upon consumers from Dade and Jefferson Counties, in addition to the average statewide impact, assuming TICL is renewed.

Estimated Household Impact 100 Year Storm Assessments Spread Over 30 Years Assuming TICL is Renewed in 2010								
	Average Premium per Household	Assessment Increase	Low Rate Increase	High Rate Increase	Assessment Increase	Low Rate Increase	High Rate Increase	
Dade County								
Business	\$3,441	\$135	\$361	\$620	3.9%	10.5%	18.0%	
Automobile	\$1,537	\$60	\$0	\$0	3.9%	0.0%	0.0%	
Homeowners	\$3,363	\$183	\$351	\$604	5.4%	10.5%	18.0%	
Total	\$8,340	\$377	\$712	\$1,223	4.5%	8.5%	14.7%	
Jefferson County								
Business	\$1,461	\$57	\$39	\$67	3.9%	2.7%	4.6%	
Automobile	\$1,000	\$39	\$0	\$0	3.9%	0.0%	0.0%	
Homeowners	\$1,035	\$43	\$28	\$48	4.1%	2.7%	4.6%	
Total	\$3,496	\$139	\$68	\$114	4.0%	1.9%	3.3%	
Statewide Average								
	\$5,265	\$234	\$251	\$429	4.4%	4.8%	8.1%	

If the TICL coverage expires after the 2009 Hurricane Season, the expiration of TICL will have a substantial rate impact upon consumers. The following chart shows the estimated impacts upon consumers from Dade and Jefferson Counties and the average statewide impact, assuming TICL expires after 2009.

<p align="center">Estimated Household Impact 100 Year Storm Assessments Spread Over 30 Years Assuming TICL expires after 2009</p>								
		Average Premium per Household	Assessment Increase	Low Rate Increase	High Rate Increase	Assessment Increase	Low Rate Increase	High Rate Increase
Dade County								
	Business	\$3,441	\$135	\$361	\$620	3.9%	10.5%	18.0%
	Automobile	\$1,537	\$60	\$0	\$0	3.9%	0.0%	0.0%
	Homeowners	\$3,363	\$183	\$1,467	\$1,780	5.4%	43.6%	52.9%
	Total	\$8,340	\$377	\$1,827	\$2,400	4.5%	21.9%	28.8%
Jefferson County								
	Business	\$1,461	\$57	\$39	\$67	3.9%	2.7%	4.6%
	Automobile	\$1,000	\$39	\$0	\$0	3.9%	0.0%	0.0%
	Homeowners	\$1,035	\$43	\$91	\$112	4.1%	8.8%	10.9%
	Total	\$3,496	\$139	\$131	\$179	4.0%	3.7%	5.1%
	Statewide Average	\$5,265	\$234	\$591	\$787	4.4%	11.2%	14.9%

The rate impact estimations by county include average business premiums. The average business premiums per household are the estimated assessable insurance premiums embedded in products sold and services provided to Florida consumers. Average homeowners' premiums include individual condominium owners' and tenants' costs of coverage as well as the embedded cost of condominium association and apartment building owners' insurance, which impact condominium owners and tenants indirectly via association dues and rent. The rate increases shown are estimated first year rate increases.

Annual assessments are calculated by amortizing the deficit by financing at 6.5 percent annual interest over 30 years. Assessments for Citizens policyholders will be significantly higher in 2010 and comparable to non-Citizens policyholders in subsequent years. The low estimates assume insurers' (excluding Citizens) reinsurance rates will increase 15 percent. The high estimates assume that insurers' (excluding Citizens) reinsurance rates will increase 25 percent. Indicated rate increases only apply to private insurers' policyholders and do not apply to Citizens policyholders.

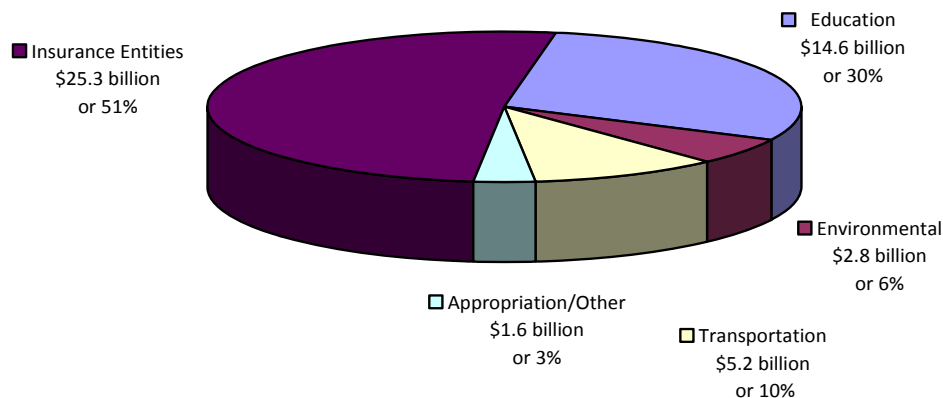
Impact on State and Consumer Debt

Three insurance entities have been created in Florida for the availability of property insurance and to assure payment of property claims: the FHCF, Citizens, and FIGA. Debt issued by these special purpose, quasi-governmental insurance entities is recognized as indirect debt in the State's Debt Affordability Report rather than direct State debt. Indirect debt is that which is not secured by traditional State revenues or is the primary obligation of a legal entity other than the State.

State direct debt outstanding at June 30, 2008 was \$24.2 billion, which includes all debt for educational facilities, land conservation, transportation projects, and other State facilities. At June 30, 2008, the post-event debt outstanding for the insurance entities totaled \$2.7 billion. A 1-in-100 year storm is estimated to require the issuance of an additional \$22.6 billion of post-event debt by the insurance entities in the State.

The following pie chart aggregates existing State debt with the projected indirect debt of these insurance entities in the event of a 1-in-100 year catastrophic storm. The insurance entities' debt is treated as if it is "State debt" for illustrative purposes to show the impact on debt outstanding. The debt outstanding (direct and indirect) would more than double from \$24.2 billion to \$49.5 billion by including the projected debt from the insurance entities after a 1-in-100 year storm.

Projected Debt Outstanding Including Insurance Entities With 1 in 100 Year Catastrophic Storm Debt Projection



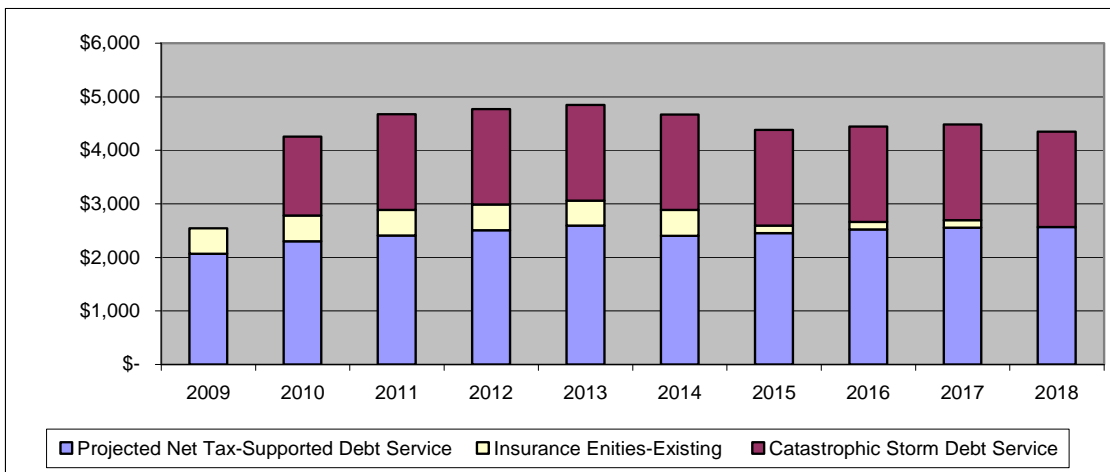
Projected Debt Outstanding: \$49.5 billion

The annual debt service on Citizens and FHCF post-event debt currently outstanding is \$480 million per year. The annual debt service on the projected \$22.5 billion in debt necessary in the event of a 1-in-100 year storm would be approximately \$1.8 billion per year. Aggregate annual debt service on existing debt plus debt for a 1-in-100 year storm is estimated to be approximately \$2.3 billion per year. This compares to annual debt service on existing State net tax-supported debt of \$2.1 billion per year. The estimated annual debt service requirement assumes 30 year debt at interest rates of 6.5 percent for the \$2.5 billion Citizens Property Insurance Corporation and 6.7 percent for the projected \$20.07 billion of Florida Hurricane Catastrophe Fund debt. The total estimated interest cost over the term of the debt for the insurance entities is approximately \$30.6 billion.

Debt service for the next 10 years is shown in the following chart for existing and expected issuance of net tax-supported State debt, existing post-event insurance entity debt and the debt projected for a 1-in-100 year storm. Total projected debt service would increase to \$4.8 billion per year if the insurance entities' debt was treated as State debt and the additional bonds are issued during the 2009 storm season.

Net Tax-Supported and Insurance Entity Debt Service Including 1 in 100 Year Catastrophic Storm Debt Projection

(In Millions of Dollars)



Projected Debt Service

(In Millions of Dollars)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
State Direct										
Net Tax-Supported	\$ 2,066	\$ 2,301	\$ 2,408	\$ 2,506	\$ 2,592	\$ 2,406	\$ 2,455	\$ 2,525	\$ 2,558	\$ 2,566
Insurance Entities:										
Existing	\$ 479	\$ 481	\$ 481	\$ 481	\$ 469	\$ 480	\$ 140	\$ 140	\$ 140	\$ -
Projected	-	1,472	1,784	1,784	1,784	1,784	1,784	1,784	1,784	1,784
Total	<u>\$ 479</u>	<u>\$ 1,954</u>	<u>\$ 2,265</u>	<u>\$ 2,265</u>	<u>\$ 2,253</u>	<u>\$ 2,264</u>	<u>\$ 1,923</u>	<u>\$ 1,923</u>	<u>\$ 1,923</u>	<u>\$ 1,784</u>
Projected Total	<u>\$ 2,545</u>	<u>\$ 4,255</u>	<u>\$ 4,673</u>	<u>\$ 4,771</u>	<u>\$ 4,845</u>	<u>\$ 4,670</u>	<u>\$ 4,379</u>	<u>\$ 4,448</u>	<u>\$ 4,482</u>	<u>\$ 4,350</u>

Impact on State-Owned Buildings

Risk Management Solutions estimates a 1-in-100 year storm making initial landfall in Tampa Bay or Miami will result in a probable maximum loss to state-owned buildings on a replacement cost basis at \$524.5 million. This loss estimate includes “demand surge,” which reflects increases in construction and material costs following a major hurricane.

However, it should be noted that pursuant to s. 284.01(6), F.S., partial losses to state owned buildings shall be adjusted on an actual cash value basis. By contract, the Division of Risk Management (Risk Management) also adjusts total losses on an actual cash value basis. When losses are adjusted on an actual cash value basis, the claim amount is reduced due to structure depreciation.

The actual cash value of losses to state owned buildings is \$358 million. Thus, there is a substantial difference between losses sustained on a replacement cost basis (\$524.5 million) and losses adjusted on an actual cash value basis (\$358 million). Since state-owned buildings are used for critical public functions (public health, education, public safety, e.g.), the replacement cost amount is the most significant figure, as the buildings would have to be replaced to carry out the critical functions conducted there.

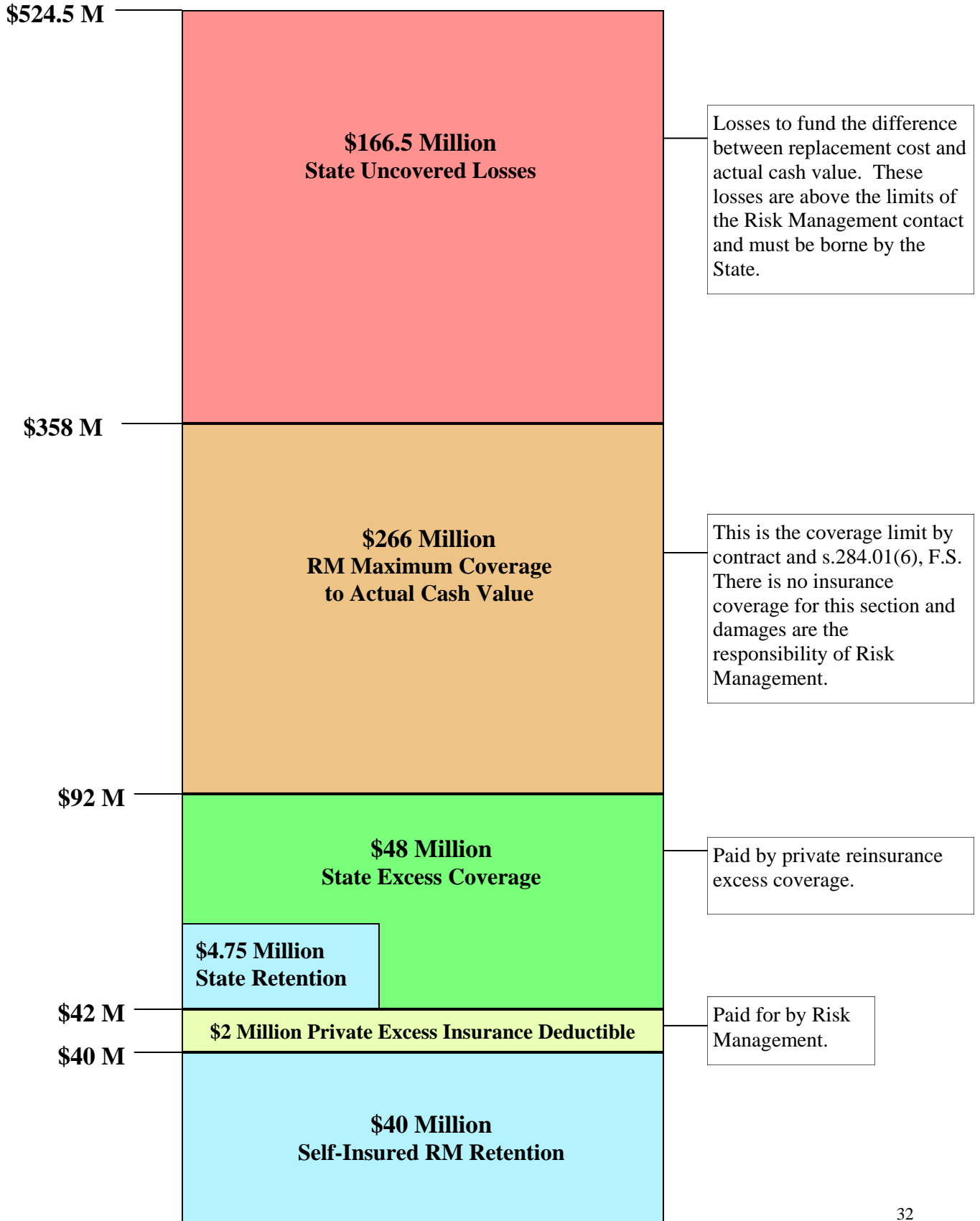
Payment for losses from a 1-in-100 year storm would be allocated as follows:

- 1) Risk Management retains the first \$40 million as a self insured retention;
- 2) Risk Management retains the next \$2 million as a deductible under its excess insurance with private reinsurance coverage;
- 3) The State has a \$50 million excess private insurance coverage limit for named-windstorm. In this coverage layer, the State retains \$4.75 million because the State has not been able to find coverage for this amount at a reasonable price;
- 4) The remaining \$266 million in actual cash value damages would be retained by Risk Management as a self insured retention; and
- 5) The remaining \$166.5 million to fund replacement cost losses would be borne by the State outside the Risk Management contract.

Currently, the Risk Management Trust Fund has approximately \$70.87 million, and on average pays approximately \$14 million in claims and expenses each month. If the Risk Management Trust Fund does not have sufficient funds to cover the total damage to state-owned buildings, limited funding is available from the Budget Stabilization Fund to pay losses under the provisions of s. 216.231, F.S. However, no more than \$38 million can be transferred in any fiscal year. The transfer process must be initiated by a budget amendment.

The Risk Management Trust Fund's exposure to flood losses is limited to a maximum of \$500,000 for any one building and \$500,000 for contents at any one building.

Loss Allocation on State-Owned Buildings



Assumptions

- It is expected that Florida property reinsurance rates will increase 15 percent in 2009, because of a lack of financing availability, increased borrowing costs, increased retrocession costs for reinsurers due to the current financial crisis, reinsurers' losses sustained from hurricanes Gustav and Ike. (Exhibit 2, Sheet 1, Row 16).
- It is assumed that Florida property reinsurance rates will increase by 15 to 25 percent in 2010 after a 1-in-100 year storm in 2009 in Florida assuming no other unusually large property catastrophe reinsurance losses occur in 2009 anywhere in the world.
- Homeowners' insurance probable maximum rate increases assume that reinsurance is only purchased up to a 1-in-100 year PML by homeowners' insurers not rated by A.M. Best. This assumption is only made for purposes of estimating the probable maximum homeowners' rate increases in this report and not for estimating the average or minimum homeowners' rate increases.
- The FHCF 2008 Ratemaking Formula Report accurately reflects the residential expected average annual long term hurricane losses in the State of Florida including the full savings from wind mitigation features.
- AM Best rated A or B insurers will write 50 percent of the private market in Florida in 2009 (Exhibit 7), and insurers not rated by A.M. Best will write the remaining 50 percent of the private market (private market excludes Citizens).
- Citizens Property Insurance Corporation's share of estimated average annual hurricane losses will be 40.7 percent (Exhibit 3) in 2009.
- The average AM Best A or B rated private insurer in Florida purchases reinsurance from the 4th year to the 250th year probable maximum loss (PML) based on long term hurricane models, and the average insurers in Florida not rated by A.M. Best purchase reinsurance from the 4th year to the 100th year probable maximum loss (PML) based on long term hurricane models.
- The 2009 non-hurricane average direct incurred loss ratio for private insurers is expected to increase over the 2007 ratio (Exhibit 6).
- The average hurricane deductible is 2 percent of insured losses. (Source: Florida Hurricane Catastrophe Fund, "2008 Ratemaking Formula Report to the State Board of Administration," March 26, 2008, 40.
- Deductible losses will be \$7.912 billion for a Category Four hurricane making initial landfall in either Miami or Tampa Bay (Exhibit 14, Column (4)).
- State Farm Mutual Insurance Company automobile rate relativities by county are representative of rate relativities for all auto insurers in the State of Florida.

- Where data was lacking, insufficient, or unreliable it was not used, and actuarial judgment was used to supplement this analysis.

Data Reliances

The following data and information was relied upon in order to complete this analysis:

- Florida annual statement state page data for 1999 through 2007 for homeowners' insurance, NAIC I-Site database
- 2008 Bests Aggregates and Averages
- Homeowners' 2007 insurance rate filings, Florida Office of Insurance Regulation, Electronic Data Management System (EDMS)
- The FHCF 2008 Ratemaking Formula Report
- FHCF Excel spreadsheet titled: "2008 FHCF Coverage Projections based on 2008 Mandatory Premiums" as of 9/30/2008
- Citizens modeled loss report, RMS RiskLink Version 7.0 as of 8/30/08
- Citizens Property Insurance Corporation, GAAP Consolidated Statement of Net Assets (unaudited), September 30, 2008
- Annual June 30th Quarterly Summary Reports (QUASR) of the Office of Insurance Regulation
- Pricing Down Approximately 15 Percent; Outlook for Florida Renewals on June 1, 2008, Guy Carpenter Briefing, May 2008
- FHCF Bonding Capacity Update, Guy Carpenter, October 2008
- World Catastrophe Reinsurance Market 2008, Guy Carpenter
- Swiss Re, Sigma Number 1/2008: "Natural catastrophes and man-made disasters in 2007"
- AIR hurricane model estimates for a Tampa Bay or Miami vicinity land falling Category Four hurricane
- State Farm Mutual Insurance Company, OIR rate filing # 08-1864, Exhibit 17, Pages 2-4, BI and PD liability

Table 1
Hurricanes: Economic Phases

Phase	Defining Characteristics	Statewide Economic Consequences
Preparatory Phase <i>(approx 72 hours in advance of the hurricane to landfall)</i>	<ul style="list-style-type: none"> • Purchase of Emergency Supplies (canned food, batteries, radios, candles, flashlights, charcoal, gas, propane, water, ice, shutters, boards / plywood, etc.) • Evacuation Expenses <ul style="list-style-type: none"> ○ In-State...hotels and lodging, transport costs like rental cars and gas ○ Out-of-State...leakage 	<p>Demand...Localized increase in demand for specific items, and potential non-affected area increase in lodging demand, but largely undetectable</p> <p>Revenues...Slight uptick, but largely undetectable</p>
Crisis Phase <i>(landfall to several weeks after landfall)</i>	<ul style="list-style-type: none"> • Rescue and relief efforts (largely public, charitable or free) • Roads closed due to debris • Private structures and public infrastructure damaged • Utility disruptions • Businesses and non-essential parts of government closed • Temporary homelessness • Violence and looting 	<p>Demand...Localized decrease in overall demand; significance depends on the event</p> <p>Revenues...Detectable downtick; significance depends on the event</p>
Recovery Phase <i>(subsequent to the Crisis Phase and generally lasting up to two or three years)</i>	<ul style="list-style-type: none"> • Increased spending related to deductibles, repair and replacement <ul style="list-style-type: none"> ○ Private Savings / Loans ○ State Spending ○ FEMA and Federal Spending ○ Insurance Payments • Competition for scarce resources (contractors, roofers, supplies, construction workers, building materials, debris removal, etc.) 	<p>Demand...Localized increase in overall demand, and prices likely increase for some items</p> <p>Employment...will temporarily see gains as relief and recovery workers move into the area.</p> <p>Revenues...Discernible and significant uptick</p>
Displacement Phase <i>(subsequent to the Recovery Phase and lasting from two to six years)</i>	<ul style="list-style-type: none"> • Reduction in normal purchasing behavior for items that were bought or replaced ahead of schedule • Demographic and labor shifts related to dislocated households and economic centers 	<p>Demand...Localized decrease in overall demand, but largely undetectable at the state level</p> <p>Revenues...Slight downtick, but largely undetectable</p>

**TABLE 2 - LOWER BOUND
CATEGORY 4 HURRICANE SIMULATION
PROPERTY DAMAGE AND ANTICIPATED SPENDING FOR REPLACEMENT AND REPAIR**
(in \$ billions)

	TOTAL DAMAGE	INSURED DAMAGE (-ded)			UNINSURED DAMAGE				TOTAL SPENDING			LOSS: Supply Constraint		LOSS: Other		LOSS: TOTAL		TOTAL NEW SPENDING - NET				
		Total	Constr		Total	Constr		Unreplaced	New Spending		Displaced Spending (Budget Constraint)	(Crowding-Out)		(Evasion & Out-Migration)		Constr	TPP	TOTAL	Constr			
			Activity	TPP		Activity	TPP		Constr	TPP		Constr	TPP	Constr	TPP							
									90%	75%		5%	5%									
Residential structures		84.249	37.912	45%	46.337				64.602	7.298	12.349			3.230	0.365	29.071	1.095	41.734	35.531	6.203		
Replacement	40%	33.699	15.165	100%	18.535	85%		15%	29.344	0.000	4.356	40%	10%	1.467	0.000	13.205	0.000	16.139	16.139	0.000		
Repair	60%	50.549	22.747	100%	27.802	50%	35%	15%	35.258	7.298	7.993	40%	10%	1.763	0.365	15.866	1.095	25.595	19.392	6.203		
Mobile Homes		0.500	0.200	40%	25%	75%	0.300	25%	25%	50%	0.118	0.206	0.176	40%	10%	0.006	0.010	0.053	0.031	0.240	0.065	0.175
Personal Property		32.527	17.364	53%	15.163				0.000	26.462	6.065			0.000	1.323	0.000	3.969	22.493	0.000	22.493		
Residential Contents	83%	27.023	13.511	50%	100%	13.511	80%	20%	0.000	21.618	5.405	40%	10%	0.000	1.081	0.000	3.243	18.376	0.000	18.376		
Autos	13%	4.076	2.853	70%	100%	1.223	80%	20%	0.000	3.587	0.489	40%	10%	0.000	0.179	0.000	0.538	3.049	0.000	3.049		
Boats & Planes	4%	1.429	1.000	70%	100%	0.429	80%	20%	0.00	1.257	0.171	40%	10%	0.000	0.063	0.000	0.189	1.069	0.000	1.069		
Commercial (Nonres)		29.542	18.018	61%	11.524				2.52	20.759	6.259			0.126	1.038	1.136	3.114	19.033	1.388	17.64		
Structures	10%	2.929	2.050	70%	100%	0.879	60%	40%	2.524	0.000	0.404	40%	10%	0.126	0.000	1.136	0.000	1.388	1.388	0.000		
Contents	90%	26.614	15.968	60%	100%	10.645	60%	40%	0.000	20.759	5.855	40%	10%	0.000	1.038	0.000	3.114	17.645	0.000	17.645		
Utilities		14.685	0.734	5%	100%	13.950	100%	0%	13.290	0.000	1.395	40%	10%	0.664	0.000	5.980	0.000	7.309	7.309	0.000		
Agriculture		13.816	1.382	10%	12.435				0.255	0.000	6.202			0.013	0.000	0.115	0.000	0.140	0.140	0.000		
Structures & Equipment	3.1%	0.435	0.044	10%	100%	0.392	60%	40%	0.255	0.000	0.180	40%	10%	0.013	0.000	0.115	0.000	0.140	0.140	0.000		
Crops & Inventories	96.9%	13.381	1.338	10%	12.043																	
Government		23.669	5.792	24%	17.877				2.762	16.792	4.115			0.138	0.840	1.243	2.519	15.792	1.519	14.274		
State & Local	98%	23.169	5.792	25%	17.377				2.474	16.657	4.038			0.124	0.833	1.113	2.499	15.519	1.360	14.159		
Buildings	8%	1.800	0.450	25%	75%	25%	1.350	80%	20%	0%	1.310	0.315	40	10%	0.065	0.016	0.589	0.047	0.988	0.72	0.268	
Other public works	7%	1.600	0.400	25%	75%	25%	1.200	80%	20%	0%	1.164	0.280	40	10%	0.058	0.014	0.524	0.042	0.878	0.64	0.238	
Equipment	85%	19.769	4.942	25%	100%	14.827		0%	0.000	16.062	3.707	40	10%	0.000	0.803	0.000	2.409	13.65	0.00	13.653		
Federal	2%	0.500	0.000	0%	0.500			0%	0.288	0.135	0.077			0.014	0.007	0.130	0.020	0.273	0.15	0.115		
Buildings	80%	0.400	0.000	0%	100%	0.400	80%	20%	0.288	0.060	0.052	40	10%	0.014	0.003	0.130	0.009	0.209	0.15	0.051		
Equipment	20%	0.100	0.000	0%	100%	0.100	100%	0%	0.000	0.075	0.025	40	10%	0.000	0.004	0.000	0.011	0.064	0.00	0.064		
OTHE		0.000	0.000	0%	0%	0.000	0%	0%	0.000	0.000	0.000	40	10%	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
Total		\$198.988	\$81.403	51%	49%	\$117.585	36%	28%	18%	\$83.550	\$71.517	\$36.561	\$33.420	\$7.15	\$4.177	\$3.576	\$37.597	\$10.728	\$106.742	\$45.952	\$60.790	
Percent of Total Damage			41%			59%																

**TABLE 3 - HIGHER BOUND
CATEGORY 4 HURRICANE SIMULATION
PROPERTY DAMAGE AND ANTICIPATED SPENDING FOR REPLACEMENT AND REPAIR**
(in \$ billions)

	TOTAL DAMAGE	INSURED DAMAGE (-ded)			UNINSURED DAMAGE				TOTAL SPENDING			LOSS: Supply Constraint		LOSS: Other		LOSS: TOTAL		TOTAL NEW SPENDING - NET			
		Total	Constr. Activity	TPP	Total	Constr. Activity	TPP	Unreplaced Loss	New Spending		Displaced Spending (Budget Constraint)	(Crowding-Out)		(Evasion & Out-Migration)		Constr	TPP	TOTAL	Constr. Activity	TPP	
									Constr	TPP		Constr	TPP	Constr	TPP						
Residential structures	77.576	34.909	45%		42.667				59.486	6.720	11.371			2.974	0.336	26.769	1.008	38.429	32.717	5.712	
Replacement	40% 31.031	13.964	100%		17.067	85%	15%		27.020	0.000	4.011	40%	10%	1.351	0.000	12.159	0.000	14.861	14.861	0.000	
Repair	60% 46.546	20.946	100%		25.600	50%	35%	15%	32.466	6.720	7.360	40%	10%	1.623	0.336	14.610	1.008	23.568	17.856	5.712	
Mobile Homes	0.500	0.200	40%	25%	75%	0.300	25%	25%	50%	0.118	0.206	0.176	40%	10%	0.006	0.010	0.053	0.031	0.240	0.065	0.175
Personal Property	29.906	15.989	53%		13.917				0.000	24.339	5.567			0.000	1.217	0.000	3.651	20.688	0.000	20.688	
Residential Contents	83% 24.724	12.362	50%	100%	12.362	80%	20%		0.000	19.780	4.945	40%	10%	0.000	0.989	0.000	2.967	16.813	0.000	16.813	
Autos	13% 3.753	2.627	70%	100%	1.126	80%	20%		0.000	3.303	0.450	40%	10%	0.000	0.165	0.000	0.495	2.807	0.000	2.807	
Boats & Planes	5% 1.429	1.000	70%	100%	0.429	80%	20%		0.000	1.257	0.171	40%	10%	0.000	0.063	0.000	0.189	1.069	0.000	1.069	
Commercial (Nonres)	27.164	16.591	61%		10.573				2.524	18.904	5.736			0.126	0.945	1.136	2.836	17.456	1.388	16.068	
Structures	11% 2.929	2.050	70%	100%	0.879	60%	40%		2.524	0.000	0.404	40%	10%	0.126	0.000	1.136	0.000	1.388	1.388	0.000	
Contents	89% 24.235	14.541	60%	100%	9.694	60%	40%		0.000	18.904	5.332	40%	10%	0.000	0.945	0.000	2.836	16.068	0.000	16.068	
Utilities	13.522	0.676	5%	100%	12.846	100%	0%		12.237	0.000	1.285	40%	10%	0.612	0.000	5.507	0.000	6.730	6.730	0.000	
Agriculture	12.722	1.272	10%		11.450				0.255	0.000	5.709			0.013	0.000	0.115	0.000	0.140	0.140	0.000	
Structures & Equipment	3.4% 0.435	0.044	10%	100%	0.392	60%	40%		0.255	0.000	0.180	40%	10%	0.013	0.000	0.115	0.000	0.140	0.140	0.000	
Crops & Inventories	96.6% 12.287	1.229	10%		11.058																
Government	21.834	5.334	24%		16.501				2.762	15.302	3.771			0.138	0.765	1.243	2.295	14.525	1.519	13.006	
State & Local	98% 21.334	5.334	25%		16.001				2.474	15.167	3.694			0.124	0.758	1.113	2.275	14.252	1.360	12.892	
Buildings	8% 1.800	0.450	25%	75%	25%	1.350	80%	20%	0%	1.310	0.315	0.176	40%	10%	0.065	0.016	0.589	0.047	0.988	0.720	0.268
Other public works	7% 1.600	0.400	25%	75%	25%	1.200	80%	20%	0%	1.164	0.280	0.156	40%	10%	0.058	0.014	0.524	0.042	0.878	0.640	0.238
Equipment	84% 17.934	4.484	25%	100%	13.451	100%	0%		0.000	14.572	3.363	40%	10%	0.000	0.729	0.000	2.186	12.386	0.000	12.386	
Federal	2% 0.500	0.000	0%		0.500				0.288	0.135	0.077			0.014	0.007	0.130	0.020	0.273	0.158	0.115	
Buildings	80% 0.400	0.000	0%	100%	0.400	80%	20%	0%	0.288	0.060	0.052	40%	10%	0.014	0.003	0.130	0.009	0.209	0.158	0.051	
Equipment	20% 0.100	0.000	0%	100%	0.100	100%	0%		0.000	0.075	0.025	40%	10%	0.000	0.004	0.000	0.011	0.064	0.000	0.064	
OTHER	0.000	0.000	0%	0%	0%	0.000	0%	0%	100%	0.000	0.000	0.000	40%	10%	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total	\$183.224	\$74.972	51%	49%	\$108.252	36%	28%	18%	\$77.381	\$65.471	\$33.615	\$30.952	\$6.547	\$3.869	\$3.274	\$34.821	\$9.821	\$98.210	\$42.560	\$55.650	
Percent of Total Damage		41%			59%																

Estimated Household Impact
100 Year Storm
Assessments Spread Over 30 Years
Assuming TICL is Renewed in 2010

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Total Average Household Premiums	30 Year Average Annual Household Assessment	Low Estimate of First Year Rate Increases Due to Increase in Cost of Reinsurance	High Estimate of First Year Rate Increases Due to Increase in Cost of Reinsurance	Low Estimate of Annual Increase	High Estimate of Annual Increase	% Low Estimate of Total Increase	% High Estimate of Total Increase		Total Average Household Premiums	30 Year Average Annual Household Assessment	Low Estimate of First Year Rate Increases Due to Increase in Cost of Reinsurance	High Estimate of First Year Rate Increases Due to Increase in Cost of Reinsurance	Low Estimate of Annual Increase	High Estimate of Annual Increase	% Low Estimate of Total Increase	% High Estimate of Total Increase
Alachua	\$3,565	\$141	\$63	\$107	\$204	\$248	5.7%	7.0%	Lake	\$3,429	\$135	\$56	\$94	\$191	\$229	5.6%	6.7%
Baker	\$3,197	\$127	\$46	\$77	\$173	\$205	5.4%	6.4%	Lee	\$4,973	\$207	\$176	\$300	\$383	\$507	7.7%	10.2%
Bay	\$4,358	\$181	\$138	\$236	\$319	\$416	7.3%	9.6%	Leon	\$3,274	\$130	\$49	\$83	\$179	\$213	5.5%	6.5%
Bradford	\$3,667	\$146	\$53	\$90	\$199	\$236	5.4%	6.4%	Levy	\$3,547	\$145	\$77	\$130	\$222	\$275	6.3%	7.8%
Brevard	\$4,447	\$183	\$122	\$207	\$305	\$390	6.8%	8.8%	Liberty	\$3,272	\$130	\$52	\$88	\$183	\$219	5.6%	6.7%
Broward	\$6,932	\$303	\$348	\$596	\$651	\$899	9.4%	13.0%	Madison	\$3,243	\$129	\$49	\$83	\$178	\$211	5.5%	6.5%
Calhoun	\$3,197	\$127	\$51	\$86	\$178	\$213	5.6%	6.6%	Manatee	\$4,903	\$205	\$153	\$261	\$358	\$466	7.3%	9.5%
Charlotte	\$4,834	\$201	\$160	\$273	\$361	\$475	7.5%	9.8%	Marion	\$3,532	\$139	\$53	\$89	\$192	\$229	5.4%	6.5%
Citrus	\$3,726	\$149	\$78	\$132	\$227	\$281	6.1%	7.5%	Martin	\$5,207	\$215	\$228	\$390	\$444	\$606	8.5%	11.6%
Clay	\$3,763	\$148	\$51	\$86	\$199	\$234	5.3%	6.2%	Monroe	\$13,868	\$623	\$2,173	\$3,733	\$2,796	\$4,356	20.2%	31.4%
Collier	\$6,162	\$259	\$331	\$568	\$590	\$826	9.6%	13.4%	Nassau	\$3,988	\$163	\$105	\$178	\$268	\$341	6.7%	8.6%
Columbia	\$3,244	\$128	\$49	\$83	\$178	\$212	5.5%	6.5%	Okaloosa	\$4,166	\$171	\$124	\$211	\$295	\$382	7.1%	9.2%
Dade	\$8,340	\$377	\$712	\$1,223	\$1,090	\$1,601	13.1%	19.2%	Okeechobee	\$4,223	\$168	\$89	\$152	\$258	\$320	6.1%	7.6%
Desoto	\$3,767	\$157	\$81	\$137	\$232	\$288	6.1%	7.6%	Orange	\$4,323	\$170	\$87	\$147	\$257	\$317	5.9%	7.3%
Dixie	\$3,523	\$144	\$68	\$115	\$212	\$260	6.0%	7.4%	Osceola	\$4,046	\$159	\$74	\$126	\$233	\$285	5.8%	7.0%
Duval	\$4,050	\$161	\$61	\$103	\$221	\$263	5.5%	6.5%	Palm Beach	\$7,758	\$330	\$399	\$684	\$729	\$1,014	9.4%	13.1%
Escambia	\$4,366	\$179	\$112	\$191	\$292	\$371	6.7%	8.5%	Pasco	\$5,465	\$228	\$153	\$260	\$380	\$488	7.0%	8.9%
Flagler	\$3,594	\$144	\$72	\$121	\$216	\$265	6.0%	7.4%	Pinellas	\$5,891	\$255	\$202	\$346	\$457	\$601	7.8%	10.2%
Franklin	\$6,319	\$280	\$505	\$867	\$785	\$1,147	12.4%	18.2%	Polk	\$4,055	\$160	\$76	\$129	\$236	\$289	5.8%	7.1%
Gadsden	\$3,234	\$129	\$53	\$90	\$183	\$219	5.6%	6.8%	Putnam	\$3,649	\$146	\$51	\$87	\$198	\$233	5.4%	6.4%
Gilchrist	\$3,403	\$137	\$62	\$105	\$199	\$242	5.9%	7.1%	Santa Rosa	\$4,363	\$177	\$127	\$217	\$304	\$394	7.0%	9.0%
Glades	\$3,638	\$146	\$72	\$123	\$218	\$269	6.0%	7.4%	Sarasota	\$5,078	\$218	\$199	\$339	\$417	\$558	8.2%	11.0%
Gulf	\$4,925	\$211	\$242	\$415	\$453	\$626	9.2%	12.7%	Seminole	\$4,116	\$162	\$95	\$162	\$257	\$323	6.2%	7.9%
Hamilton	\$3,248	\$128	\$50	\$84	\$178	\$212	5.5%	6.5%	St. Johns	\$3,990	\$161	\$109	\$185	\$270	\$346	6.8%	8.7%
Hardee	\$4,021	\$159	\$80	\$135	\$239	\$294	5.9%	7.3%	St. Lucie	\$4,732	\$194	\$126	\$214	\$320	\$408	6.8%	8.6%
Hendry	\$3,962	\$160	\$99	\$168	\$259	\$328	6.5%	8.3%	Sumter	\$3,251	\$128	\$43	\$73	\$171	\$201	5.3%	6.2%
Hernando	\$5,133	\$213	\$153	\$260	\$366	\$474	7.1%	9.2%	Suwannee	\$3,390	\$134	\$60	\$102	\$194	\$236	5.7%	7.0%
Highlands	\$3,849	\$152	\$65	\$110	\$217	\$262	5.6%	6.8%	Taylor	\$3,411	\$138	\$64	\$108	\$202	\$246	5.9%	7.2%
Hillsborough	\$5,672	\$229	\$180	\$306	\$409	\$536	7.2%	9.4%	Union	\$3,384	\$135	\$60	\$101	\$194	\$236	5.7%	7.0%
Holmes	\$3,216	\$128	\$52	\$88	\$180	\$216	5.6%	6.7%	Volusia	\$4,007	\$165	\$94	\$160	\$259	\$325	6.5%	8.1%
Indian River	\$5,574	\$233	\$213	\$364	\$446	\$597	8.0%	10.7%	Wakulla	\$3,647	\$149	\$85	\$145	\$234	\$294	6.4%	8.1%
Jackson	\$3,178	\$126	\$50	\$84	\$176	\$210	5.5%	6.6%	Walton	\$5,423	\$245	\$263	\$451	\$508	\$695	9.4%	12.8%
Jefferson	\$3,496	\$139	\$68	\$114	\$207	\$253	5.9%	7.2%	Washington	\$3,279	\$130	\$52	\$88	\$182	\$218	5.6%	6.7%
Lafayette	\$3,376	\$135	\$59	\$100	\$194	\$235	5.7%	7.0%	Average	\$5,265	\$234	\$251	\$429	\$485	\$663	9.2%	12.6%

Notes:

- (1) Total average household premiums include: 1) the average business premium per household embedded in products sold and services provided to Florida consumers, and 2) the estimated average homeowners premiums including individual condominium owners and tenants' costs of coverage as well as the embedded cost of condominium association and apartment building owners insurance, which impact condominium owners and tenants indirectly via association dues and rent.
- (2) Annual assessment at 6.5% annual interest over 30 years. Assessments for Citizens policyholders will be significantly higher in 2010 and comparable to non-Citizens policyholders in subsequent years.
- (3) Assumes business property and homeowners insurers' (excluding Citizens) reinsurance rates increase 15%. Indicated rate increases do not apply to Citizens policyholders.
- (4) Assumes business property and homeowners insurers' (excluding Citizens) reinsurance rates increase 25%. Indicated rate increases do not apply to Citizens policyholders.

Estimated Household Impact
100 Year Storm
Assessments Spread Over 30 Years
Including Impact of TICL Expiration in 2010

	(1)	(2)	(3) Low	(4) High	(5)	(6)	(7)	(8)		(1)	(2)	(3) Low	(4) High	(5)	(6)	(7)	(8)
	Total Average Household Premiums	30 Year Average Annual Household Assessment	Estimate of First Year Rate Increases Due to Increase in Cost of Reinsurance & TICL Expiration	Estimate of First Year Rate Increases Due to Increase in Cost of Reinsurance & TICL Expiration	Low Estimate of Total Annual Increase	High Estimate of Total Annual Increase	% Low Estimate of Total Increase	% High Estimate of Total Increase		Total Average Household Premiums	30 Year Average Annual Household Assessment	Estimate of First Year Rate Increases Due to Increase in Cost of Reinsurance & TICL Expiration	Estimate of First Year Rate Increases Due to Increase in Cost of Reinsurance & TICL Expiration	Low Estimate of Total Annual Increase	High Estimate of Total Annual Increase	% Low Estimate of Total Increase	% High Estimate of Total Increase
Alachua	\$3,565	\$141	\$119	\$164	\$260	\$305	7.3%	8.6%	Lake	\$3,429	\$135	\$101	\$140	\$236	\$275	6.9%	8.0%
Baker	\$3,197	\$127	\$80	\$112	\$207	\$239	6.5%	7.5%	Lee	\$4,973	\$207	\$394	\$528	\$601	\$735	12.1%	14.8%
Bay	\$4,358	\$181	\$307	\$412	\$488	\$592	11.2%	13.6%	Leon	\$3,274	\$130	\$87	\$122	\$217	\$251	6.6%	7.7%
Bradford	\$3,667	\$146	\$92	\$129	\$237	\$275	6.5%	7.5%	Levy	\$3,547	\$145	\$154	\$210	\$299	\$355	8.4%	10.0%
Brevard	\$4,447	\$183	\$258	\$349	\$441	\$532	9.9%	12.0%	Liberty	\$3,272	\$130	\$94	\$131	\$225	\$261	6.9%	8.0%
Broward	\$6,932	\$303	\$818	\$1,090	\$1,121	\$1,393	16.2%	20.1%	Madison	\$3,243	\$129	\$87	\$121	\$215	\$249	6.6%	7.7%
Calhoun	\$3,197	\$127	\$92	\$128	\$219	\$255	6.8%	8.0%	Manatee	\$4,903	\$205	\$332	\$448	\$537	\$653	11.0%	13.3%
Charlotte	\$4,834	\$201	\$354	\$476	\$555	\$677	11.5%	14.0%	Marion	\$3,532	\$139	\$92	\$129	\$232	\$269	6.6%	7.6%
Citrus	\$3,726	\$149	\$153	\$210	\$302	\$359	8.1%	9.6%	Martin	\$5,207	\$215	\$544	\$722	\$759	\$937	14.6%	18.0%
Clay	\$3,763	\$148	\$85	\$120	\$233	\$268	6.2%	7.1%	Monroe	\$13,868	\$623	\$6,098	\$7,873	\$6,720	\$8,496	48.5%	61.3%
Collier	\$6,162	\$259	\$813	\$1,074	\$1,071	\$1,332	17.4%	21.6%	Nassau	\$3,988	\$163	\$223	\$301	\$385	\$464	9.7%	11.6%
Columbia	\$3,244	\$128	\$88	\$122	\$216	\$250	6.7%	7.7%	Okaloosa	\$4,166	\$171	\$273	\$367	\$445	\$538	10.7%	12.9%
Dade	\$8,340	\$377	\$1,827	\$2,400	\$2,205	\$2,777	26.4%	33.3%	Okeechobee	\$4,223	\$168	\$174	\$239	\$342	\$407	8.1%	9.6%
Desoto	\$3,767	\$151	\$160	\$219	\$311	\$370	8.3%	9.8%	Orange	\$4,323	\$170	\$164	\$227	\$335	\$398	7.7%	9.2%
Dixie	\$3,523	\$144	\$132	\$181	\$216	\$325	7.8%	9.2%	Osceola	\$4,046	\$159	\$138	\$191	\$297	\$350	7.3%	8.7%
Duval	\$4,050	\$161	\$105	\$148	\$266	\$308	6.6%	7.6%	Palm Beach	\$7,758	\$330	\$921	\$1,233	\$1,251	\$1,563	16.1%	20.1%
Escambia	\$4,366	\$179	\$234	\$318	\$413	\$497	9.5%	11.4%	Pasco	\$5,465	\$228	\$308	\$423	\$536	\$650	9.8%	11.9%
Flagler	\$3,594	\$144	\$140	\$191	\$284	\$336	7.9%	9.3%	Pinellas	\$5,891	\$255	\$439	\$594	\$694	\$848	11.8%	14.4%
Franklin	\$6,319	\$280	\$1,322	\$1,728	\$1,602	\$2,008	25.4%	31.8%	Polk	\$4,055	\$160	\$142	\$197	\$303	\$358	7.5%	8.8%
Gadsden	\$3,234	\$129	\$98	\$135	\$227	\$265	7.0%	8.2%	Putnam	\$3,649	\$146	\$87	\$123	\$233	\$269	6.4%	7.4%
Gilchrist	\$3,403	\$137	\$117	\$162	\$254	\$299	7.5%	8.8%	Santa Rosa	\$4,363	\$177	\$276	\$372	\$452	\$548	10.4%	12.6%
Glades	\$3,638	\$146	\$141	\$193	\$287	\$339	7.9%	9.3%	Sarasota	\$5,078	\$218	\$458	\$611	\$676	\$829	13.3%	16.3%
Gulf	\$4,925	\$211	\$589	\$779	\$800	\$990	16.3%	20.1%	Seminole	\$4,116	\$162	\$191	\$261	\$353	\$423	8.6%	10.3%
Hamilton	\$3,248	\$128	\$88	\$123	\$217	\$252	6.7%	7.7%	St. Johns	\$3,990	\$161	\$234	\$315	\$395	\$476	9.9%	11.9%
Hardee	\$4,021	\$159	\$152	\$210	\$311	\$369	7.7%	9.2%	St. Lucie	\$4,732	\$194	\$261	\$355	\$455	\$549	9.6%	11.6%
Hendry	\$3,962	\$160	\$206	\$279	\$366	\$439	9.2%	11.1%	Sumter	\$3,251	\$128	\$72	\$102	\$200	\$230	6.2%	7.1%
Hernando	\$5,133	\$213	\$316	\$430	\$529	\$644	10.3%	12.5%	Suwannee	\$3,390	\$134	\$113	\$156	\$247	\$290	7.3%	8.6%
Highlands	\$3,849	\$152	\$119	\$165	\$271	\$317	7.0%	8.2%	Taylor	\$3,411	\$138	\$123	\$169	\$261	\$307	7.7%	9.0%
Hillsborough	\$5,672	\$229	\$378	\$514	\$607	\$743	10.7%	13.1%	Union	\$3,384	\$135	\$112	\$154	\$246	\$289	7.3%	8.5%
Holmes	\$3,216	\$128	\$95	\$132	\$223	\$260	6.9%	8.1%	Volusia	\$4,007	\$165	\$193	\$262	\$358	\$427	8.9%	10.7%
Indian River	\$5,574	\$233	\$485	\$650	\$718	\$883	12.9%	15.8%	Walulla	\$3,647	\$149	\$175	\$238	\$324	\$387	8.9%	10.6%
Jackson	\$3,178	\$126	\$89	\$124	\$215	\$250	6.8%	7.9%	Walton	\$5,423	\$245	\$647	\$853	\$892	\$1,098	16.4%	20.3%
Jefferson	\$3,496	\$139	\$131	\$179	\$269	\$318	7.7%	9.1%	Washington	\$3,279	\$130	\$94	\$130	\$224	\$261	6.8%	7.9%
Lafayette	\$3,376	\$135	\$111	\$153	\$245	\$288	7.3%	8.5%	Average	\$5,265	\$234	\$591	\$787	\$825	\$1,021	15.7%	19.4%

Notes:

- (1) Total average household premiums include: 1) the average business premium per household embedded in products sold and services provided to Florida consumers, and 2) the estimated average homeowners premiums including individual condominium owners and tenants' costs of coverage as well as the embedded cost of condominium association and apartment building owners insurance, which impact condominium owners and tenants indirectly via association dues and rent.
- (2) Annual assessment at 6.5% annual interest over 30 years. Assessments for Citizens policyholders will be significantly higher in 2010 and comparable to non-Citizens policyholders in subsequent years.
- (3) Assumes insurers' (excluding Citizens) reinsurance rates increase 15%. Indicated rate increases do not apply to Citizens policyholders.
- (4) Assumes insurers' (excluding Citizens) reinsurance rates increase 25%. Indicated rate increases do not apply to Citizens policyholders.
- (5) (2) + (3)
- (6) (2) + (4)
- (7) (5) / (1)
- (8) (6) / (1)

Estimated Average Rate Increase in 2010
Homeowners Insurance
Private Insurers
100 Year Storm in 2009
Assuming TICL is Renewed in 2010

	(1)	(2)	(3)	(4)	(5)		(1)	(2)	(3)	(4)	(5)
	Private Homeowners Average Premium	Low Estimate of First Year Homeowners Rate Increase Due to Increase in Cost of Reinsurance	High Estimate of First Year Homeowners Rate Increase Due to Increase in Cost of Reinsurance	% Low Estimate of Total Increase	% High Estimate of Total Increase		Private Homeowners Average Premium	Low Estimate of First Year Homeowners Rate Increase Due to Increase in Cost of Reinsurance	High Estimate of First Year Homeowners Rate Increase Due to Increase in Cost of Reinsurance	% Low Estimate of Total Increase	% High Estimate of Total Increase
Alachua	\$998	\$25	\$43	2.6%	4.3%	Lake	\$936	\$22	\$37	2.3%	4.0%
Baker	\$861	\$18	\$30	2.1%	3.5%	Lee	\$1,651	\$78	\$134	4.8%	8.1%
Bay	\$1,489	\$63	\$107	4.2%	7.2%	Leon	\$890	\$19	\$33	2.2%	3.7%
Bradford	\$893	\$20	\$33	2.2%	3.7%	Levy	\$1,116	\$33	\$56	3.0%	5.0%
Brevard	\$1,373	\$52	\$89	3.8%	6.5%	Liberty	\$917	\$21	\$35	2.3%	3.8%
Broward	\$2,278	\$156	\$268	6.9%	11.8%	Madison	\$888	\$19	\$33	2.2%	3.7%
Calhoun	\$912	\$21	\$35	2.3%	3.8%	Manatee	\$1,525	\$66	\$113	4.3%	7.4%
Charlotte	\$1,573	\$71	\$121	4.5%	7.7%	Marion	\$900	\$20	\$34	2.2%	3.7%
Citrus	\$1,107	\$32	\$55	2.9%	5.0%	Martin	\$1,923	\$109	\$187	5.7%	9.7%
Clay	\$861	\$18	\$30	2.1%	3.5%	Monroe	\$11,794	\$1,237	\$2,124	10.5%	18.0%
Collier	\$2,302	\$160	\$274	7.0%	11.9%	Nassau	\$1,299	\$46	\$79	3.6%	6.1%
Columbia	\$891	\$20	\$33	2.2%	3.7%	Okaloosa	\$1,422	\$57	\$96	4.0%	6.8%
Dade	\$3,351	\$351	\$604	10.5%	18.0%	Okeechobee	\$1,150	\$35	\$60	3.1%	5.2%
Desoto	\$1,128	\$34	\$57	3.0%	5.1%	Orange	\$1,119	\$33	\$56	3.0%	5.0%
Dixie	\$1,046	\$28	\$48	2.7%	4.6%	Osceola	\$1,044	\$28	\$48	2.7%	4.6%
Duval	\$931	\$22	\$37	2.3%	3.9%	Palm Beach	\$2,386	\$173	\$296	7.2%	12.4%
Escambia	\$1,315	\$48	\$81	3.6%	6.2%	Pasco	\$1,443	\$59	\$100	4.1%	6.9%
Flagler	\$1,069	\$30	\$51	2.8%	4.7%	Pinellas	\$1,706	\$84	\$144	4.9%	8.4%
Franklin	\$2,910	\$262	\$449	9.0%	15.4%	Polk	\$1,059	\$29	\$49	2.8%	4.7%
Gadsden	\$933	\$22	\$37	2.3%	3.9%	Putnam	\$876	\$19	\$32	2.1%	3.6%
Gilchrist	\$998	\$26	\$43	2.6%	4.3%	Santa Rosa	\$1,416	\$56	\$96	4.0%	6.8%
Glades	\$1,070	\$30	\$51	2.8%	4.7%	Sarasota	\$1,770	\$91	\$156	5.2%	8.8%
Gulf	\$2,001	\$119	\$203	5.9%	10.2%	Seminole	\$1,206	\$39	\$67	3.3%	5.5%
Hamilton	\$895	\$20	\$33	2.2%	3.7%	St. Johns	\$1,328	\$49	\$83	3.7%	6.2%
Hardee	\$1,092	\$31	\$53	2.9%	4.9%	St. Lucie	\$1,369	\$52	\$89	3.8%	6.5%
Hendry	\$1,253	\$43	\$73	3.4%	5.8%	Sumter	\$827	\$16	\$28	2.0%	3.3%
Hernando	\$1,469	\$61	\$104	4.1%	7.1%	Suwannee	\$983	\$25	\$42	2.5%	4.2%
Highlands	\$986	\$25	\$42	2.5%	4.3%	Taylor	\$1,019	\$27	\$45	2.6%	4.4%
Hillsborough	\$1,589	\$72	\$123	4.5%	7.8%	Union	\$979	\$24	\$41	2.5%	4.2%
Holmes	\$923	\$21	\$36	2.3%	3.9%	Volusia	\$1,215	\$40	\$68	3.3%	5.6%
Indian River	\$1,807	\$95	\$163	5.3%	9.0%	Wakulla	\$1,178	\$37	\$63	3.2%	5.4%
Jackson	\$901	\$20	\$34	2.2%	3.8%	Walton	\$2,087	\$130	\$222	6.2%	10.7%
Jefferson	\$1,041	\$28	\$48	2.7%	4.6%	Washington	\$915	\$21	\$35	2.3%	3.8%
Lafayette	\$976	\$24	\$41	2.5%	4.2%						

Notes:

- (1) Exhibit 15, Sheet 2, Column (3)
- (2) (4) x (1)
- (3) (5) x (1)
- (4) & (5) Exhibit 1, Sheet 3b, Rows (4) and (5). Assumes positive linear relationship between (1) and percentage of (1) that can be attributed to the net cost of reinsurance.

Estimated Average Rate Increase in 2010
Homeowners Insurance
Private Insurers
100 Year Storm in 2009
Including Impact of TICL Expiration in 2010

	(1)	(2)	(3)	(4)	(5)		(1)	(2)	(3)	(4)	(5)
		Low	High				Low	High			
		Estimate of	Estimate of				Estimate of	Estimate of			
		First Year	First Year				First Year	First Year			
		Homeowners	Homeowners				Homeowners	Homeowners			
		Rate	Rate				Rate	Rate			
		Increase	Increase				Increase	Increase			
		Due to	Due to	%	%		Due to	Due to	%	%	
		Increase in	Increase in	Low	High		Increase in	Increase in	Low	High	
		Cost of	Cost of	Estimate	Estimate		Cost of	Cost of	Estimate	Estimate	
		Private	Reinsurance &	of	of		Private	Reinsurance &	of	of	
		Homeowners	TICL	Total	Total		Homeowners	TICL	Total	Total	
		Average	Expiration	Increase	Increase		Average	Expiration	Increase	Increase	
		Premium					Premium				
Alachua	\$998	\$81	\$100	8.1%	10.0%	Lake	\$936	\$67	\$83	7.1%	8.9%
Baker	\$861	\$52	\$64	6.0%	7.5%	Lee	\$1,651	\$297	\$362	18.0%	22.0%
Bay	\$1,489	\$231	\$283	15.5%	19.0%	Leon	\$890	\$57	\$71	6.4%	8.0%
Bradford	\$893	\$58	\$72	6.5%	8.1%	Levy	\$1,116	\$110	\$136	9.9%	12.2%
Brevard	\$1,373	\$189	\$231	13.8%	16.9%	Liberty	\$917	\$63	\$78	6.9%	8.5%
Broward	\$2,278	\$626	\$762	27.5%	33.4%	Madison	\$888	\$57	\$71	6.4%	8.0%
Calhoun	\$912	\$62	\$77	6.8%	8.4%	Manatee	\$1,525	\$245	\$300	16.1%	19.7%
Charlotte	\$1,573	\$264	\$323	16.8%	20.5%	Marion	\$900	\$59	\$74	6.6%	8.2%
Citrus	\$1,107	\$108	\$133	9.7%	12.0%	Martin	\$1,923	\$425	\$518	22.1%	26.9%
Clay	\$861	\$52	\$65	6.0%	7.5%	Monroe	\$11,794	\$5,161	\$6,264	43.8%	53.1%
Collier	\$2,302	\$641	\$780	27.9%	33.9%	Nassau	\$1,299	\$164	\$201	12.6%	15.5%
Columbia	\$891	\$58	\$72	6.5%	8.0%	Okaloosa	\$1,422	\$206	\$252	14.5%	17.8%
Dade	\$3,351	\$1,467	\$1,780	43.8%	53.1%	Okeechobee	\$1,150	\$119	\$147	10.4%	12.8%
Desoto	\$1,128	\$113	\$139	10.1%	12.4%	Orange	\$1,119	\$111	\$137	9.9%	12.2%
Dixie	\$1,046	\$92	\$114	8.8%	10.9%	Osceola	\$1,044	\$92	\$113	8.8%	10.8%
Duval	\$931	\$66	\$82	7.1%	8.8%	Palm Beach	\$2,386	\$695	\$845	29.1%	35.4%
Escambia	\$1,315	\$169	\$208	12.9%	15.8%	Pasco	\$1,443	\$214	\$262	14.8%	18.2%
Flagler	\$1,069	\$98	\$121	9.2%	11.3%	Pinellas	\$1,706	\$321	\$392	18.8%	23.0%
Franklin	\$2,910	\$1,079	\$1,310	37.1%	45.0%	Polk	\$1,059	\$95	\$118	9.0%	11.1%
Gadsden	\$933	\$66	\$82	7.1%	8.8%	Putnam	\$876	\$55	\$68	6.2%	7.8%
Gilchrist	\$998	\$81	\$100	8.1%	10.0%	Santa Rosa	\$1,416	\$204	\$250	14.4%	17.7%
Glades	\$1,070	\$98	\$121	9.2%	11.3%	Sarasota	\$1,770	\$350	\$427	19.8%	24.1%
Gulf	\$2,001	\$466	\$568	23.3%	28.4%	Seminole	\$1,206	\$136	\$167	11.2%	13.8%
Hamilton	\$895	\$58	\$73	6.5%	8.1%	St. Johns	\$1,328	\$174	\$213	13.1%	16.0%
Hardee	\$1,092	\$104	\$128	9.5%	11.7%	St. Lucie	\$1,369	\$188	\$230	13.7%	16.8%
Hendry	\$1,253	\$150	\$184	12.0%	14.7%	Sumter	\$827	\$45	\$57	5.5%	6.9%
Hernando	\$1,469	\$224	\$274	15.2%	18.6%	Suwannee	\$983	\$77	\$95	7.9%	9.7%
Highlands	\$986	\$78	\$96	7.9%	9.8%	Taylor	\$1,019	\$86	\$106	8.4%	10.4%
Hillsborough	\$1,589	\$271	\$331	17.0%	20.8%	Union	\$979	\$76	\$94	7.8%	9.6%
Holmes	\$923	\$64	\$80	6.9%	8.6%	Volusia	\$1,215	\$138	\$170	11.4%	14.0%
Indian River	\$1,807	\$368	\$448	20.3%	24.8%	Wakulla	\$1,178	\$127	\$156	10.8%	13.3%
Jackson	\$901	\$60	\$74	6.6%	8.2%	Walton	\$2,087	\$513	\$625	24.6%	30.0%
Jefferson	\$1,041	\$91	\$112	8.7%	10.8%	Washington	\$915	\$62	\$78	6.8%	8.5%
Lafayette	\$976	\$76	\$93	7.7%	9.6%						

Notes:

- (1) Exhibit 15, Sheet 2, Column (3)
- (2) (4) x (1)
- (3) (5) x (1)

(4) & (5) Exhibit 1, Sheet 3a, Rows (4) and (5). Assumes positive linear relationship between (1) and percentage of (1) that can be attributed to the net cost of reinsurance.

Estimated Average Rate Increase in 2010
Business Insurance
Private Insurers
100 Year Storm in 2009

	(1)	(2)	(3)	(4)	(5)		(1)	(2)	(3)	(4)	(5)
	Private Business Average Premium	Low Estimate of First Year Business Rate Increase Due to Increase in Cost of Reinsurance	High Estimate of First Year Business Rate Increase Due to Increase in Cost of Reinsurance	% Low Estimate of Total Increase	% High Estimate of Total Increase		Private Business Average Premium	Low Estimate of First Year Business Rate Increase Due to Increase in Cost of Reinsurance	High Estimate of First Year Business Rate Increase Due to Increase in Cost of Reinsurance	% Low Estimate of Total Increase	% High Estimate of Total Increase
Alachua	\$1,487	\$38	\$64	2.6%	4.3%	Lake	\$1,436	\$34	\$57	2.3%	4.0%
Baker	\$1,338	\$28	\$47	2.1%	3.5%	Lee	\$2,044	\$97	\$166	4.8%	8.1%
Bay	\$1,795	\$76	\$129	4.2%	7.2%	Leon	\$1,366	\$30	\$50	2.2%	3.7%
Bradford	\$1,538	\$34	\$57	2.2%	3.7%	Levy	\$1,478	\$44	\$74	3.0%	5.0%
Brevard	\$1,815	\$69	\$118	3.8%	6.5%	Liberty	\$1,376	\$31	\$53	2.3%	3.8%
Broward	\$2,787	\$191	\$328	6.9%	11.8%	Madison	\$1,357	\$30	\$50	2.2%	3.7%
Calhoun	\$1,339	\$30	\$51	2.3%	3.8%	Manatee	\$2,004	\$87	\$148	4.3%	7.4%
Charlotte	\$1,991	\$89	\$153	4.5%	7.7%	Marion	\$1,479	\$33	\$55	2.2%	3.7%
Citrus	\$1,553	\$45	\$77	2.9%	5.0%	Martin	\$2,100	\$119	\$204	5.7%	9.7%
Clay	\$1,577	\$33	\$56	2.1%	3.5%	Monroe	\$8,929	\$937	\$1,608	10.5%	18.0%
Collier	\$2,464	\$171	\$293	7.0%	11.9%	Nassau	\$1,637	\$58	\$99	3.6%	6.1%
Columbia	\$1,359	\$30	\$50	2.2%	3.7%	Okaloosa	\$1,687	\$67	\$114	4.0%	6.8%
Dade	\$3,441	\$361	\$620	10.5%	18.0%	Okeechobee	\$1,767	\$54	\$92	3.1%	5.2%
Desoto	\$1,567	\$47	\$79	3.0%	5.1%	Orange	\$1,806	\$53	\$91	3.0%	5.0%
Dixie	\$1,464	\$40	\$67	2.7%	4.6%	Osceola	\$1,695	\$46	\$78	2.7%	4.6%
Duval	\$1,689	\$39	\$66	2.3%	3.9%	Palm Beach	\$3,132	\$226	\$388	7.2%	12.4%
Escambia	\$1,792	\$65	\$110	3.6%	6.2%	Pasco	\$2,322	\$94	\$160	4.1%	6.9%
Flagler	\$1,492	\$42	\$71	2.8%	4.7%	Pinellas	\$2,392	\$118	\$202	4.9%	8.4%
Franklin	\$2,703	\$243	\$417	9.0%	15.4%	Polk	\$1,703	\$47	\$80	2.8%	4.7%
Gadsden	\$1,353	\$32	\$53	2.3%	3.9%	Putnam	\$1,527	\$33	\$55	2.1%	3.6%
Gilchrist	\$1,432	\$37	\$62	2.6%	4.3%	Santa Rosa	\$1,801	\$71	\$122	4.0%	6.8%
Glades	\$1,518	\$42	\$72	2.8%	4.7%	Sarasota	\$2,083	\$107	\$184	5.2%	8.8%
Gulf	\$2,082	\$124	\$211	5.9%	10.2%	Seminole	\$1,716	\$56	\$95	3.3%	5.5%
Hamilton	\$1,361	\$30	\$51	2.2%	3.7%	St. Johns	\$1,640	\$60	\$102	3.7%	6.2%
Hardee	\$1,683	\$48	\$82	2.9%	4.9%	St. Lucie	\$1,933	\$74	\$125	3.8%	6.5%
Hendry	\$1,643	\$56	\$95	3.4%	5.8%	Sumter	\$1,362	\$27	\$45	2.0%	3.3%
Hernando	\$2,219	\$92	\$157	4.1%	7.1%	Suwannee	\$1,421	\$36	\$60	2.5%	4.2%
Highlands	\$1,611	\$41	\$68	2.5%	4.3%	Taylor	\$1,412	\$37	\$63	2.6%	4.4%
Hillsborough	\$2,363	\$107	\$183	4.5%	7.8%	Union	\$1,419	\$35	\$60	2.5%	4.2%
Holmes	\$1,346	\$31	\$52	2.3%	3.9%	Volusia	\$1,656	\$54	\$92	3.3%	5.6%
Indian River	\$2,231	\$118	\$201	5.3%	9.0%	Wakulla	\$1,520	\$48	\$82	3.2%	5.4%
Jackson	\$1,332	\$30	\$50	2.2%	3.8%	Walton	\$2,141	\$133	\$228	6.2%	10.7%
Jefferson	\$1,461	\$39	\$67	2.7%	4.6%	Washington	\$1,375	\$31	\$53	2.3%	3.8%
Lafayette	\$1,416	\$35	\$59	2.5%	4.2%	Average	\$2,291	\$131	\$220	5.7%	9.6%

Notes:

- (1) Exhibit 15, Sheet 2, Column (1)
- (2) (4) x (1)
- (3) (5) x (1)
- (4) & (5) Exhibit 1, Sheet 2a, Columns (4) and (5). Assumes 50% of commercial premiums are property related, but also assumes commercial reinsurance costs will increase twice as much as residential, because commercial insurers do not have access to the FHCF and therefore assumes impact on commercial rates will be equal to impact on homeowners rates.

1 in 100 Year Storm
Expected Increases in Homeowners Insurance Rates
Assuming TICL Expires in 2010

	15% Increase in 2009 Reinsurance Rates	TICL Coverage Expires in 2010	100 Year Storm Impact Low	100 Year Storm Impact High
(1) Cumulative Average Net Cost of Reinsurance Increase	21.3%	63.1%	95.4%	117.0%
(2) Cumulative Probable Maximum Net Cost of Reinsurance Increase	22.0%	87.9%	124.9%	149.5%
(3) Incremental Average Rate Increase	5.4%	10.0%	7.0%	11.7%
(4) Incremental Probable Maximum Rate Increase	12.1%	29.7%	10.8%	18.0%
(5) Incremental Probable Minimum Rate Increase	2.1%	3.4%	2.0%	3.3%

Notes:

- (1) Exhibit 1, Sheet 4, Row (4)
- (2) Exhibit 1, Sheet 5, Row (4)
- (3) Exhibit 1, Sheet 4, Row (10)
- (4) $.55 \times ((1+(2)) / (1+(2) \text{ prior}) - 1)$ based on actuarial judgment
- (5) $.10 \times ((1+(1)) / (1+(1) \text{ prior}) - 1)$ based on actuarial judgment

1 in 100 Year Storm
Expected Increases in Homeowners Insurance Rates
Assuming TICL is Renewed in 2010

	15% Increase in 2009 Reinsurance Rates	100 Year Storm Impact Low	100 Year Storm Impact High
(1) Cumulative Average Net Cost of Reinsurance Increase	21.3%	45.3%	61.7%
(2) Cumulative Probable Maximum Net Cost of Reinsurance Increase	22.0%	45.3%	62.0%
(3) Incremental Average Rate Increase	5.4%	5.7%	9.6%
(4) Incremental Probable Maximum Rate Increase	12.1%	10.5%	18.0%
(5) Incremental Probable Minimum Rate Increase	2.1%	2.0%	3.3%

Notes:

- (1) Exhibit 1, Sheet 4, Row (4)
- (2) Exhibit 1, Sheet 5, Row (4)
- (3) Exhibit 1, Sheet 4, Row (10)
- (4) $.55 \times ((1+(2)) / (1+(2) \text{ prior}) - 1)$ based on actuarial judgment
- (5) $.10 \times ((1+(1)) / (1+(1) \text{ prior}) - 1)$ based on actuarial judgment

Impact on Homeowners Insurance Rates
Private Reinsurance Replaces TICL Layer and Increases in Private Reinsurance Rates
Insurers Purchase Reinsurance Up to Either a 100 Year or 250 Year PML
Private Insurance Market (Excludes Citizens)

	FHCF Provides \$28 Billion of Reinsurance at 2008 Reinsurance Rates	Increase in 2009 Reinsurance Rates	Private Reinsurance Replaces TICL Layer	100 Year Storm Impact Low	100 Year Storm Impact High
(1) Gross Cost of Private Reinsurance	2,615,951,927	3,007,167,097	3,954,156,467	4,547,498,834	4,942,933,515
(2) Annual Average Loss & LAE Privately Reinsured	781,947,267	781,947,267	962,988,577	962,988,577	962,988,577
(3) Net Cost of Private Reinsurance	1,834,004,661	2,225,219,830	2,991,167,890	3,584,510,256	3,979,944,937
(4) Estimated Average % Increase in Net Cost of Reinsurance		21.3%	63.1%	95.4%	117.0%
(5) Expected Hurricane Losses & Loss Adjustment Expense	2,440,149,809	2,440,149,809	2,440,149,809	2,440,149,809	2,440,149,809
(6) Expected Non-Hurricane Losses & Loss Adjustment Expense	2,672,346,498	2,672,346,498	2,672,346,498	2,672,346,498	2,672,346,498
(7) Fixed Underwriting Expense	357,500,000	357,500,000	357,500,000	357,500,000	357,500,000
(8) Total Fixed Expenses	7,304,000,968	7,695,216,137	8,461,164,197	9,054,506,563	9,449,941,245
(9) Estimated Cumulative Average % Increase in Homeowners Rates		5.4%	15.8%	24.0%	29.4%
(10) Estimated Incremental Average % Increase in Homeowners Rates		5.4%	10.0%	7.0%	11.7%

Notes:

- (1) & (3) Exhibit 2, Sheets 1 through 4, Row (14)
- (2) (1) - (3)
- (4) Net cost of reinsurance increase at 2008 reinsurance rates relative to FHCF providing \$28.0 billion of reinsurance
- (5) Exhibit 2, Sheets 1 through 4, Row (14)
- (6) Exhibit 6
- (7) .05 x 7,150,000,000
- (8) (3) + (5) + (6) + (7)
- (9) (8) / (8) prior - 1
- (10) (1 + (9)) / (1 + (9) prior) - 1

Impact on Homeowners Insurance Rates
Private Reinsurance Does Not Replace TICL Layer and Increases in Private Reinsurance Rates
Insurers Purchase Reinsurance Up to Either a 100 Year or 250 Year PML
Private Insurance Market (Excludes Citizens)

	FHCF Provides \$28 Billion of Reinsurance at 2008 Reinsurance Rates	Increase in 2009 Reinsurance Rates	100 Year Storm Impact Low	100 Year Storm Impact High
(1) Gross Cost of Private Reinsurance	2,615,951,927	3,007,167,097	3,447,127,508	3,746,877,726
(2) Annual Average Loss & LAE Privately Reinsured	781,947,267	781,947,267	781,947,267	781,947,267
(3) Net Cost of Private Reinsurance	1,834,004,661	2,225,219,830	2,665,180,242	2,964,930,460
(4) Estimated Average % Increase in Net Cost of Reinsurance		21.3%	45.3%	61.7%
(5) Expected Hurricane Losses & Loss Adjustment Expense	2,440,149,809	2,440,149,809	2,440,149,809	2,440,149,809
(6) Expected Non-Hurricane Losses & Loss Adjustment Expense	2,672,346,498	2,672,346,498	2,672,346,498	2,672,346,498
(7) Fixed Underwriting Expense	357,500,000	357,500,000	357,500,000	357,500,000
(8) Total Fixed Expenses	7,304,000,968	7,695,216,137	8,135,176,549	8,434,926,767
(9) Estimated Cumulative Average % Increase in Homeowners Rates		5.4%	11.4%	15.5%
(10) Estimated Incremental Average % Increase in Homeowners Rates		5.4%	5.7%	9.6%

Notes:

- (1) & (3) Exhibit 2, Sheets 1 through 4, Row (14)
- (2) (1) - (3)
- (4) Net cost of reinsurance increase at 2008 reinsurance rates relative to FHCF providing \$28.0 billion of reinsurance
- (5) Exhibit 2, Sheets 1 through 4, Row (14)
- (6) Exhibit 6
- (7) .05 x 7,150,000,000
- (8) (3) + (5) + (6) + (7)
- (9) (8) / (8) prior - 1
- (10) (1 + (9)) / (1 + (9) prior) - 1

Impact on Homeowners Insurance Rates
Private Reinsurance Replaces TICL Layer and Increases in Private Reinsurance Rates
All Insurers Only Purchase Reinsurance Up to a 100 Year PML
Private Insurance Market (Excludes Citizens)

	FHCF Provides \$28 Billion of Reinsurance at 2008 Reinsurance Rates	Increase in 2009 Reinsurance Rates	Private Reinsurance Replaces TICL Layer	100 Year Storm Impact Low	100 Year Storm Impact High
(1) Gross Cost of Private Reinsurance	2,248,952,761	2,586,437,268	3,778,687,668	4,345,382,366	4,723,241,703
(2) Annual Average Loss & LAE Privately Reinsured	715,423,029	715,423,029	896,464,340	896,464,340	896,464,340
(3) Net Cost of Private Reinsurance	1,533,529,733	1,871,014,239	2,882,223,329	3,448,918,027	3,826,777,363
(4) Estimated Average % Increase in Net Cost of Reinsurance		22.0%	87.9%	124.9%	149.5%
(5) Expected Hurricane Losses & Loss Adjustment Expense	2,440,149,809	2,440,149,809	2,440,149,809	2,440,149,809	2,440,149,809
(6) Expected Non-Hurricane Losses & Loss Adjustment Expense	2,672,346,498	2,672,346,498	2,672,346,498	2,672,346,498	2,672,346,498
(7) Fixed Underwriting Expense	357,500,000	357,500,000	357,500,000	357,500,000	357,500,000
(8) Total Fixed Expenses	7,003,526,040	7,341,010,546	8,352,219,636	8,918,914,334	9,296,773,670
(9) Estimated Average % Increase in Homeowners Rates		4.8%	19.3%	27.3%	32.7%
(10) Estimated Incremental Average % Increase in Homeowners Rates		4.8%	13.8%	6.8%	11.3%

Notes:

- (1) & (3) Exhibit 3, Sheets 1 through 4, Row (14)
- (2) (1) - (3)
- (4) Net cost of reinsurance increase at 2008 reinsurance rates relative to FHCF providing \$28.0 billion of reinsurance
- (5) Exhibit 3, Sheets 1 through 4, Row (14)
- (6) Exhibit 6
- (7) .05 x 7,150,000,000
- (8) (3) + (5) + (6) + (7)
- (9) (8) / (8) prior - 1
- (10) (1 + (9)) / (1 + (9) prior) - 1

Impact on Homeowners Insurance Rates
Private Reinsurance Does Not Replace TICL Layer and Increases in Private Reinsurance Rates
All Insurers Only Purchase Reinsurance Up to a 100 Year PML
Private Insurance Market (Excludes Citizens)

	FHCF Provides \$28 Billion of Reinsurance at 2008 Reinsurance Rates	Increase in 2009 Reinsurance Rates	100 Year Storm Impact Low	100 Year Storm Impact High
(1) Gross Cost of Private Reinsurance	2,248,952,761	2,586,437,268	2,943,169,940	3,199,097,761
(2) Annual Average Loss & LAE Privately Reinsured	715,423,029	715,423,029	715,423,029	715,423,029
(3) Net Cost of Private Reinsurance	1,533,529,733	1,871,014,239	2,227,746,911	2,483,674,732
(4) Estimated Average % Increase in Net Cost of Reinsurance		22.0%	45.3%	62.0%
(5) Expected Hurricane Losses & Loss Adjustment Expense	2,440,149,809	2,440,149,809	2,440,149,809	2,440,149,809
(6) Expected Non-Hurricane Losses & Loss Adjustment Expense	2,672,346,498	2,672,346,498	2,672,346,498	2,672,346,498
(7) Fixed Underwriting Expense	357,500,000	357,500,000	357,500,000	357,500,000
(8) Total Fixed Expenses	7,003,526,040	7,341,010,546	7,697,743,218	7,953,671,039
(9) Estimated Average % Increase in Homeowners Rates		4.8%	9.9%	13.6%
(10) Estimated Incremental Average % Increase in Homeowners Rates		4.8%	4.9%	8.3%

Notes:

- (1) & (3) Exhibit 3, Sheets 1 through 4, Row (14)
- (2) (1) - (3)
- (4) Net cost of reinsurance increase at 2008 reinsurance rates relative to FHCF providing \$28.0 billion of reinsurance
- (5) Exhibit 3, Sheets 1 through 4, Row (14)
- (6) Exhibit 6
- (7) .05 x 7,150,000,000
- (8) (3) + (5) + (6) + (7)
- (9) (8) / (8) prior - 1
- (10) (1 + (9)) / (1 + (9) prior) - 1

Private Market Net Cost of Reinsurance
FHCF Provides \$28 Billion of Reinsurance
2009 Reinsurance Rates
(\$ Billions)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Single Event Return Time	Probability of Exceedance	Probability of Losses in Layer	Private + Citizens Gross Loss	Private Gross Loss	Private Gross Loss & LAE	Private Gross Layer of Loss & LAE	Private Gross Average Expected Loss & LAE in Layer	Private 10% Corridor Reinsurance Premium	Private Additional Reinsurance Premium	Total Private Reinsurance Premium	Total Private Net Cost of Reinsurance	Average Rate on Line
1000	0.001	0.0001	139.96	82.96	87.10	2.61	0.000					
900	0.001	0.0001	135.76	80.47	84.49	1.79	0.000					
800	0.001	0.0002	132.89	78.77	82.70	4.42	0.002					
700	0.001	0.0002	125.79	74.56	78.28	3.16	0.002					
600	0.002	0.0003	120.71	71.54	75.12	5.71	0.006					
500	0.002	0.0005	111.54	66.11	69.41	6.29	0.009					
400	0.003	0.0008	101.42	60.12	63.12	7.78	0.018					
300	0.003	0.0007	88.93	52.71	55.35	3.67	0.011					
250	0.004	0.0010	83.04	49.22	51.68	5.92	0.024		0.098	0.098	0.086	3.3%
200	0.005	0.0017	73.53	43.58	45.76	6.01	0.034		0.114	0.114	0.097	3.8%
150	0.007	0.0033	63.87	37.86	39.75	8.37	0.075		0.294	0.294	0.257	7.0%
100	0.010	0.0011	50.43	29.89	31.38	1.57	0.016		0.149	0.149	0.133	9.5%
90	0.011	0.0014	47.91	28.40	29.82	2.21	0.025		0.217	0.217	0.191	9.8%
80	0.013	0.0018	44.36	26.29	27.61	2.30	0.031		0.235	0.235	0.204	10.2%
70	0.014	0.0011	40.67	24.10	25.31	1.14	0.016		0.119	0.119	0.103	10.4%
65	0.015	0.0013	38.83	23.01	24.16	1.25	0.020		0.134	0.134	0.114	10.7%
60	0.017	0.0015	36.83	21.83	22.92	1.19	0.020	0.013		0.013	0.011	11.1%
55	0.018	0.0018	34.92	20.70	21.73	1.34	0.025	0.015		0.015	0.013	11.5%
50	0.020	0.0022	32.77	19.42	20.39	1.39	0.030	0.017		0.017	0.014	11.9%
45	0.022	0.0028	30.53	18.09	19.00	1.44	0.034	0.018		0.018	0.015	12.5%
40	0.025	0.0036	28.22	16.73	17.56	1.45	0.040	0.019		0.019	0.015	13.3%
35	0.029	0.0048	25.89	15.35	16.11	1.59	0.051	0.023		0.023	0.018	14.4%
30	0.033	0.0067	23.34	13.83	14.53	1.76	0.068	0.028		0.028	0.021	15.8%
25	0.040	0.0100	20.52	12.16	12.77	1.91	0.093	0.034		0.034	0.025	18.0%
20	0.050	0.0026	17.45	10.35	10.86	0.40	0.021	0.008		0.008	0.005	18.6%
19	0.053	0.0029	16.81	9.96	10.46	0.46	0.025	0.009		0.009	0.006	19.2%
18	0.056	0.0033	16.06	9.52	9.99	0.49	0.029	0.010		0.010	0.007	19.9%
17	0.059	0.0037	15.27	9.05	9.50	0.49	0.030	0.010		0.010	0.007	20.7%
16	0.063	0.0042	14.48	8.58	9.01	0.49	0.032	0.011		0.011	0.007	21.7%
15	0.067	0.0048	13.70	8.12	8.52	0.46	0.032	0.010		0.010	0.007	22.7%
14	0.071	0.0055	12.96	7.68	8.07	0.55	0.042	0.013		0.013	0.009	23.9%
13	0.077	0.0064	12.08	7.16	7.52	0.55	0.045	0.014		0.014	0.009	25.3%
12	0.083	0.0076	11.20	6.64	6.97	0.59	0.053	0.016		0.016	0.011	27.0%
11	0.091	0.0091	10.25	6.08	6.38	0.54	0.053	0.016		0.016	0.010	29.0%
10	0.100	0.0111	9.38	5.56	5.84	0.64	0.070	0.020		0.020	0.013	31.4%
9	0.111	0.0139	8.36	4.95	5.20	0.62	0.076	0.021		0.021	0.014	34.4%
8	0.125	0.0179	7.37	4.37	4.59	0.69	0.098	0.027		0.027	0.017	38.3%
7	0.143	0.0238	6.26	3.71	3.89	0.74	0.123		0.324	0.324	0.201	43.5%
6	0.167	0.0333	5.06	3.00	3.15	0.83	0.165		0.420	0.420	0.256	50.8%
5	0.200	0.0500	3.73	2.21	2.32	0.89	0.223		0.553	0.553	0.330	61.8%
4	0.250	0.0833	2.30	1.36	1.43	0.84	0.280					
3	0.333	0.3333	0.94	0.56	0.58	0.58	0.389					
(14)	Total/Average					87.10	2.440	0.351	2.656	3.007	2.225	
(15)	Reinsurance Premium @ 2008 Reinsurance Rates									2.616		
(16)	Increase in Reinsurance Premiums 2009 vs 2008									15.0%		

Notes:

highlighted yellow and green areas are the FHCF traditional and TICL coverage layers respectively

- (1) Page 56, FHCF 2008 Ratemaking Formula Report
- (2) 1/(1)
- (3) (2) prior - (2)
- (4) Page 56, FHCF 2008 Ratemaking Formula Report
- (5) (4) x (1 - Exhibit 4, Column (3))
- (6) (5) times 1.05 based on actuarial judgment and FHCF 2008 Ratemaking Formula Report, page 53
- (7) [(6) - (6) prior]
- (8) (7) times upward sum of (3)
- (9) 10.0% x (Exhibit 5, Sheet 1, Col (4) Intercept x (7) + Exhibit 5, Sheet 1, Col (4) Slope x (8))
- (10) 175 Year PML and above: 50.0% x (Exhibit 5, Sheet 1, Col (3) Intercept x (7) + Exhibit 5, Sheet 1, Col (3) Slope x (8))
100 Year PML and below: (100% (or 8% in TICL layer)) x (Exhibit 5, Sheet 1, Col (4) Intercept x (7) + Exhibit 5, Sheet 1, Col (4) Slope x (8))
- (11) (9) + (10)
- (12) 175 Year PML and above: (11) - 50.0% x (8)
100 Year PML and below: (11) - (8) above FHCF, (11) - 10.0% x (8) in FHCF layers, and (11) - (8) below mandatory layer
- (13) (11) / (7) or (11) / (7) / .18 for TICL coverage, (11) / (7) / .10 for mandatory coverage and (11) / ((7) x .50) for top three layers
- (15) Exhibit 2, Sheet 4, Row (14)
- (16) (14) / (15) - 1

Private Market Net Cost of Reinsurance
FHCF Provides \$16 Billion of Reinsurance
2009 Reinsurance Rates
(\$ Billions)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Single Event Return Time	Probability of Exceedance	Probability of Losses in Layer	Private + Citizens Gross Loss	Private Gross Loss	Private Gross Loss & LAE	Private Gross Layer of Loss & LAE	Private Gross Average Expected Loss & LAE in Layer	Private 10% Corridor Reinsurance Premium	Private Additional Reinsurance Premium	Total Private Reinsurance Premium	Total Private Net Cost of Reinsurance	Average Rate on Line
1000	0.001	0.0001	139.96	82.96	87.10	2.61	0.000					
900	0.001	0.0001	135.76	80.47	84.49	1.79	0.000					
800	0.001	0.0002	132.89	78.77	82.70	4.42	0.002					
700	0.001	0.0002	125.79	74.56	78.28	3.16	0.002					
600	0.002	0.0003	120.71	71.54	75.12	5.71	0.006					
500	0.002	0.0005	111.54	66.11	69.41	6.29	0.009					
400	0.003	0.0008	101.42	60.12	63.12	7.78	0.018					
300	0.003	0.0007	88.93	52.71	55.35	3.67	0.011					
250	0.004	0.0010	83.04	49.22	51.68	5.92	0.024		0.098	0.098	0.086	3.3%
200	0.005	0.0017	73.53	43.58	45.76	6.01	0.034		0.114	0.114	0.097	3.8%
150	0.007	0.0033	63.87	37.86	39.75	8.37	0.075		0.294	0.294	0.257	7.0%
100	0.010	0.0011	50.43	29.89	31.38	1.57	0.016		0.149	0.149	0.133	9.5%
90	0.011	0.0014	47.91	28.40	29.82	2.21	0.025		0.217	0.217	0.191	9.8%
80	0.013	0.0018	44.36	26.29	27.61	2.30	0.031		0.235	0.235	0.204	10.2%
70	0.014	0.0011	40.67	24.10	25.31	1.14	0.016		0.119	0.119	0.103	10.4%
65	0.015	0.0013	38.83	23.01	24.16	1.25	0.020		0.134	0.134	0.114	10.7%
60	0.017	0.0015	36.83	21.83	22.92	1.19	0.020		0.131	0.131	0.111	11.1%
55	0.018	0.0018	34.92	20.70	21.73	1.34	0.025		0.153	0.153	0.128	11.5%
50	0.020	0.0022	32.77	19.42	20.39	1.39	0.030		0.166	0.166	0.137	11.9%
45	0.022	0.0028	30.53	18.09	19.00	1.44	0.034		0.180	0.180	0.146	12.5%
40	0.025	0.0036	28.22	16.73	17.56	1.45	0.040		0.193	0.193	0.153	13.3%
35	0.029	0.0048	25.89	15.35	16.11	1.59	0.051		0.228	0.228	0.177	14.4%
30	0.033	0.0067	23.34	13.83	14.53	1.76	0.068	0.028		0.028	0.021	15.8%
25	0.040	0.0100	20.52	12.16	12.77	1.91	0.093	0.034		0.034	0.025	18.0%
20	0.050	0.0026	17.45	10.35	10.86	0.40	0.021	0.008		0.008	0.005	18.6%
19	0.053	0.0029	16.81	9.96	10.46	0.46	0.025	0.009		0.009	0.006	19.2%
18	0.056	0.0033	16.06	9.52	9.99	0.49	0.029	0.010		0.010	0.007	19.9%
17	0.059	0.0037	15.27	9.05	9.50	0.49	0.030	0.010		0.010	0.007	20.7%
16	0.063	0.0042	14.48	8.58	9.01	0.49	0.032	0.011		0.011	0.007	21.7%
15	0.067	0.0048	13.70	8.12	8.52	0.46	0.032	0.010		0.010	0.007	22.7%
14	0.071	0.0055	12.96	7.68	8.07	0.55	0.042	0.013		0.013	0.009	23.9%
13	0.077	0.0064	12.08	7.16	7.52	0.55	0.045	0.014		0.014	0.009	25.3%
12	0.083	0.0076	11.20	6.64	6.97	0.59	0.053	0.016		0.016	0.011	27.0%
11	0.091	0.0091	10.25	6.08	6.38	0.54	0.053	0.016		0.016	0.010	29.0%
10	0.100	0.0111	9.38	5.56	5.84	0.64	0.070	0.020		0.020	0.013	31.4%
9	0.111	0.0139	8.36	4.95	5.20	0.62	0.076	0.021		0.021	0.014	34.4%
8	0.125	0.0179	7.37	4.37	4.59	0.69	0.098	0.027		0.027	0.017	38.3%
7	0.143	0.0238	6.26	3.71	3.89	0.74	0.123		0.324	0.324	0.201	43.5%
6	0.167	0.0333	5.06	3.00	3.15	0.83	0.165		0.420	0.420	0.256	50.8%
5	0.200	0.0500	3.73	2.21	2.32	0.89	0.223		0.553	0.553	0.330	61.8%
4	0.250	0.0833	2.30	1.36	1.43	0.84	0.280					
3	0.333	0.3333	0.94	0.56	0.58	0.58	0.389					
(14)	Total/Average					87.10	2.440	0.246	3.708	3.954	2.991	

Notes:

highlighted yellow and green areas are the FHCF traditional and TICL coverage layers respectively

- (1) Page 56, FHCF 2008 Ratemaking Formula Report
- (2) 1/(1)
- (3) (2) prior - (2)
- (4) Page 56, FHCF 2008 Ratemaking Formula Report
- (5) (4) x (1 - Exhibit 4, Column (3))
- (6) (5) times 1.05 based on actuarial judgment and FHCF 2008 Ratemaking Formula Report, page 53
- (7) [(6) - (6) prior]
- (8) (7) times upward sum of (3)
- (9) 10.0% x (Exhibit 5, Sheet 1, Col (4) Intercept x (7) + Exhibit 5, Sheet 1, Col (4) Slope x (8))
- (10) 175 Year PML and above: 50.0% x (Exhibit 5, Sheet 1, Col (3) Intercept x (7) + Exhibit 5, Sheet 1, Col (3) Slope x (8))
100 Year PML and below: 100% x (Exhibit 5, Sheet 1, Col (4) Intercept x (7) + Exhibit 5, Sheet 1, Col (4) Slope x (8))
- (11) (9) + (10)
- (12) 175 Year PML and above: (11) - 50.0% x (8)
- (13) 100 Year PML and below: (11) - (8) above mandatory layer, (11) - 10.0% x (8) in mandatory layer, and (11) - (8) below mandatory layer
- (14) (11) / (7) or (11) / (7) / .10 for mandatory coverage and (11)/((7) x .50) for top 3 layers

Private Market Net Cost of Reinsurance
FHCF Provides \$16 Billion of Reinsurance
2010 Reinsurance Rates
(\$ Billions)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Single Event Return Time	Probability of Exceedance	Probability of Losses in Layer	Private + Citizens Gross Loss	Private Gross Loss	Private Gross Loss & LAE	Private Gross Layer of Loss & LAE	Private Gross Average Expected Loss & LAE in Layer	Private 10% Corridor Reinsurance Premium	Private Additional Reinsurance Premium	Total Private Reinsurance Premium	Total Private Net Cost of Reinsurance	Average Rate on Line
1000	0.001	0.0001	139.96	82.96	87.10	2.61	0.000					
900	0.001	0.0001	135.76	80.47	84.49	1.79	0.000					
800	0.001	0.0002	132.89	78.77	82.70	4.42	0.002					
700	0.001	0.0002	125.79	74.56	78.28	3.16	0.002					
600	0.002	0.0003	120.71	71.54	75.12	5.71	0.006					
500	0.002	0.0005	111.54	66.11	69.41	6.29	0.009					
400	0.003	0.0008	101.42	60.12	63.12	7.78	0.018					
300	0.003	0.0007	88.93	52.71	55.35	3.67	0.011					
250	0.004	0.0010	83.04	49.22	51.68	5.92	0.024		0.089	0.089	0.077	3.0%
200	0.005	0.0017	73.53	43.58	45.76	6.01	0.034		0.110	0.110	0.093	3.6%
150	0.007	0.0033	63.87	37.86	39.75	8.37	0.075		0.327	0.327	0.289	7.8%
100	0.010	0.0011	50.43	29.89	31.38	1.57	0.016		0.172	0.172	0.156	11.0%
90	0.011	0.0014	47.91	28.40	29.82	2.21	0.025		0.251	0.251	0.225	11.4%
80	0.013	0.0018	44.36	26.29	27.61	2.30	0.031		0.272	0.272	0.241	11.8%
70	0.014	0.0011	40.67	24.10	25.31	1.14	0.016		0.138	0.138	0.122	12.1%
65	0.015	0.0013	38.83	23.01	24.16	1.25	0.020		0.155	0.155	0.135	12.4%
60	0.017	0.0015	36.83	21.83	22.92	1.19	0.020		0.152	0.152	0.132	12.8%
55	0.018	0.0018	34.92	20.70	21.73	1.34	0.025		0.178	0.178	0.152	13.3%
50	0.020	0.0022	32.77	19.42	20.39	1.39	0.030		0.193	0.193	0.164	13.9%
45	0.022	0.0028	30.53	18.09	19.00	1.44	0.034		0.209	0.209	0.175	14.6%
40	0.025	0.0036	28.22	16.73	17.56	1.45	0.040		0.225	0.225	0.185	15.5%
35	0.029	0.0048	25.89	15.35	16.11	1.59	0.051		0.266	0.266	0.214	16.7%
30	0.033	0.0067	23.34	13.83	14.53	1.76	0.068	0.032		0.032	0.026	18.4%
25	0.040	0.0100	20.52	12.16	12.77	1.91	0.093	0.040		0.040	0.031	21.0%
20	0.050	0.0026	17.45	10.35	10.86	0.40	0.021	0.009		0.009	0.007	21.7%
19	0.053	0.0029	16.81	9.96	10.46	0.46	0.025	0.010		0.010	0.008	22.5%
18	0.056	0.0033	16.06	9.52	9.99	0.49	0.029	0.011		0.011	0.009	23.3%
17	0.059	0.0037	15.27	9.05	9.50	0.49	0.030	0.012		0.012	0.009	24.3%
16	0.063	0.0042	14.48	8.58	9.01	0.49	0.032	0.012		0.012	0.009	25.3%
15	0.067	0.0048	13.70	8.12	8.52	0.46	0.032	0.012		0.012	0.009	26.6%
14	0.071	0.0055	12.96	7.68	8.07	0.55	0.042	0.015		0.015	0.011	28.0%
13	0.077	0.0064	12.08	7.16	7.52	0.55	0.045	0.016		0.016	0.012	29.6%
12	0.083	0.0076	11.20	6.64	6.97	0.59	0.053	0.019		0.019	0.013	31.6%
11	0.091	0.0091	10.25	6.08	6.38	0.54	0.053	0.018		0.018	0.013	33.9%
10	0.100	0.0111	9.38	5.56	5.84	0.64	0.070	0.023		0.023	0.016	36.8%
9	0.111	0.0139	8.36	4.95	5.20	0.62	0.076	0.025		0.025	0.017	40.4%
8	0.125	0.0179	7.37	4.37	4.59	0.69	0.098	0.031		0.031	0.021	45.0%
7	0.143	0.0238	6.26	3.71	3.89	0.74	0.123		0.380	0.380	0.257	51.1%
6	0.167	0.0333	5.06	3.00	3.15	0.83	0.165		0.494	0.494	0.329	59.7%
5	0.200	0.0500	3.73	2.21	2.32	0.89	0.223		0.650	0.650	0.427	72.6%
4	0.250	0.0833	2.30	1.36	1.43	0.84	0.280					
3	0.333	0.3333	0.94	0.56	0.58	0.58	0.389					
(14)	Total/Average					87.10	2.440	0.288	4.260	4.547	3.585	
(15)	Reinsurance Premium @ 2009 Reinsurance Rates									3.954		
(16)	Increase in Reinsurance Premiums 2010 vs 2009									15.0%		

Notes:

highlighted yellow and green areas are the FHCF traditional and TICL coverage layers respectively

- (1) Page 56, FHCF 2008 Ratemaking Formula Report
- (2) 1/(1)
- (3) (2) prior - (2)
- (4) Page 56, FHCF 2008 Ratemaking Formula Report
- (5) (4) x (1 - Exhibit 4, Column (3))
- (6) (5) times 1.05 based on actuarial judgment and FHCF 2008 Ratemaking Formula Report, page 53
- (7) [(6) - (6) prior]
- (8) (7) times upward sum of (3)
- (9) 10.0% x (Exhibit 5, Sheet 2, Col (4) Intercept x (7) + Exhibit 5, Sheet 2, Col (4) Slope x (8))
- (10) 175 Year PML and above: 50.0% x (Exhibit 5, Sheet 2, Col (3) Intercept x (7) + Exhibit 5, Sheet 2, Col (3) Slope x (8))
100 Year PML and below: 100% x (Exhibit 5, Sheet 2, Col (4) Intercept x (7) + Exhibit 5, Sheet 2, Col (4) Slope x (8))
- (11) (9) + (10)
- (12) 175 Year PML and above: (11) - 50.0% x (8)
100 Year PML and below: (11) - (8) above mandatory layer, (11) - 10.0% x (8) in mandatory layer, and (11) - (8) below mandatory layer
- (13) (11) / (7) or (11) / (7) / .10 for mandatory coverage and (11)/(7) x .50 for top 3 layers
- (15) Exhibit 2, Sheet 2, Row (14)
- (16) (14) / (15) - 1

Private Market Net Cost of Reinsurance
FHCFC Provides \$28 Billion of Reinsurance
Estimated 2008 Reinsurance Rates
(\$ Billions)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Single Event Return Time	Probability of Exceedance	Probability of Losses in Layer	Private + Citizens Gross Loss	Private Gross Loss	Private Gross Loss & LAE	Private Gross Layer of Loss & LAE	Private Gross Average Expected Loss & LAE in Layer	Private 10% Corridor Reinsurance Premium	Private Additional Reinsurance Premium	Total Private Reinsurance Premium	Total Private Net Cost of Reinsurance	Average Rate on Line
1000	0.001	0.0001	139.96	82.96	87.10	2.61	0.000					
900	0.001	0.0001	135.76	80.47	84.49	1.79	0.000					
800	0.001	0.0002	132.89	78.77	82.70	4.42	0.002					
700	0.001	0.0002	125.79	74.56	78.28	3.16	0.002					
600	0.002	0.0003	120.71	71.54	75.12	5.71	0.006					
500	0.002	0.0005	111.54	66.11	69.41	6.29	0.009					
400	0.003	0.0008	101.42	60.12	63.12	7.78	0.018					
300	0.003	0.0007	88.93	52.71	55.35	3.67	0.011					
250	0.004	0.0010	83.04	49.22	51.68	5.92	0.024		0.092	0.092	0.080	3.1%
200	0.005	0.0017	73.53	43.58	45.76	6.01	0.034		0.106	0.106	0.089	3.5%
150	0.007	0.0033	63.87	37.86	39.75	8.37	0.075		0.253	0.253	0.216	6.1%
100	0.010	0.0011	50.43	29.89	31.38	1.57	0.016		0.124	0.124	0.109	8.0%
90	0.011	0.0014	47.91	28.40	29.82	2.21	0.025		0.182	0.182	0.156	8.2%
80	0.013	0.0018	44.36	26.29	27.61	2.30	0.031		0.197	0.197	0.167	8.6%
70	0.014	0.0011	40.67	24.10	25.31	1.14	0.016		0.100	0.100	0.084	8.8%
65	0.015	0.0013	38.83	23.01	24.16	1.25	0.020		0.113	0.113	0.093	9.0%
60	0.017	0.0015	36.83	21.83	22.92	1.19	0.020	0.011		0.011	0.009	9.3%
55	0.018	0.0018	34.92	20.70	21.73	1.34	0.025	0.013		0.013	0.010	9.7%
50	0.020	0.0022	32.77	19.42	20.39	1.39	0.030	0.014		0.014	0.011	10.1%
45	0.022	0.0028	30.53	18.09	19.00	1.44	0.034	0.015		0.015	0.012	10.7%
40	0.025	0.0036	28.22	16.73	17.56	1.45	0.040	0.016		0.016	0.012	11.4%
35	0.029	0.0048	25.89	15.35	16.11	1.59	0.051	0.020		0.020	0.014	12.3%
30	0.033	0.0067	23.34	13.83	14.53	1.76	0.068	0.024		0.024	0.017	13.6%
25	0.040	0.0100	20.52	12.16	12.77	1.91	0.093	0.030		0.030	0.020	15.5%
20	0.050	0.0026	17.45	10.35	10.86	0.40	0.021	0.006		0.006	0.004	16.1%
19	0.053	0.0029	16.81	9.96	10.46	0.46	0.025	0.008		0.008	0.005	16.6%
18	0.056	0.0033	16.06	9.52	9.99	0.49	0.029	0.009		0.009	0.006	17.3%
17	0.059	0.0037	15.27	9.05	9.50	0.49	0.030	0.009		0.009	0.006	18.0%
16	0.063	0.0042	14.48	8.58	9.01	0.49	0.032	0.009		0.009	0.006	18.8%
15	0.067	0.0048	13.70	8.12	8.52	0.46	0.032	0.009		0.009	0.006	19.7%
14	0.071	0.0055	12.96	7.68	8.07	0.55	0.042	0.011		0.011	0.007	20.8%
13	0.077	0.0064	12.08	7.16	7.52	0.55	0.045	0.012		0.012	0.008	22.1%
12	0.083	0.0076	11.20	6.64	6.97	0.59	0.053	0.014		0.014	0.009	23.5%
11	0.091	0.0091	10.25	6.08	6.38	0.54	0.053	0.014		0.014	0.008	25.3%
10	0.100	0.0111	9.38	5.56	5.84	0.64	0.070	0.018		0.018	0.011	27.5%
9	0.111	0.0139	8.36	4.95	5.20	0.62	0.076	0.019		0.019	0.011	30.2%
8	0.125	0.0179	7.37	4.37	4.59	0.69	0.098	0.023		0.023	0.013	33.7%
7	0.143	0.0238	6.26	3.71	3.89	0.74	0.123		0.285	0.285	0.162	38.3%
6	0.167	0.0333	5.06	3.00	3.15	0.83	0.165		0.371	0.371	0.206	44.8%
5	0.200	0.0500	3.73	2.21	2.32	0.89	0.223		0.489	0.489	0.266	54.6%
4	0.250	0.0833	2.30	1.36	1.43	0.84	0.280					
3	0.333	0.3333	0.94	0.56	0.58	0.58	0.389					
(14)	Total/Average						87.10	2.440	0.303	2.313	2.616	1.834

Notes:

highlighted yellow and green areas are the FHCFC traditional and TICLC coverage layers respectively

- (1) Page 56, FHCFC 2008 Ratemaking Formula Report
- (2) 1/(1)
- (3) (2) prior - (2)
- (4) Page 56, FHCFC 2008 Ratemaking Formula Report
- (5) (4) x (1 - Exhibit 4, Column (3))
- (6) (5) times 1.05 based on actuarial judgment and FHCFC 2008 Ratemaking Formula Report, page 53
- (7) [(6) - (6) prior]
- (8) (7) times upward sum of (3)
- (9) 10.0% x (Exhibit 5, Sheet 5, Col (4) Intercept x (7) + Exhibit 5, Sheet 5, Col (4) Slope x (8))
- (10) 175 Year PML and above: 50.0% x (Exhibit 5, Sheet 5a, Col (3) Intercept x (7) + Exhibit 5, Sheet 5a, Col (3) Slope x (8))
100 Year PML and below: (100% (or 8% in TICLC layer)) x (Exhibit 5, Sheet 5a, Col (4) Intercept x (7) + Exhibit 5, Sheet 5a, Col (4) Slope x (8))
- (11) (9) + (10)
- (12) 175 Year PML and above: (11) - 50.0% x (8)
- (13) 100 Year PML and below: (11) - (8) above FHCFC, (11) - 10.0% x (8) in FHCFC layers, and (11) - (8) below mandatory layer
- (14) (11) / (7) or (11) / (7) / .18 for TICLC coverage, (11) / (7) / .10 for mandatory coverage and (11) / ((7) x .50) for top three layers
- (15) Exhibit 2, Sheet 5, Row (14)
- (16) (14) / (15) - 1

Private Market Net Cost of Reinsurance
FHCF Provides \$28 Billion of Reinsurance
2010 Reinsurance Rates
(\$ Billions)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Single Event Return Time	Probability of Exceedance	Probability of Losses in Layer	Private + Citizens Gross Loss	Private Gross Loss	Private Gross Loss & LAE	Private Gross Layer of Loss & LAE	Private Gross Average Expected Loss & LAE in Layer	Private 10% Corridor Reinsurance Premium	Private Additional Reinsurance Premium	Total Private Reinsurance Premium	Total Private Net Cost of Reinsurance	Average Rate on Line
1000	0.001	0.0001	139.96	82.96	87.10	2.61	0.000					
900	0.001	0.0001	135.76	80.47	84.49	1.79	0.000					
800	0.001	0.0002	132.89	78.77	82.70	4.42	0.002					
700	0.001	0.0002	125.79	74.56	78.28	3.16	0.002					
600	0.002	0.0003	120.71	71.54	75.12	5.71	0.006					
500	0.002	0.0005	111.54	66.11	69.41	6.29	0.009					
400	0.003	0.0008	101.42	60.12	63.12	7.78	0.018					
300	0.003	0.0007	88.93	52.71	55.35	3.67	0.011					
250	0.004	0.0010	83.04	49.22	51.68	5.92	0.024		0.089	0.089	0.077	3.0%
200	0.005	0.0017	73.53	43.58	45.76	6.01	0.034		0.110	0.110	0.093	3.6%
150	0.007	0.0033	63.87	37.86	39.75	8.37	0.075		0.327	0.327	0.289	7.8%
100	0.010	0.0011	50.43	29.89	31.38	1.57	0.016		0.172	0.172	0.156	11.0%
90	0.011	0.0014	47.91	28.40	29.82	2.21	0.025		0.251	0.251	0.225	11.4%
80	0.013	0.0018	44.36	26.29	27.61	2.30	0.031		0.272	0.272	0.241	11.8%
70	0.014	0.0011	40.67	24.10	25.31	1.14	0.016		0.138	0.138	0.122	12.1%
65	0.015	0.0013	38.83	23.01	24.16	1.25	0.020		0.155	0.155	0.135	12.4%
60	0.017	0.0015	36.83	21.83	22.92	1.19	0.020	0.015		0.015	0.013	12.8%
55	0.018	0.0018	34.92	20.70	21.73	1.34	0.025	0.018		0.018	0.015	13.3%
50	0.020	0.0022	32.77	19.42	20.39	1.39	0.030	0.019		0.019	0.016	13.9%
45	0.022	0.0028	30.53	18.09	19.00	1.44	0.034	0.021		0.021	0.017	14.6%
40	0.025	0.0036	28.22	16.73	17.56	1.45	0.040	0.022		0.022	0.018	15.5%
35	0.029	0.0048	25.89	15.35	16.11	1.59	0.051	0.027		0.027	0.021	16.7%
30	0.033	0.0067	23.34	13.83	14.53	1.76	0.068	0.032		0.032	0.026	18.4%
25	0.040	0.0100	20.52	12.16	12.77	1.91	0.093	0.040		0.040	0.031	21.0%
20	0.050	0.0026	17.45	10.35	10.86	0.40	0.021	0.009		0.009	0.007	21.7%
19	0.053	0.0029	16.81	9.96	10.46	0.46	0.025	0.010		0.010	0.008	22.5%
18	0.056	0.0033	16.06	9.52	9.99	0.49	0.029	0.011		0.011	0.009	23.3%
17	0.059	0.0037	15.27	9.05	9.50	0.49	0.030	0.012		0.012	0.009	24.3%
16	0.063	0.0042	14.48	8.58	9.01	0.49	0.032	0.012		0.012	0.009	25.3%
15	0.067	0.0048	13.70	8.12	8.52	0.46	0.032	0.012		0.012	0.009	26.6%
14	0.071	0.0055	12.96	7.68	8.07	0.55	0.042	0.015		0.015	0.011	28.0%
13	0.077	0.0064	12.08	7.16	7.52	0.55	0.045	0.016		0.016	0.012	29.6%
12	0.083	0.0076	11.20	6.64	6.97	0.59	0.053	0.019		0.019	0.013	31.6%
11	0.091	0.0091	10.25	6.08	6.38	0.54	0.053	0.018		0.018	0.013	33.9%
10	0.100	0.0111	9.38	5.56	5.84	0.64	0.070	0.023		0.023	0.016	36.8%
9	0.111	0.0139	8.36	4.95	5.20	0.62	0.076	0.025		0.025	0.017	40.4%
8	0.125	0.0179	7.37	4.37	4.59	0.69	0.098	0.031		0.031	0.021	45.0%
7	0.143	0.0238	6.26	3.71	3.89	0.74	0.123		0.380	0.380	0.257	51.1%
6	0.167	0.0333	5.06	3.00	3.15	0.83	0.165		0.494	0.494	0.329	59.7%
5	0.200	0.0500	3.73	2.21	2.32	0.89	0.223		0.650	0.650	0.427	72.6%
4	0.250	0.0833	2.30	1.36	1.43	0.84	0.280					
3	0.333	0.3333	0.94	0.56	0.58	0.58	0.389					
(14)	Total/Average					87.10	2.440	0.410	3.037	3.447	2.665	

Notes:

highlighted yellow and green areas are the FHCF traditional and TICL coverage layers respectively

- (1) Page 56, FHCF 2008 Ratemaking Formula Report
- (2) 1/(1)
- (3) (2) prior - (2)
- (4) Page 56, FHCF 2008 Ratemaking Formula Report
- (5) (4) x (1 - Exhibit 4, Column (3))
- (6) (5) times 1.05 based on actuarial judgment and FHCF 2008 Ratemaking Formula Report, page 53
- (7) [(6) - (6) prior]
- (8) (7) times upward sum of (3)
- (9) 10.0% x (Exhibit 5, Sheet 2, Col (4) Intercept x (7) + Exhibit 5, Sheet 2, Col (4) Slope x (8))
- (10) 175 Year PML and above: 50.0% x (Exhibit 5, Sheet 2, Col (3) Intercept x (7) + Exhibit 5, Sheet 2, Col (3) Slope x (8))
100 Year PML and below: 100% x (Exhibit 5, Sheet 2, Col (4) Intercept x (7) + Exhibit 5, Sheet 2, Col (4) Slope x (8))
- (11) (9) + (10)
- (12) 175 Year PML and above: (11) - 50.0% x (8)
- (13) 100 Year PML and below: (11) - (8) above FHCF, (11) - 10.0% x (8) in FHCF layers, and (11) - (8) below mandatory layer
(11) / (7) or (11) / (7) / .10 for FHCF layers and (11)/(7) x .50 for top 3 layers

Private Market Net Cost of Reinsurance
FHCF Provides \$28 Billion of Reinsurance
2009 Reinsurance Rates
Insurers Only Purchase Reinsurance Up to a 100 Year PML
(\$ Billions)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Single Event Return Time	Probability of Exceedance	Probability of Losses in Layer	Private + Citizens Gross Loss	Private Gross Loss	Private Gross Loss & LAE	Private Gross Layer of Loss & LAE	Private Gross Average Expected Loss & LAE in Layer	Private 10% Corridor Reinsurance Premium	Private Additional Reinsurance Premium	Total Private Reinsurance Premium	Total Private Net Cost of Reinsurance	Average Rate on Line
1000	0.001	0.0001	139.96	82.96	87.10	2.61	0.000					
900	0.001	0.0001	135.76	80.47	84.49	1.79	0.000					
800	0.001	0.0002	132.89	78.77	82.70	4.42	0.002					
700	0.001	0.0002	125.79	74.56	78.28	3.16	0.002					
600	0.002	0.0003	120.71	71.54	75.12	5.71	0.006					
500	0.002	0.0005	111.54	66.11	69.41	6.29	0.009					
400	0.003	0.0008	101.42	60.12	63.12	7.78	0.018					
300	0.003	0.0007	88.93	52.71	55.35	3.67	0.011					
250	0.004	0.0010	83.04	49.22	51.68	5.92	0.024					
200	0.005	0.0017	73.53	43.58	45.76	6.01	0.034					
150	0.007	0.0033	63.87	37.86	39.75	8.37	0.075					
100	0.010	0.0011	50.43	29.89	31.38	1.57	0.016		0.217	0.217	0.201	13.9%
90	0.011	0.0014	47.91	28.40	29.82	2.21	0.025		0.311	0.311	0.285	14.1%
80	0.013	0.0018	44.36	26.29	27.61	2.30	0.031		0.329	0.329	0.299	14.3%
70	0.014	0.0011	40.67	24.10	25.31	1.14	0.016		0.165	0.165	0.149	14.5%
65	0.015	0.0013	38.83	23.01	24.16	1.25	0.020		0.183	0.183	0.163	14.6%
60	0.017	0.0015	36.83	21.83	22.92	1.19	0.020	0.018		0.018	0.016	14.9%
55	0.018	0.0018	34.92	20.70	21.73	1.34	0.025	0.020		0.020	0.018	15.1%
50	0.020	0.0022	32.77	19.42	20.39	1.39	0.030	0.021		0.021	0.019	15.4%
45	0.022	0.0028	30.53	18.09	19.00	1.44	0.034	0.023		0.023	0.019	15.8%
40	0.025	0.0036	28.22	16.73	17.56	1.45	0.040	0.024		0.024	0.020	16.3%
35	0.029	0.0048	25.89	15.35	16.11	1.59	0.051	0.027		0.027	0.022	16.9%
30	0.033	0.0067	23.34	13.83	14.53	1.76	0.068	0.031		0.031	0.024	17.9%
25	0.040	0.0100	20.52	12.16	12.77	1.91	0.093	0.037		0.037	0.027	19.2%
20	0.050	0.0026	17.45	10.35	10.86	0.40	0.021	0.008		0.008	0.006	19.6%
19	0.053	0.0029	16.81	9.96	10.46	0.46	0.025	0.009		0.009	0.007	20.0%
18	0.056	0.0033	16.06	9.52	9.99	0.49	0.029	0.010		0.010	0.007	20.4%
17	0.059	0.0037	15.27	9.05	9.50	0.49	0.030	0.010		0.010	0.007	20.9%
16	0.063	0.0042	14.48	8.58	9.01	0.49	0.032	0.010		0.010	0.007	21.5%
15	0.067	0.0048	13.70	8.12	8.52	0.46	0.032	0.010		0.010	0.007	22.2%
14	0.071	0.0055	12.96	7.68	8.07	0.55	0.042	0.013		0.013	0.008	22.9%
13	0.077	0.0064	12.08	7.16	7.52	0.55	0.045	0.013		0.013	0.009	23.8%
12	0.083	0.0076	11.20	6.64	6.97	0.59	0.053	0.015		0.015	0.009	24.9%
11	0.091	0.0091	10.25	6.08	6.38	0.54	0.053	0.014		0.014	0.009	26.1%
10	0.100	0.0111	9.38	5.56	5.84	0.64	0.070	0.018		0.018	0.011	27.6%
9	0.111	0.0139	8.36	4.95	5.20	0.62	0.076	0.018		0.018	0.011	29.5%
8	0.125	0.0179	7.37	4.37	4.59	0.69	0.098	0.022		0.022	0.012	32.0%
7	0.143	0.0238	6.26	3.71	3.89	0.74	0.123		0.262	0.262	0.139	35.3%
6	0.167	0.0333	5.06	3.00	3.15	0.83	0.165		0.330	0.330	0.165	39.9%
5	0.200	0.0500	3.73	2.21	2.32	0.89	0.223		0.418	0.418	0.195	46.7%
4	0.250	0.0833	2.30	1.36	1.43	0.84	0.280					
3	0.333	0.3333	0.94	0.56	0.58	0.58	0.389					
(14)	Total/Average					87.10	2.440	0.371	2.215	2.586	1.871	
(15)	Reinsurance Premium @ 2008 Reinsurance Rates									2.249		
(16)	Increase in Reinsurance Premiums 2009 vs 2008									15.0%		

Notes:

highlighted yellow and green areas are the FHCF traditional and TICL coverage layers respectively

- (1) Page 56, FHCF 2008 Ratemaking Formula Report
- (2) 1/(1)
- (3) (2) prior - (2)
- (4) Page 56, FHCF 2008 Ratemaking Formula Report
- (5) (4) x (1 - Exhibit 4, Column (3))
- (6) (5) times 1.05 based on actuarial judgment and FHCF 2008 Ratemaking Formula Report, page 53
- (7) [(6) - (6) prior]
- (8) (7) times upward sum of (3)
- (9) 10.0% x (Exhibit 5, Sheet 1, Col (2) Intercept x (7) + Exhibit 5, Sheet 1, Col (2) Slope x (8))
- (10) (100% (or 8% in TICL layer)) x (Exhibit 5, Sheet 1, Col (2) Intercept x (7) + Exhibit 5, Sheet 1, Col (2) Slope x (8))
- (11) (9) + (10)
- (12) (11) - (8) above FHCF, (11) - 10.0% x (8) in FHCF layers, and (11) - (8) below the mandatory layer
- (13) (11) / (7) or (11) / (7) / .10 for FHCF layers
- (15) Exhibit 3, Sheet 4, Row (14)
- (16) (14) / (15) - 1

Private Market Net Cost of Reinsurance
 FHCF Provides \$16 Billion of Reinsurance
 2009 Reinsurance Rates
 Insurers Only Purchase Reinsurance Up to a 100 Year PML
 (\$ Billions)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Single Event Return Time	Probability of Exceedance	Probability of Losses in Layer	Private + Citizens Gross Loss	Private Gross Loss	Private Gross Loss & LAE	Private Gross Layer of Loss & LAE	Private Gross Average Expected Loss & LAE in Layer	Private 10% Corridor Reinsurance Premium	Private Additional Reinsurance Premium	Total Private Reinsurance Premium	Total Private Net Cost of Reinsurance	Average Rate on Line
1000	0.001	0.0001	139.96	82.96	87.10	2.61	0.000					
900	0.001	0.0001	135.76	80.47	84.49	1.79	0.000					
800	0.001	0.0002	132.89	78.77	82.70	4.42	0.002					
700	0.001	0.0002	125.79	74.56	78.28	3.16	0.002					
600	0.002	0.0003	120.71	71.54	75.12	5.71	0.006					
500	0.002	0.0005	111.54	66.11	69.41	6.29	0.009					
400	0.003	0.0008	101.42	60.12	63.12	7.78	0.018					
300	0.003	0.0007	88.93	52.71	55.35	3.67	0.011					
250	0.004	0.0010	83.04	49.22	51.68	5.92	0.024					
200	0.005	0.0017	73.53	43.58	45.76	6.01	0.034					
150	0.007	0.0033	63.87	37.86	39.75	8.37	0.075					
100	0.010	0.0011	50.43	29.89	31.38	1.57	0.016		0.217	0.217	0.201	13.9%
90	0.011	0.0014	47.91	28.40	29.82	2.21	0.025		0.311	0.311	0.285	14.1%
80	0.013	0.0018	44.36	26.29	27.61	2.30	0.031		0.329	0.329	0.299	14.3%
70	0.014	0.0011	40.67	24.10	25.31	1.14	0.016		0.165	0.165	0.149	14.5%
65	0.015	0.0013	38.83	23.01	24.16	1.25	0.020		0.183	0.183	0.163	14.6%
60	0.017	0.0015	36.83	21.83	22.92	1.19	0.020		0.176	0.176	0.156	14.9%
55	0.018	0.0018	34.92	20.70	21.73	1.34	0.025		0.202	0.202	0.176	15.1%
50	0.020	0.0022	32.77	19.42	20.39	1.39	0.030		0.215	0.215	0.185	15.4%
45	0.022	0.0028	30.53	18.09	19.00	1.44	0.034		0.227	0.227	0.192	15.8%
40	0.025	0.0036	28.22	16.73	17.56	1.45	0.040		0.236	0.236	0.196	16.3%
35	0.029	0.0048	25.89	15.35	16.11	1.59	0.051		0.269	0.269	0.218	16.9%
30	0.033	0.0067	23.34	13.83	14.53	1.76	0.068	0.031		0.031	0.024	17.9%
25	0.040	0.0100	20.52	12.16	12.77	1.91	0.093	0.037		0.037	0.027	19.2%
20	0.050	0.0026	17.45	10.35	10.86	0.40	0.021	0.008		0.008	0.006	19.6%
19	0.053	0.0029	16.81	9.96	10.46	0.46	0.025	0.009		0.009	0.007	20.0%
18	0.056	0.0033	16.06	9.52	9.99	0.49	0.029	0.010		0.010	0.007	20.4%
17	0.059	0.0037	15.27	9.05	9.50	0.49	0.030	0.010		0.010	0.007	20.9%
16	0.063	0.0042	14.48	8.58	9.01	0.49	0.032	0.010		0.010	0.007	21.5%
15	0.067	0.0048	13.70	8.12	8.52	0.46	0.032	0.010		0.010	0.007	22.2%
14	0.071	0.0055	12.96	7.68	8.07	0.55	0.042	0.013		0.013	0.008	22.9%
13	0.077	0.0064	12.08	7.16	7.52	0.55	0.045	0.013		0.013	0.009	23.8%
12	0.083	0.0076	11.20	6.64	6.97	0.59	0.053	0.015		0.015	0.009	24.9%
11	0.091	0.0091	10.25	6.08	6.38	0.54	0.053	0.014		0.014	0.009	26.1%
10	0.100	0.0111	9.38	5.56	5.84	0.64	0.070	0.018		0.018	0.011	27.6%
9	0.111	0.0139	8.36	4.95	5.20	0.62	0.076	0.018		0.018	0.011	29.5%
8	0.125	0.0179	7.37	4.37	4.59	0.69	0.098	0.022		0.022	0.012	32.0%
7	0.143	0.0238	6.26	3.71	3.89	0.74	0.123		0.262	0.262	0.139	35.3%
6	0.167	0.0333	5.06	3.00	3.15	0.83	0.165		0.330	0.330	0.165	39.9%
5	0.200	0.0500	3.73	2.21	2.32	0.89	0.223		0.418	0.418	0.195	46.7%
4	0.250	0.0833	2.30	1.36	1.43	0.84	0.280					
3	0.333	0.3333	0.94	0.56	0.58	0.58	0.389					
(14)	Total/Average					87.10	2.440	0.239	3.540	3.779	2.882	

Notes:

highlighted yellow and green areas are the FHCF traditional and TICL coverage layers respectively

- (1) Page 56, FHCF 2008 Ratemaking Formula Report
- (2) 1/(1)
- (3) (2) prior - (2)
- (4) Page 56, FHCF 2008 Ratemaking Formula Report
- (5) (4) x (1 - Exhibit 4, Column (3))
- (6) (5) times 1.05 based on actuarial judgment and FHCF 2008 Ratemaking Formula Report, page 53
- (7) [(6) - (6) prior]
- (8) (7) times upward sum of (3)
- (9) 10.0% x (Exhibit 5, Sheet 1, Col (2) Intercept x (7) + Exhibit 5, Sheet 1, Col (2) Slope x (8))
- (10) (100% (or 8% in TICL layer)) x (Exhibit 5, Sheet 1, Col (2) Intercept x (7) + Exhibit 5, Sheet 1, Col (2) Slope x (8))
- (11) (9) + (10)
- (12) (11) - (8) above FHCF, (11) - 10.0% x (8) in FHCF layers, and (11) - (8) below the mandatory layer
- (13) (11) / (7) or (11) / (7) / .10 for FHCF layers

Private Market Net Cost of Reinsurance
FHCF Provides \$16 Billion of Reinsurance
2010 Reinsurance Rates
Insurers Only Purchase Reinsurance Up to a 100 Year PML
(\$ Billions)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Single Event Return Time	Probability of Exceedance	Probability of Losses in Layer	Private + Citizens Gross Loss	Private Gross Loss	Private Gross Loss & LAE	Private Gross Layer of Loss & LAE	Private Gross Average Expected Loss & LAE in Layer	Private 10% Corridor Reinsurance Premium	Private Additional Reinsurance Premium	Total Private Reinsurance Premium	Total Private Net Cost of Reinsurance	Average Rate on Line
1000	0.001	0.0001	139.96	82.96	87.10	2.61	0.000					
900	0.001	0.0001	135.76	80.47	84.49	1.79	0.000					
800	0.001	0.0002	132.89	78.77	82.70	4.42	0.002					
700	0.001	0.0002	125.79	74.56	78.28	3.16	0.002					
600	0.002	0.0003	120.71	71.54	75.12	5.71	0.006					
500	0.002	0.0005	111.54	66.11	69.41	6.29	0.009					
400	0.003	0.0008	101.42	60.12	63.12	7.78	0.018					
300	0.003	0.0007	88.93	52.71	55.35	3.67	0.011					
250	0.004	0.0010	83.04	49.22	51.68	5.92	0.024					
200	0.005	0.0017	73.53	43.58	45.76	6.01	0.034					
150	0.007	0.0033	63.87	37.86	39.75	8.37	0.075					
100	0.010	0.0011	50.43	29.89	31.38	1.57	0.016		0.261	0.261	0.245	16.7%
90	0.011	0.0014	47.91	28.40	29.82	2.21	0.025		0.372	0.372	0.347	16.9%
80	0.013	0.0018	44.36	26.29	27.61	2.30	0.031		0.393	0.393	0.363	17.1%
70	0.014	0.0011	40.67	24.10	25.31	1.14	0.016		0.197	0.197	0.181	17.2%
65	0.015	0.0013	38.83	23.01	24.16	1.25	0.020		0.217	0.217	0.198	17.4%
60	0.017	0.0015	36.83	21.83	22.92	1.19	0.020		0.209	0.209	0.189	17.6%
55	0.018	0.0018	34.92	20.70	21.73	1.34	0.025		0.239	0.239	0.214	17.9%
50	0.020	0.0022	32.77	19.42	20.39	1.39	0.030		0.254	0.254	0.224	18.2%
45	0.022	0.0028	30.53	18.09	19.00	1.44	0.034		0.267	0.267	0.232	18.6%
40	0.025	0.0036	28.22	16.73	17.56	1.45	0.040		0.276	0.276	0.236	19.1%
35	0.029	0.0048	25.89	15.35	16.11	1.59	0.051		0.313	0.313	0.262	19.7%
30	0.033	0.0067	23.34	13.83	14.53	1.76	0.068	0.036		0.036	0.029	20.6%
25	0.040	0.0100	20.52	12.16	12.77	1.91	0.093	0.042		0.042	0.033	22.0%
20	0.050	0.0026	17.45	10.35	10.86	0.40	0.021	0.009		0.009	0.007	22.4%
19	0.053	0.0029	16.81	9.96	10.46	0.46	0.025	0.011		0.011	0.008	22.8%
18	0.056	0.0033	16.06	9.52	9.99	0.49	0.029	0.011		0.011	0.009	23.2%
17	0.059	0.0037	15.27	9.05	9.50	0.49	0.030	0.012		0.012	0.009	23.7%
16	0.063	0.0042	14.48	8.58	9.01	0.49	0.032	0.012		0.012	0.009	24.3%
15	0.067	0.0048	13.70	8.12	8.52	0.46	0.032	0.011		0.011	0.008	25.0%
14	0.071	0.0055	12.96	7.68	8.07	0.55	0.042	0.014		0.014	0.010	25.7%
13	0.077	0.0064	12.08	7.16	7.52	0.55	0.045	0.015		0.015	0.010	26.6%
12	0.083	0.0076	11.20	6.64	6.97	0.59	0.053	0.016		0.016	0.011	27.6%
11	0.091	0.0091	10.25	6.08	6.38	0.54	0.053	0.016		0.016	0.010	28.9%
10	0.100	0.0111	9.38	5.56	5.84	0.64	0.070	0.019		0.019	0.012	30.4%
9	0.111	0.0139	8.36	4.95	5.20	0.62	0.076	0.020		0.020	0.012	32.3%
8	0.125	0.0179	7.37	4.37	4.59	0.69	0.098	0.024		0.024	0.014	34.8%
7	0.143	0.0238	6.26	3.71	3.89	0.74	0.123		0.283	0.283	0.160	38.0%
6	0.167	0.0333	5.06	3.00	3.15	0.83	0.165		0.353	0.353	0.188	42.6%
5	0.200	0.0500	3.73	2.21	2.32	0.89	0.223		0.443	0.443	0.220	49.5%
4	0.250	0.0833	2.30	1.36	1.43	0.84	0.280					
3	0.333	0.3333	0.94	0.56	0.58	0.58	0.389					
(14)	Total/Average					87.10	2.440	0.268	4.077	4.345	3.449	
(15)	Reinsurance Premium @ 2009 Reinsurance Rates									3.779		
(16)	Increase in Reinsurance Premiums 2010 vs 2009									15.0%		

Notes:

highlighted yellow and green areas are the FHCF traditional and TICL coverage layers respectively

- (1) Page 56, FHCF 2008 Ratemaking Formula Report
- (2) 1/(1)
- (3) (2) prior - (2)
- (4) Page 56, FHCF 2008 Ratemaking Formula Report
- (5) (4) x (1 - Exhibit 4, Column (3))
- (6) (5) times 1.05 based on actuarial judgment and FHCF 2008 Ratemaking Formula Report, page 53
- (7) [(6) - (6) prior]
- (8) (7) times upward sum of (3)
- (9) 10.0% x (Exhibit 5, Sheet 2, Col (2) Intercept x (7) + Exhibit 5, Sheet 2, Col (2) Slope x (8))
- (10) (100% (or 8% in TICL layer)) x (Exhibit 5, Sheet 2, Col (2) Intercept x (7) + Exhibit 5, Sheet 2, Col (2) Slope x (8))
- (11) (9) + (10)
- (12) (11) - (8) above FHCF, (11) - 10.0% x (8) in FHCF layers, and (11) - (8) below the mandatory layer
- (13) (11) / (7) or (11) / (7) / .10 for mandatory layer
- (15) Exhibit 3, Sheet 2, Row (14)
- (16) (14) / (15) - 1

Private Market Net Cost of Reinsurance
 FHCFC Provides \$28 Billion of Reinsurance
 Estimated 2008 Reinsurance Rates
 Insurers Only Purchase Reinsurance Up to a 100 Year PML
 (\$ Billions)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Single Event Return Time	Probability of Exceedance	Probability of Losses in Layer	Private + Citizens Gross Loss	Private Gross Loss	Private Gross Loss & LAE	Private Gross Layer of Loss & LAE	Private Gross Average Expected Loss & LAE in Layer	Private 10% Corridor Reinsurance Premium	Private Additional Reinsurance Premium	Total Private Reinsurance Premium	Total Private Net Cost of Reinsurance	Average Rate on Line
1000	0.001	0.0001	139.96	82.96	87.10	2.61	0.000					
900	0.001	0.0001	135.76	80.47	84.49	1.79	0.000					
800	0.001	0.0002	132.89	78.77	82.70	4.42	0.002					
700	0.001	0.0002	125.79	74.56	78.28	3.16	0.002					
600	0.002	0.0003	120.71	71.54	75.12	5.71	0.006					
500	0.002	0.0005	111.54	66.11	69.41	6.29	0.009					
400	0.003	0.0008	101.42	60.12	63.12	7.78	0.018					
300	0.003	0.0007	88.93	52.71	55.35	3.67	0.011					
250	0.004	0.0010	83.04	49.22	51.68	5.92	0.024					
200	0.005	0.0017	73.53	43.58	45.76	6.01	0.034					
150	0.007	0.0033	63.87	37.86	39.75	8.37	0.075					
100	0.010	0.0011	50.43	29.89	31.38	1.57	0.016		0.176	0.176	0.160	11.3%
90	0.011	0.0014	47.91	28.40	29.82	2.21	0.025		0.253	0.253	0.227	11.4%
80	0.013	0.0018	44.36	26.29	27.61	2.30	0.031		0.269	0.269	0.238	11.7%
70	0.014	0.0011	40.67	24.10	25.31	1.14	0.016		0.135	0.135	0.119	11.8%
65	0.015	0.0013	38.83	23.01	24.16	1.25	0.020		0.150	0.150	0.130	12.0%
60	0.017	0.0015	36.83	21.83	22.92	1.19	0.020	0.015		0.015	0.012	12.2%
55	0.018	0.0018	34.92	20.70	21.73	1.34	0.025	0.017		0.017	0.014	12.5%
50	0.020	0.0022	32.77	19.42	20.39	1.39	0.030	0.018		0.018	0.015	12.8%
45	0.022	0.0028	30.53	18.09	19.00	1.44	0.034	0.019		0.019	0.015	13.2%
40	0.025	0.0036	28.22	16.73	17.56	1.45	0.040	0.020		0.020	0.016	13.7%
35	0.029	0.0048	25.89	15.35	16.11	1.59	0.051	0.023		0.023	0.018	14.3%
30	0.033	0.0067	23.34	13.83	14.53	1.76	0.068	0.027		0.027	0.020	15.2%
25	0.040	0.0100	20.52	12.16	12.77	1.91	0.093	0.032		0.032	0.022	16.6%
20	0.050	0.0026	17.45	10.35	10.86	0.40	0.021	0.007		0.007	0.005	17.0%
19	0.053	0.0029	16.81	9.96	10.46	0.46	0.025	0.008		0.008	0.006	17.4%
18	0.056	0.0033	16.06	9.52	9.99	0.49	0.029	0.009		0.009	0.006	17.8%
17	0.059	0.0037	15.27	9.05	9.50	0.49	0.030	0.009		0.009	0.006	18.3%
16	0.063	0.0042	14.48	8.58	9.01	0.49	0.032	0.009		0.009	0.006	18.9%
15	0.067	0.0048	13.70	8.12	8.52	0.46	0.032	0.009		0.009	0.006	19.5%
14	0.071	0.0055	12.96	7.68	8.07	0.55	0.042	0.011		0.011	0.007	20.3%
13	0.077	0.0064	12.08	7.16	7.52	0.55	0.045	0.012		0.012	0.007	21.2%
12	0.083	0.0076	11.20	6.64	6.97	0.59	0.053	0.013		0.013	0.008	22.2%
11	0.091	0.0091	10.25	6.08	6.38	0.54	0.053	0.013		0.013	0.007	23.5%
10	0.100	0.0111	9.38	5.56	5.84	0.64	0.070	0.016		0.016	0.009	25.0%
9	0.111	0.0139	8.36	4.95	5.20	0.62	0.076	0.017		0.017	0.009	26.9%
8	0.125	0.0179	7.37	4.37	4.59	0.69	0.098	0.020		0.020	0.011	29.4%
7	0.143	0.0238	6.26	3.71	3.89	0.74	0.123		0.243	0.243	0.120	32.6%
6	0.167	0.0333	5.06	3.00	3.15	0.83	0.165		0.308	0.308	0.143	37.2%
5	0.200	0.0500	3.73	2.21	2.32	0.89	0.223		0.395	0.395	0.172	44.1%
4	0.250	0.0833	2.30	1.36	1.43	0.84	0.280					
3	0.333	0.3333	0.94	0.56	0.58	0.58	0.389					
(14)	Total/Average					87.10	2.440	0.321	1.928	2.249	1.534	

Notes:

- highlighted yellow and green areas are the FHCFC traditional and TICLC coverage layers respectively
- (1) Page 56, FHCFC 2008 Ratemaking Formula Report
- (2) 1/(1)
- (3) (2) prior - (2)
- (4) Page 56, FHCFC 2008 Ratemaking Formula Report
- (5) (4) x (1 - Exhibit 4, Column (3))
- (6) (5) times 1.05 based on actuarial judgment and FHCFC 2008 Ratemaking Formula Report, page 53
- (7) [(6) - (6) prior]
- (8) (7) times upward sum of (3)
- (9) 10.0% x (Exhibit 5, Sheet 5, Col (2) Intercept x (7) + Exhibit 5, Sheet 5, Col (2) Slope x (8))
- (10) (100% (or 8% in TICLC layer)) x (Exhibit 5, Sheet 5, Col (2) Intercept x (7) + Exhibit 5, Sheet 5, Col (2) Slope x (8))
- (11) (9) + (10)
- (12) (11) - (8) above FHCFC, (11) - 10.0% x (8) in FHCFC layers, and (11) - (8) below the mandatory layer
- (13) (11) / (7) or (11) / (7) / .10 for FHCFC layers

Private Market Net Cost of Reinsurance
 FHCF Provides \$28 Billion of Reinsurance
 2010 Reinsurance Rates
 Insurers Only Purchase Reinsurance Up to a 100 Year PML
 (\$ Billions)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Single Event Return Time	Probability of Exceedance	Probability of Losses in Layer	Private + Citizens Gross Loss	Private Gross Loss	Private Gross Loss & LAE	Private Gross Layer of Loss & LAE	Private Gross Average Expected Loss & LAE in Layer	Private 10% Corridor Reinsurance Premium	Private Additional Reinsurance Premium	Total Private Reinsurance Premium	Total Private Net Cost of Reinsurance	Average Rate on Line
1000	0.001	0.0001	139.96	82.96	87.10	2.61	0.000					
900	0.001	0.0001	135.76	80.47	84.49	1.79	0.000					
800	0.001	0.0002	132.89	78.77	82.70	4.42	0.002					
700	0.001	0.0002	125.79	74.56	78.28	3.16	0.002					
600	0.002	0.0003	120.71	71.54	75.12	5.71	0.006					
500	0.002	0.0005	111.54	66.11	69.41	6.29	0.009					
400	0.003	0.0008	101.42	60.12	63.12	7.78	0.018					
300	0.003	0.0007	88.93	52.71	55.35	3.67	0.011					
250	0.004	0.0010	83.04	49.22	51.68	5.92	0.024					
200	0.005	0.0017	73.53	43.58	45.76	6.01	0.034					
150	0.007	0.0033	63.87	37.86	39.75	8.37	0.075					
100	0.010	0.0011	50.43	29.89	31.38	1.57	0.016		0.261	0.261	0.245	16.7%
90	0.011	0.0014	47.91	28.40	29.82	2.21	0.025		0.372	0.372	0.347	16.9%
80	0.013	0.0018	44.36	26.29	27.61	2.30	0.031		0.393	0.393	0.363	17.1%
70	0.014	0.0011	40.67	24.10	25.31	1.14	0.016		0.197	0.197	0.181	17.2%
65	0.015	0.0013	38.83	23.01	24.16	1.25	0.020		0.217	0.217	0.198	17.4%
60	0.017	0.0015	36.83	21.83	22.92	1.19	0.020	0.021		0.021	0.019	17.6%
55	0.018	0.0018	34.92	20.70	21.73	1.34	0.025	0.024		0.024	0.021	17.9%
50	0.020	0.0022	32.77	19.42	20.39	1.39	0.030	0.025		0.025	0.022	18.2%
45	0.022	0.0028	30.53	18.09	19.00	1.44	0.034	0.027		0.027	0.023	18.6%
40	0.025	0.0036	28.22	16.73	17.56	1.45	0.040	0.028		0.028	0.024	19.1%
35	0.029	0.0048	25.89	15.35	16.11	1.59	0.051	0.031		0.031	0.026	19.7%
30	0.033	0.0067	23.34	13.83	14.53	1.76	0.068	0.036		0.036	0.029	20.6%
25	0.040	0.0100	20.52	12.16	12.77	1.91	0.093	0.042		0.042	0.033	22.0%
20	0.050	0.0026	17.45	10.35	10.86	0.40	0.021	0.009		0.009	0.007	22.4%
19	0.053	0.0029	16.81	9.96	10.46	0.46	0.025	0.011		0.011	0.008	22.8%
18	0.056	0.0033	16.06	9.52	9.99	0.49	0.029	0.011		0.011	0.009	23.2%
17	0.059	0.0037	15.27	9.05	9.50	0.49	0.030	0.012		0.012	0.009	23.7%
16	0.063	0.0042	14.48	8.58	9.01	0.49	0.032	0.012		0.012	0.009	24.3%
15	0.067	0.0048	13.70	8.12	8.52	0.46	0.032	0.011		0.011	0.008	25.0%
14	0.071	0.0055	12.96	7.68	8.07	0.55	0.042	0.014		0.014	0.010	25.7%
13	0.077	0.0064	12.08	7.16	7.52	0.55	0.045	0.015		0.015	0.010	26.6%
12	0.083	0.0076	11.20	6.64	6.97	0.59	0.053	0.016		0.016	0.011	27.6%
11	0.091	0.0091	10.25	6.08	6.38	0.54	0.053	0.016		0.016	0.010	28.9%
10	0.100	0.0111	9.38	5.56	5.84	0.64	0.070	0.019		0.019	0.012	30.4%
9	0.111	0.0139	8.36	4.95	5.20	0.62	0.076	0.020		0.020	0.012	32.3%
8	0.125	0.0179	7.37	4.37	4.59	0.69	0.098	0.024		0.024	0.014	34.8%
7	0.143	0.0238	6.26	3.71	3.89	0.74	0.123		0.283	0.283	0.160	38.0%
6	0.167	0.0333	5.06	3.00	3.15	0.83	0.165		0.353	0.353	0.188	42.6%
5	0.200	0.0500	3.73	2.21	2.32	0.89	0.223		0.443	0.443	0.220	49.5%
4	0.250	0.0833	2.30	1.36	1.43	0.84	0.280					
3	0.333	0.3333	0.94	0.56	0.58	0.58	0.389					
(14)	Total/Average					87.10	2.440	0.424	2.519	2.943	2.228	

Notes:

highlighted yellow and green areas are the FHCF traditional and TICL coverage layers respectively

- (1) Page 56, FHCF 2008 Ratemaking Formula Report
- (2) 1/(1)
- (3) (2) prior - (2)
- (4) Page 56, FHCF 2008 Ratemaking Formula Report
- (5) (4) x (1 - Exhibit 4, Column (3))
- (6) (5) times 1.05 based on actuarial judgment and FHCF 2008 Ratemaking Formula Report, page 53
- (7) [(6) - (6) prior]
- (8) (7) times upward sum of (3)
- (9) 10.0% x (Exhibit 5, Sheet 2, Col (2) Intercept x (7) + Exhibit 5, Sheet 2, Col (2) Slope x (8))
- (10) (Exhibit 5, Sheet 2, Col (2) Intercept x (7) + Exhibit 5, Sheet 2, Col (2) Slope x (8))
- (11) (9) + (10)
- (12) (11) - (8) above FHCF, (11) - 10.0% x (8) in FHCF layers, and (11) - (8) below the FHCF
- (13) (11) / (7) or (11) / (7) / .10 for FHCF layers

Modeled Average Annual Hurricane Losses
(\$000s)

	(1)	(2)	(3)
	Statewide	Citizens	Citizens Share of Average Annual Hurricane Losses
CLA		179,865	
PLA		445,602	
HRA		1,051,291	
	4,116,907	1,676,757	40.7%

Notes:

- (1) The FHCF 2008 Ratemaking Formula Report and actuarial judgment
- (2) Citizens modeled long term and mid-term loss reports RMS RiskLink Version 7.0 as of 8/31/08 and actuarial judgment
- (3) (2) / (1)

Estimated Rate on Line versus Loss on Line
2009

	(1)	(2)	(3)	(4)
	Loss on Line	AM Best Non-Rated Carriers	AM Best A or B Rated Carriers	Weighted Average
Intercept	0.0%	12.5%	2.1%	7.3%
	8.0%	23.5%	26.1%	24.8%
Slope		1.375	3.000	2.188

Notes:

- (1) Loss-on-line put on long-term basis by dividing by factor of 1.25 based on actuarial judgment.
- (2) Exhibit 5, Sheet 3, Column (4)
- (3) Exhibit 5, Sheet 4, Column (5)
- (4) $50\% \times (2) + 50\% \times (3)$ based on Exhibit 7 and actuarial judgment

Estimated Rate on Line versus Loss on Line
2010

	(1)	(2)	(3)	(4)
	Loss on Line	AM Best Non-Rated Carriers	AM Best A or B Rated Carriers	Weighted Average
Intercept	0.0%	15.3%	1.5%	8.4%
	8.0%	26.3%	31.8%	29.0%
Slope		1.375	3.785	2.580

Notes:

- (1) Loss-on-line put on long-term basis by dividing by factor of 1.25 based on actuarial judgment.
- (2) Exhibit 5, Sheet 3, Column (5)
- (3) Exhibit 5, Sheet 4, Column (6)
- (4) $50\% \times (2) + 50\% \times (3)$ based on Exhibit 7 and actuarial judgment

Estimated Rate on Line versus Loss on Line
Homeowners Rate Filings
AM Best Non-Rated Carriers

	(1) Loss on Line	(2) 2007 Rate on Line	(3) 2008 Rate on Line	(4) 2009 Rate on Line	(5) 2010 Rate on Line
Intercept	0.0%	14.0%	9.9%	12.5%	15.3%
	8.0%	25.0%	20.9%	23.5%	26.3%
Slope				1.375	1.375

Notes:

- (1) - (3) Based on May 2008, Guy Carpenter Briefing, "Pricing Down Approximately 15%; Outlook for Florida Renewals on June 1, 2008. Loss-on-line put on long-term basis by dividing by factor of 1.25 based on actuarial judgment.
- (4) Assumes reinsurance rates will increase in 2009, because of lack of financing availability, increased borrowing costs, and increased retrocession costs for reinsurers due to the current financial crisis and because of losses sustained by reinsurers from hurricanes Gustav and Ike.

Estimated Rate on Line versus Loss on Line
Homeowners Rate Filings
AM Best A or B Rated Carriers

	(1) Loss on Line	(2) 2007 Rate on Line	(3) Loss on Line	(4) 2008 Rate on Line	(5) 2009 Rate on Line	(6) 2010 Rate on Line
Intercept	0.0%	1.0%	0.0%	2.1%	2.1%	1.5%
	1.6%	8.0%	0.8%	4.1%	4.5%	4.5%
	4.8%	22.0%	6.4%	18.3%	21.3%	25.7%
			8.0%	22.3%	26.1%	31.8%
Slope		4.375		2.530	3.000	3.785

Notes:

- (1) - (4) Based on Guy Carpenter Report, 2008 Reinsurance Market Review, Near Misses Call for Caution. Loss-on-line put on long-term basis by dividing by factor of 1.25 based on actuarial judgment.
- (5) Assumes reinsurance rates will increase in 2009, because of lack of financing availability, increased borrowing costs, and increased retrocession costs due to the current financial crisis and because of losses sustained by reinsurers from hurricanes Gustav and Ike.
- (6) Assumes reinsurance rates will increase in 2010, because of a 1 in 100 year storm in Florida.

Rate on Line versus Loss on Line
Estimated for 2008

	(1)	(2)	(3)	(4)
	Loss on Line	AM Best Non-Rated Carriers	AM Best A or B Rated Carriers	Weighted Average
Intercept	0.0%	9.9%	2.1%	6.0%
	8.0%	20.9%	22.3%	21.6%
Slope		1.375	2.530	1.953

Notes:

- (1) Loss-on-line put on long-term basis by dividing by factor of 1.25 based on actuarial judgment.
- (2) Exhibit 5, Sheet 3, Column (3)
- (3) Exhibit 5, Sheet 4, Column (4)
- (4) $50\% \times (2) + 50\% \times (3)$ based on Exhibit 7 and actuarial judgment

Estimated Non-Hurricane Year Loss & LAE Ratios
Florida Homeowners Insurance
Private Insurers

	Direct Premiums Earned	Direct Losses Incurred	Estimated LAE	Direct Losses & LAE Incurred	Non-Hurricane Loss Ratio
1997	2,018,492	683,850	125,674	809,524	40.1%
1998	2,285,064	757,870	139,277	897,147	39.3%
1999	2,540,458	845,980	155,470	1,001,450	39.4%
2000	2,843,450	903,323	166,008	1,069,331	37.6%
2001	2,996,093	1,258,000	231,189	1,489,189	49.7%
2002	3,225,961	1,249,429	229,614	1,479,043	45.8%
2003	3,653,583	1,238,392	227,585	1,465,977	40.1%
2004	4,127,444	12,507,031	791,017	13,298,048	n/a
2005	5,010,871	7,695,223	550,427	8,245,650	n/a
2006	5,812,743	1,889,916	347,319	2,237,235	38.5%
2007	7,148,396	1,742,834	320,289	2,063,123	28.9%
Est 2008	7,150,000	1,936,917	355,957	2,292,873	32.1%
Est 2009	7,500,000	2,257,479	414,868	2,672,346	35.6%

Notes:

Source is NAIC I-Site database.

LAE and 2008 and 2009 years estimated based on actuarial judgment.

Written Premium Distribution
as of 6/30/XXXX
Florida Homeowners Insurance

AM Bests Rating	2003	2004	2005	2006	2007	2008	Estimated 2009
A	28.7%	32.7%	32.3%	28.2%	23.1%	21.5%	19.8%
B	27.9%	34.5%	32.7%	28.2%	24.1%	21.7%	19.4%
C	0.2%	0.0%	0.0%	0.2%	0.1%	0.3%	0.4%
E	1.1%	1.0%	1.0%	0.9%	0.0%	0.0%	0.0%
N	26.8%	12.8%	17.1%	21.7%	22.9%	29.6%	36.3%
Citizens	15.3%	19.0%	16.9%	20.8%	29.7%	26.9%	24.2%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes:

Sources are the Office of Insurance Regulation's QUASR reports and AM Best website. The direct written premium distribution is shown based on the current AM Best ratings of the 50 largest writers in 2003 and 2008. Ratings for all 50 of the largest writers in 2003 and 2008 were used. Smaller writers' direct written premiums averaging between 6% and 10% of total premiums per year were assigned to the A or N category based upon a random stratified sample of these smaller writers.

Reinsured Catastrophe Losses

Year	(1) Weather Related Natural Catastrophes	(2) Earthquake/ Tsunami	(3) Man Made Disasters	(4) Total Losses	(5) Loss Index	(6) Price Index
1970	3,315	-	2,167	7,452		
1971	443	392	1,585	4,391		
1972	2,279	645	2,071	6,967		
1973	2,738	86	2,927	7,725		
1974	6,243	-	2,871	11,088		
1975	2,277	-	2,729	6,981		
1976	3,014	273	3,076	8,339		
1977	1,623	-	3,972	7,573		
1978	2,441	-	3,002	7,421		
1979	5,309	-	6,020	13,308		
1980	2,279	169	4,546	8,973		
1981	2,364	-	1,867	6,213		
1982	5,285	-	3,660	10,927		
1983	7,554	54	2,697	12,289		
1984	4,587	-	2,256	8,827		
1985	7,537	964	3,062	13,548		
1986	2,037	428	3,111	7,562		
1987	9,219	2,242	3,984	17,431		
1988	4,565	-	7,791	14,345		
1989	13,432	2,773	7,462	25,656		
1990	22,005	310	5,607	29,912	189	100
1991	19,033	5	5,394	26,423	169	120
1992	35,462	130	6,943	44,527	177	235
1993	13,156	108	5,125	20,381	156	380
1994	8,108	19,626	6,644	36,372	120	325
1995	18,451	3,365	3,737	27,548	128	290
1996	11,724	-	6,268	19,988	91	250
1997	6,620	142	4,421	13,180	64	205
1998	19,868	64	4,949	26,878	74	170
1999	32,919	2,696	7,456	45,070	124	150
2000	9,986	24	5,039	17,049	112	150
2001	12,245	756	28,818	43,821	103	200
2002	14,075	-	2,642	18,720	116	245
2003	18,187	454	2,945	23,589	78	255
2004	46,182	2,918	3,738	54,842	135	230
2005	106,873	249	6,772	115,898	225	220
2006	12,268	83	4,518	18,875	178	295
2007	22,832	437	4,294	27,564	59	269
(7) Est 2008				27,564	70	242
(8) Est 2009				65,361	112	278
(9) Est 2010						334

Notes:

- (1) - (4) Swiss Re, Sigma No 1/2008: Natural catastrophes and man-made disasters in 2007.
(5) Average 2 Year Losses / Average Preceding 5 Year Losses
(6) Guy Carpenter, World Catastrophe Reinsurance Market 2008

Estimated Average Assessments
100 Year Storm

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
	Citizens		Private		Average				Citizens		Private		Average				%
	Business	Automobile	Homeowners	Homeowners	Homeowners	Total	Business	Automobile	Homeowners	Homeowners	Business	Automobile	Homeowners	Homeowners	Homeowners	Total	Increase
Alachua	1,487	1,073	1,185	998	1,005	3,565	51.1%	51.1%	93.1%	51.1%	760	549	1,103	510	533	1,841	51.6%
Baker	1,338	1,000	840	861	859	3,197	51.1%	51.1%	93.1%	51.1%	684	511	783	440	465	1,660	51.9%
Bay	1,795	1,037	1,694	1,489	1,527	4,358	51.1%	51.1%	93.1%	51.1%	917	530	1,577	761	912	2,359	54.1%
Bradford	1,538	1,238	867	893	891	3,667	51.1%	51.1%	93.1%	51.1%	786	632	807	456	483	1,901	51.9%
Brevard	1,815	1,170	2,020	1,373	1,462	4,447	51.1%	51.1%	93.1%	51.1%	927	598	1,881	701	864	2,389	53.7%
Broward	2,787	1,641	2,952	2,278	2,505	6,932	51.1%	51.1%	93.1%	51.1%	1,424	838	2,749	1,163	1,697	3,959	57.1%
Calhoun	1,339	955	784	912	904	3,197	51.1%	51.1%	93.1%	51.1%	684	488	730	466	482	1,654	51.7%
Charlotte	1,991	1,221	1,802	1,573	1,622	4,834	51.1%	51.1%	93.1%	51.1%	1,017	624	1,678	803	988	2,629	54.4%
Citrus	1,553	1,062	1,152	1,107	1,111	3,726	51.1%	51.1%	93.1%	51.1%	794	543	1,073	566	608	1,944	52.2%
Clay	1,577	1,318	1,039	861	868	3,763	51.1%	51.1%	93.1%	51.1%	806	673	968	440	458	1,937	51.5%
Collier	2,464	1,190	3,692	2,302	2,508	6,162	51.1%	51.1%	93.1%	51.1%	1,259	608	3,438	1,176	1,510	3,377	54.8%
Columbia	1,359	1,000	784	891	885	3,244	51.1%	51.1%	93.1%	51.1%	694	511	730	455	471	1,676	51.7%
Dade	3,441	1,537	3,376	3,351	3,363	8,340	51.1%	51.1%	93.1%	51.1%	1,758	785	3,144	1,712	2,386	4,929	59.1%
Desoto	1,567	1,062	1,235	1,128	1,138	3,767	51.1%	51.1%	93.1%	51.1%	801	543	1,150	576	629	1,973	52.4%
Dixie	1,464	1,000	1,123	1,046	1,059	3,523	51.1%	51.1%	93.1%	51.1%	748	511	1,046	534	623	1,883	53.4%
Duval	1,689	1,403	1,610	931	958	4,050	51.1%	51.1%	93.1%	51.1%	863	717	1,499	475	516	2,096	51.8%
Escambia	1,792	1,192	1,766	1,315	1,381	4,366	51.1%	51.1%	93.1%	51.1%	916	609	1,644	671	815	2,340	53.6%
Flagler	1,492	1,015	1,274	1,069	1,087	3,594	51.1%	51.1%	93.1%	51.1%	762	519	1,186	546	602	1,883	52.4%
Franklin	2,703	955	2,344	2,910	2,662	6,319	51.1%	51.1%	93.1%	51.1%	1,381	488	2,183	1,486	1,791	3,660	57.9%
Gadsden	1,353	955	876	933	927	3,234	51.1%	51.1%	93.1%	51.1%	691	488	815	476	511	1,690	52.3%
Gilchrist	1,432	1,000	816	998	971	3,403	51.1%	51.1%	93.1%	51.1%	732	511	760	510	547	1,789	52.6%
Glades	1,518	1,049	1,072	1,070	1,071	3,638	51.1%	51.1%	93.1%	51.1%	776	536	998	547	592	1,904	52.3%
Gulf	2,082	955	1,671	2,001	1,889	4,925	51.1%	51.1%	93.1%	51.1%	1,064	488	1,556	1,022	1,203	2,755	55.9%
Hamilton	1,361	1,000	755	895	887	3,248	51.1%	51.1%	93.1%	51.1%	696	511	703	457	471	1,678	51.6%
Hardee	1,683	1,249	1,027	1,092	1,089	4,021	51.1%	51.1%	93.1%	51.1%	860	638	956	558	577	2,075	51.6%
Hendry	1,643	1,049	1,395	1,253	1,269	3,962	51.1%	51.1%	93.1%	51.1%	840	536	1,299	640	715	2,091	52.8%
Hernando	2,219	1,620	1,011	1,469	1,293	5,133	51.1%	51.1%	93.1%	51.1%	1,134	828	941	750	824	2,785	54.3%
Highlands	1,611	1,249	1,046	986	989	3,849	51.1%	51.1%	93.1%	51.1%	823	638	974	504	524	1,986	51.6%
Hillsborough	2,363	1,703	1,727	1,589	1,607	5,672	51.1%	51.1%	93.1%	51.1%	1,207	870	1,608	811	915	2,992	52.8%
Holmes	1,346	955	822	923	915	3,216	51.1%	51.1%	93.1%	51.1%	688	488	765	471	493	1,669	51.9%
Indian River	2,231	1,330	3,247	1,807	2,013	5,574	51.1%	51.1%	93.1%	51.1%	1,140	679	3,023	923	1,223	3,043	54.6%
Jackson	1,332	955	776	901	892	3,178	51.1%	51.1%	93.1%	51.1%	680	488	722	460	479	1,647	51.8%
Jefferson	1,461	1,000	946	1,041	1,035	3,496	51.1%	51.1%	93.1%	51.1%	747	511	881	532	557	1,815	51.9%
Lafayette	1,416	1,000	824	976	960	3,376	51.1%	51.1%	93.1%	51.1%	724	511	767	498	525	1,760	52.1%
Lake	1,436	1,062	806	936	930	3,429	51.1%	51.1%	93.1%	51.1%	734	543	750	478	490	1,766	51.5%
Lee	2,044	1,222	1,939	1,651	1,708	4,973	51.1%	51.1%	93.1%	51.1%	1,044	624	1,805	843	1,033	2,702	54.3%
Leon	1,366	1,011	1,036	890	896	3,274	51.1%	51.1%	93.1%	51.1%	698	517	964	454	477	1,692	51.7%
Levy	1,478	955	1,109	1,116	1,115	3,547	51.1%	51.1%	93.1%	51.1%	755	488	1,033	570	655	1,898	53.5%
Liberty	1,376	1,000	715	917	895	3,272	51.1%	51.1%	93.1%	51.1%	703	511	666	468	489	1,703	52.1%
Madison	1,357	1,000	856	888	886	3,243	51.1%	51.1%	93.1%	51.1%	693	511	797	454	475	1,679	51.8%
Manatee	2,004	1,284	1,957	1,525	1,615	4,903	51.1%	51.1%	93.1%	51.1%	1,024	656	1,822	779	995	2,675	54.6%
Marion	1,479	1,153	902	900	900	3,532	51.1%	51.1%	93.1%	51.1%	756	589	840	459	475	1,820	51.5%
Martin	2,100	1,049	3,062	1,923	2,057	5,207	51.1%	51.1%	93.1%	51.1%	1,073	536	2,851	982	1,203	2,812	54.0%
Monroe	8,929	1,173	2,795	11,794	3,766	13,868	51.1%	51.1%	93.1%	51.1%	4,563	599	2,603	6,023	2,972	8,134	58.6%
Nassau	1,637	1,000	1,729	1,299	1,351	3,988	51.1%	51.1%	93.1%	51.1%	837	511	1,610	663	778	2,125	53.3%
Okaloosa	1,687	955	2,347	1,422	1,525	4,166	51.1%	51.1%	93.1%	51.1%	862	488	2,185	726	889	2,238	53.7%
Okeechobee	1,767	1,309	1,127	1,150	1,148	4,223	51.1%	51.1%	93.1%	51.1%	903	669	1,049	587	628	2,199	52.1%
Orange	1,806	1,388	1,565	1,119	1,129	4,323	51.1%	51.1%	93.1%	51.1%	923	709	1,457	571	591	2,223	51.4%
Osceola	1,695	1,309	987	1,044	1,042	4,046	51.1%	51.1%	93.1%	51.1%	866	669	919	533	545	2,080	51.4%
Palm Beach	3,132	2,003	3,358	2,386	2,624	7,758	51.1%	51.1%	93.1%	51.1%	1,600	1,023	3,127	1,218	1,685	4,308	55.5%
Pasco	2,322	1,780	1,215	1,443	1,363	5,465	51.1%	51.1%	93.1%	51.1%	1,186	910	1,132	737	876	2,972	54.4%
Pinellas	2,392	1,636	2,155	1,706	1,863	5,891	51.1%	51.1%	93.1%	51.1%	1,222	836	2,007	871	1,269	3,327	56.5%
Polk	1,703	1,305	863	1,059	1,048	4,055	51.1%	51.1%	93.1%	51.1%	870	667	804	541	556	2,093	51.6%
Putnam	1,527	1,238	957	876	885	3,649	51.1%	51.1%	93.1%	51.1%	780	632	891	447	496	1,909	52.3%
Santa Rosa	1,801	1,112	1,751	1,416	1,451	4,363	51.1%	51.1%	93.1%	51.1%	920	568	1,630	723	817	2,305	52.8%
Sarasota	2,083	1,166	1,958	1,770	1,829	5,078	51.1%	51.1%	93.1%	51.1%	1,065	596	1,824	904	1,190	2,851	56.1%
Seminole	1,716	1,190	1,406	1,206	1,210	4,116	51.1%	51.1%	93.1%	51.1%	877	608	1,310	616	629	2,114	51.4%
St. Johns	1,640	977	1,912	1,328	1,372	3,990	51.1%	51.1%	93.1%	51.1%	838	499	1,780	678	762	2,099	52.6%
St. Lucie	1,933	1,330	2,154	1,369	1,469	4,732	51.1%	51.1%	93.1%	51.1%	988	679	2,005	699	866	2,533	53.5%
Sumter	1,362	1,062	808	827	826	3,251	51.1%	51.1%	93.1%	51.1%	696	543	752	422	434	1,673	51.5%
Suwannee	1,421	1,000	782	983	969	3,390	51.1%	51.1%	93.1%	51.1%	726	511	728	502	517	1,754	51.7%
Taylor	1,412	955	1,214	1,019	1,044	3,411	51.1%	51.1%	93.1%	51.1%	721	488	1,130	520	599	1,808	53.0%
Union	1,419	1,000	821	979	965	3,384	51.1%	51.1%	93.1%	51.1%	725	511	764	500	522	1,758	52.0%
Volusia	1,656	1,101	1,416	1,215	1,251	4,007	51.1%	51.1%	93.1%	51.1%	846	563	1,318	621	743	2,152	53.7%
Wakulla	1,520	955	1,148	1,178	1,172	3,647	51.1%	51.1%	93.1%	51.1%	777	488	1,069	601	682	1,947	53.4%
Walton	2,141	955	2,736	2,087	2,328	5,423	51.1%	51.1%	93.1%	51.1%	1,094	488	2,548	1,066	1,615	3,197	58.9%
Washington	1,375	1,000	783	915	904	3,279	51.1%	51.1%	93.1%	51.1%	703	511	729	467	488	1,702	51.9%
Grand Total	2,126	1,416	2,416	1,558	1,723	5,265	51.1%	51.1%	93.1%	51.1%	1,086	724	2,250	796	1,075	2,885	54.8%

Notes:
See Exhibit 9, Sheet 2

Notes to Exhibit 9, Sheet 1

- (1) ((Exhibit 13, Sheet 2, Assessable Business Premium Total) / (8,718,385 Florida Households)) x (average business rate relativity).
Average business rate relativity estimated as average of automobile and homeowners rate relativities based on actuarial judgment.
Number of households: Table 4: Annual Estimates of Housing Units for Counties in Florida, April 1, 2000 to July 1, 2007 (HU-EST2007-04-12), Population Division, U.S. Census Bureau, Release Date: August 21, 2008
- (2) ((Exhibit 13, Sheet 2, Assessable Automobile Premium Total) / (8,718,385 Florida Households)).
- (3) Exhibit 15, Sheet 3
- (4) Exhibit 15, Sheet 2
- (5) Exhibit 15, Sheet 1
- (6) (1) + (2) + (5)
- (7) - (10) Exhibit 9, Sheet 3
- (11) (1) x (7)
- (12) (2) x (8)
- (13) (3) x (9)
- (14) (4) x (10)
- (15) (13) x (((5) - (4)) / ((3) - (4))) + (14) x (1 - (((5) - (4)) / ((3) - (4))))
- (16) (11) + (12) + (15)
- (17) (16) / (6)

Estimated Average Assessment Percentages
100 Year Storm

Assessing Entity	<u>Citizens Policyholders</u>		<u>Private Policyholders</u>	
	Total	Average Annual	Total	Average Annual
Homeowners / Dwelling Premiums				
Citizens	45.0%	3.4%	2.9%	0.2%
FHCF	48.1%	3.7%	48.1%	3.7%
FIGA	0.0%	0.0%	0.0%	0.0%
Total	<u>93.1%</u>	<u>7.1%</u>	<u>51.1%</u>	<u>3.9%</u>
Auto Premiums				
Citizens	3.0%	0.2%	3.0%	0.2%
FHCF	48.1%	3.7%	48.1%	3.7%
FIGA	0.0%	0.0%	0.0%	0.0%
Total	<u>51.1%</u>	<u>3.9%</u>	<u>51.1%</u>	<u>3.9%</u>
Business Premiums				
Citizens	3.0%	0.2%	3.0%	0.2%
FHCF	48.1%	3.7%	48.1%	3.7%
FIGA	0.0%	0.0%	0.0%	0.0%
Total	<u>51.1%</u>	<u>3.9%</u>	<u>51.1%</u>	<u>3.9%</u>

Notes:

- (1) Based on Exhibits 10 and 11.
- (2) Business premiums generally exclude workers compensation, Federal Flood, medical malpractice and miscellaneous other premiums.
- (3) Average annual payment percentages assume financing is available for 30 years at a 6.5% annual interest rate.

Citizens
Estimated Average Assessment Rates
100 Year Storm
(\$Billions)

	HRA	PLA	CLA	Subtotal
(1) Deficit	1.81	0.95	(0.24)	2.52
(2) Tier 1 Assessment Base	1.33	1.38	0.43	3.14
(3) Current Assessment Rate	1.4%	1.4%	1.4%	
(4) Maximum One Year Assessment Rate	15.0%	15.0%	15.0%	
(5) First Year Assessment Rate	45.0%	45.0%	45.0%	45.0%
(6) First Year Assessment	0.60	0.62	0.19	1.41
(7) Remaining Deficit	1.21	0.33	(0.43)	1.11
(8) Tier 2 Assessment Base	38.0	38.0	38.0	38.0
(9) Current Assessment Rate	0.0%	0.0%	0.0%	
(10) Maximum Account Assessment Rate	6.0%	6.0%	6.0%	
(11) First Year Assessment Rate	3.2%	0.9%	-1.1%	3.0%
(12) First Year Assessment	1.21	0.32	(0.42)	1.12
(13) Remaining Deficit	(0.00)	0.00	(0.01)	(0.01)
(14) Tier 3 Assessment Base	41.7	41.7	41.7	41.7
(15) Current Assessment Rate	0.0%	0.0%	0.0%	
(16) Max Single Year Assessment Rate	10.0%	10.0%	10.0%	
(17) Assessment Rate				0.0%
(18) Number of Years to Cure Deficit				30.00
(19) Single Year Assessment Rate				0.0%

Notes:

- (1) Exhibit 12, Sheet 1, Row (8)
- (2) basis, September 30, 2008, direct written premiums / .75 (pro-rated to annual basis).
- (3) Citizens Property Insurance Corporation
- (4) & (5) Section 627.351(6), F.S.
- (6) (2) x (5)
- (7) (1) - (6)
- (8) Exhibit 13, Sheet 1
- (9) Citizens Property Insurance Corporation
- (10) & (11) Section 627.351(6), F.S.
- (12) (8) x (11)
- (13) (7) - (12)
- (14) Exhibit 13
- (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)

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

	FHCF	FIGA
(1) Net Losses & LAE	29.00	-
(2) Projected Fund Balance @12/31/09	7.57	-
(3) Estimated Income 12/31/09 - 12/31/10	1.36	
(4) Projected Fund Balance @12/31/10	8.93	
(5) Deficit	20.07	-
(6) Assessment Base	41.7	21.80
(7) Current Assessment Rate	1.0%	-
(8) Max Single Year Assessment Rate	6.0%	4.0%
(9) Max Multiple Year Assessment Rate	10.0%	4.0%
(10) Assessment Rate	3.7%	0.0%
(11) Number of Years to Cure Deficit	30	1
(12) Single Year Assessment Rate	48.1%	0.0%

Notes:

- (1) Exhibit 12, Sheet 1, Rows (3) & (4)
- (2) FHCF Bonding Capacity Update, Guy Carpenter, October 2008.
- (3) Based on 2007/2008 FHCF Coverage Selections and Premium Calculations and actuarial judgment.
- (4) (2) + (3)
- (5) Maximum of (1) - (4) or 0 for FHCF and (1) x .85 - (4) for FIGA
- (6) Exhibit13, Sheet 1
- (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)

Estimated Deficits
100 Year Storm
(\$Billions)

	Citizens					Privately Insured Losses	Total Market
	HRA	PLA	CLA	Subtotal	FIGA		
(1) Losses & LAE	14.85	5.89	2.81	23.55	-	37.31	60.86
(2) Policyholder Deductible	1.93	0.77	0.36	3.06	-	4.85	7.91
(3) Recoveries from FHCF	7.08	2.81	1.34	11.22	-	17.78	29.00
(4) Net	5.84	2.32	1.10	9.27	-	14.68	23.95
(5) Funding @ 9/30/08	3.11	0.87	0.78	4.76	-	14.68	19.44
(6) Additional Funding by 12/31/10	0.92	0.50	0.56	1.99	-	-	1.99
(7) Funding @ 12/31/10	4.03	1.37	1.34	6.74	-	14.68	21.42
(8) Deficit	1.81	0.95	(0.24)	2.52	-	-	2.52
(9) FHCF Deficit							20.07
(10) Total Deficit							22.59

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 August 31, 2008.
FIGA losses assumed to be minimal up to Category 4 event. Total Market losses based on Exhibit 6, Column (5). Average private reinsurance exhausts at 1 in 175 year event based on actuarial judgment - see Exhibit 14, Column (6).
- (2) Exhibit 14, Column (4). Market average 2% deductible eliminates 13.0% of losses for a Category 4 event based on actuarial judgment.
- (3) Page 56, FHCF 2008 Ratemaking Formula Report, FHCF Bonding Capacity Update, Guy Carpenter, October 2008 and actuarial judgment.
- (4) (1) - (2) - (3)
- (5) Exhibit 12, Sheet 2, Row (4)
- (6) Exhibit 12, Sheet 2, Row (6)
- (7) (5) + (6)
- (8) Maximum of (4) - (7) and 0
- (9) Exhibit 11, Row (5)
- (10) (8) + (9)

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

	HRA	PLA	CLA	Total
(1) Cash & Invested Assets	4,323,082,422	2,219,899,276	1,146,452,273	7,689,433,971
(2) Total Liabilities	(4,032,118,575)	(1,353,154,724)	(370,157,958)	(5,755,431,257)
(3) Borrowed Money	2,821,838,032	-	-	2,821,838,032
(4) Funding @9/30/08	3,112,801,879	866,744,552	776,294,315	4,755,840,746
(5) Income 1/1/08-9/30/08	306,600,837	167,493,828	187,882,716	661,977,381
(6) Income 9/30/08-12/31/10	919,802,511	502,481,484	563,648,148	1,985,932,143
(7) Funding @ 12/31/10	4,032,604,390	1,369,226,036	1,339,942,463	6,741,772,889

Notes:

- (1) - (3) Citizens Property Insurance Corporation, GAAP Consolidated Statement of Net Assets (unaudited), September 30, 2008
- (4) (1) + (2) + (3)
- (5) Citizens Property Insurance Corporation, GAAP Consolidated Statement of Net Assets (unaudited), September 30, 2008
- (6) (5) x ((14+13) / 9))
- (7) (4) + (6)

Estimated 2007 Assessment Bases
(\$000s)

	2007 Florida Direct Premiums Written	2007 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	8,585,269	7,083,015	1,502,254	7,083,015	8,585,269	8,585,269
Other private passenger auto liability	6,365,311	6,365,311		6,365,311	6,365,311	
Surplus Lines *	4,715,137	4,715,137		4,715,137	4,715,137	
Private passenger auto physical damage	3,831,826	3,831,826		3,831,826	3,831,826	
Allied lines	3,420,843	1,435,818	1,985,025	1,435,818	3,420,843	3,420,843
Other liability	3,170,708	3,170,708		3,170,708	3,170,708	3,170,708
Workers' compensation	3,116,698	3,116,698				
Private passenger auto no-fault (personal injury protection)	2,150,043	2,150,043		2,150,043	2,150,043	
Other commercial auto liability	1,539,890	1,539,890		1,539,890	1,539,890	
Fire	1,453,893	1,223,201	230,692	1,223,201	1,453,893	1,453,893
Commercial multiple peril (non-liability portion)	1,444,642	1,444,642		1,444,642	1,444,642	1,444,642
Inland marine	1,126,323	1,126,323		1,126,323	1,126,323	1,126,323
Federal flood	861,971	861,971				
Commercial multiple peril (liability portion)	760,317	760,317		760,317	760,317	760,317
Medical malpractice	662,563	662,563				662,563
Aggregate write-ins for other lines of business	572,697	572,697		572,697	572,697	572,697
Mortgage guaranty	523,631	523,631		523,631	523,631	
Commercial auto physical damage	435,797	435,797		435,797	435,797	
Surety	432,508	432,508		432,508	432,508	
Ocean marine	313,143	313,143		313,143	313,143	
Products liability	254,161	254,161		254,161	254,161	254,161
Group accident and health	151,897	151,897				
Aircraft (all perils)	150,247	150,247		150,247	150,247	150,247
Multiple peril crop	127,320	127,320				
Financial guaranty	116,102	116,102		116,102	116,102	
Guaranteed renewable A&H	75,270	75,270				
Commercial auto no-fault (personal injury protection)	72,381	72,381		72,381	72,381	
Credit	67,182	67,182		67,182	67,182	67,182
Fidelity	56,883	56,883		56,883	56,883	
Boiler and machinery	54,870	54,870		54,870	54,870	54,870
Earthquake	35,428	35,428		35,428	35,428	35,428
Farmowners multiple peril	27,308	27,308		27,308	27,308	27,308
Credit A&H (group and individual)	16,050	16,050				
Non-renewable for stated reasons only	12,018	12,018				
All other A&H	9,920	9,920				
Burglary and theft	9,497	9,497		9,497	9,497	9,497
Other accident only	6,644	6,644				
Collectively renewable A&H	315	315				
Non-cancelable A&H	10	10				
Medicare Title XVIII exempt from state taxes or fees						
Federal employees health benefits program premium						
	46,726,713	43,008,742	3,717,971	37,968,066	41,686,037	21,795,948

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.

Estimated 2007 Assessment Bases
Direct Premiums Written
(\$000s)

	2007 Florida	Non- Assessable	Assessable Business	Assessable Automobile	Assessable Citizens Homeowners	Assessable Private Homeowners
Homeowners multiple peril	8,585,269				1,502,254	7,083,015
Other private passenger auto liability	6,365,311			6,365,311		
Surplus Lines *	4,715,137		4,715,137			
Private passenger auto physical damage	3,831,826			3,831,826		
Allied lines	3,420,843		1,435,818		1,985,025	
Other liability	3,170,708		3,170,708			
Workers' compensation	3,116,698	3,116,698				
Private passenger auto no-fault (personal injury protection)	2,150,043			2,150,043		
Other commercial auto liability	1,539,890		1,539,890			
Fire	1,453,893		1,223,201		230,692	
Commercial multiple peril (non-liability portion)	1,444,642		1,444,642			
Inland marine	1,126,323		1,126,323			
Federal flood	861,971	861,971				
Commercial multiple peril (liability portion)	760,317		760,317			
Medical malpractice	662,563	662,563				
Aggregate write-ins for other lines of business	572,697		572,697			
Mortgage guaranty	523,631		523,631			
Commercial auto physical damage	435,797		435,797			
Surety	432,508		432,508			
Ocean marine	313,143		313,143			
Products liability	254,161		254,161			
Group accident and health	151,897	151,897				
Aircraft (all perils)	150,247		150,247			
Multiple peril crop	127,320	127,320				
Financial guaranty	116,102		116,102			
Guaranteed renewable A&H	75,270	75,270				
Commercial auto no-fault (personal injury protection)	72,381		72,381			
Credit	67,182		67,182			
Fidelity	56,883		56,883			
Boiler and machinery	54,870		54,870			
Earthquake	35,428		35,428			
Farmowners multiple peril	27,308		27,308			
Credit A&H (group and individual)	16,050	16,050				
Non-renewable for stated reasons only	12,018	12,018				
All other A&H	9,920	9,920				
Burglary and theft	9,497		9,497			
Other accident only	6,644	6,644				
Collectively renewable A&H	315	315				
Non-cancelable A&H	10	10				
Medicare Title XVIII exempt from state taxes or fees						
Federal employees health benefits program premium						
	46,726,713	5,040,676	18,537,871	12,347,180	3,717,971	7,083,015

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.

Estimated Single Event Losses at 100 Year Return Time

(1) Return Time	(2) Category	(3) Gross Per Event Loss After Policyholder Deductible	(4) Gross Per Event Loss & LAE After Policyholder Deductible	(5) Policyholder Deductible	(6) Gross Per Event Loss & LAE Before Policyholder Deductible
100	4	50,425,283,530	52,946,547,707	7,911,553,106	60,858,100,812

Notes:

- (1) & (3) Page 56, FHCF 2008 Ratemaking Formula Report
- (2) Actuarial judgment and AIR hurricane model estimates for a Tampa or Miami vicinity landfalling category 4 hurricane
- (4) $1.05 \times (2)$
- (5) $(1/.87 - 1) \times (4)$ @ 100 year PML based on actuarial judgment
- (6) $(4) + (5)$

Average Homeowners Insurance Premium
Private Insurers and Citizens Combined
(\$000s)

	(1)	(2)	(3)		(1)	(2)	(3)
	Policies	Direct	Average		Policies	Direct	Average
	In-Force	Premium	Premium		In-Force	Premium	Premium
		Written				Written	
Alachua	63,875	64,196,996	1,005	Lake	120,505	112,129,675	930
Baker	6,020	5,173,000	859	Lee	253,505	432,917,615	1,708
Bay	63,300	96,671,084	1,527	Leon	77,173	69,168,338	896
Bradford	5,772	5,141,828	891	Levy	11,615	12,946,929	1,115
Brevard	200,070	292,482,661	1,462	Liberty	1,526	1,366,496	895
Broward	444,407	1,113,139,342	2,505	Madison	4,456	3,948,212	886
Calhoun	2,954	2,670,406	904	Manatee	116,849	188,680,824	1,615
Charlotte	77,037	124,919,683	1,622	Marion	117,896	106,079,399	900
Citrus	60,224	66,916,326	1,111	Martin	55,829	114,861,097	2,057
Clay	59,765	51,846,389	868	Monroe	28,190	106,170,716	3,766
Collier	134,991	338,520,193	2,508	Nassau	25,260	34,122,761	1,351
Columbia	16,681	14,769,533	885	Okaloosa	72,066	109,882,081	1,525
Dade	402,855	1,354,813,170	3,363	Okeechobee	12,110	13,896,742	1,148
Desoto	9,202	10,468,700	1,138	Orange	312,332	352,592,882	1,129
Dixie	3,794	4,018,857	1,059	Osceola	85,000	88,580,442	1,042
Duval	252,621	242,015,676	958	Palm Beach	411,054	1,078,454,197	2,624
Escambia	95,854	132,396,736	1,381	Pasco	155,390	211,849,045	1,363
Flagler	39,880	43,347,580	1,087	Pinellas	318,365	593,168,743	1,863
Franklin	4,860	12,937,755	2,662	Polk	195,262	204,548,554	1,048
Gadsden	11,427	10,589,601	927	Putnam	21,783	19,272,248	885
Gilchrist	4,485	4,356,740	971	Santa Rosa	50,495	73,253,042	1,451
Glades	3,198	3,423,857	1,071	Sarasota	172,854	316,082,419	1,829
Gulf	5,182	9,787,706	1,889	Seminole	129,746	156,973,570	1,210
Hamilton	2,750	2,439,217	887	St. Johns	77,530	106,402,009	1,372
Hardee	5,411	5,892,059	1,089	St. Lucie	87,702	128,856,365	1,469
Hendry	7,930	10,065,670	1,269	Sumter	34,255	28,310,728	826
Hernando	60,636	78,426,651	1,293	Suwannee	10,811	10,474,514	969
Highlands	41,399	40,944,651	989	Taylor	5,238	5,469,086	1,044
Hillsborough	322,691	518,412,868	1,607	Union	2,330	2,249,502	965
Holmes	4,537	4,152,684	915	Volusia	185,496	231,967,396	1,251
Indian River	54,834	110,357,308	2,013	Wakulla	8,787	10,301,772	1,172
Jackson	12,496	11,148,252	892	Walton	27,830	64,780,755	2,328
Jefferson	3,714	3,842,330	1,035	Washington	6,259	5,661,144	904
Lafayette	1,476	1,417,223	960	Grand Total	5,681,827	9,787,122,030	1,723

Notes:

Source is 9-30-08 QUASR report.

- (1) In-force policy counts exclude ex-wind policies to eliminate double counting of same risks.
- (2) Includes premium for all policy types.
- (3) (2) / (1)

Average Homeowners Insurance Premium
Private Insurers
(\$000s)

	(1)	(2)	(3)		(1)	(2)	(3)
	Policies	Direct	Average		Policies	Direct	Average
	In-Force	Premium	Premium		In-Force	Premium	Premium
		Written				Written	
Alachua	61,378	61,238,959	998	Lake	115,317	107,949,369	936
Baker	5,568	4,793,162	861	Lee	203,398	335,778,371	1,651
Bay	51,543	76,760,154	1,489	Leon	73,745	65,618,464	890
Bradford	5,330	4,758,548	893	Levy	9,486	10,585,594	1,116
Brevard	172,487	236,754,937	1,373	Liberty	1,365	1,251,315	917
Broward	294,813	671,590,297	2,278	Madison	4,175	3,707,764	888
Calhoun	2,772	2,527,690	912	Manatee	92,638	141,296,742	1,525
Charlotte	60,786	95,633,741	1,573	Marion	112,967	101,631,470	900
Citrus	55,238	61,173,508	1,107	Martin	49,234	94,669,060	1,923
Clay	57,742	49,744,336	861	Monroe	3,042	35,877,203	11,794
Collier	115,027	264,811,096	2,302	Nassau	22,213	28,855,352	1,299
Columbia	15,745	14,036,002	891	Okaloosa	64,029	91,023,042	1,422
Dade	213,099	714,190,111	3,351	Okeechobee	11,039	12,689,843	1,150
Desoto	8,346	9,411,241	1,128	Orange	305,228	341,473,773	1,119
Dixie	3,131	3,274,418	1,046	Osceola	82,437	86,050,144	1,044
Duval	242,585	225,855,429	931	Palm Beach	310,526	740,848,051	2,386
Escambia	81,691	107,385,547	1,315	Pasco	100,777	145,468,035	1,443
Flagler	36,389	38,900,562	1,069	Pinellas	206,916	352,971,933	1,706
Franklin	2,731	7,947,730	2,910	Polk	183,858	194,704,859	1,059
Gadsden	10,260	9,567,622	933	Putnam	19,378	16,970,509	876
Gilchrist	3,823	3,816,497	998	Santa Rosa	45,271	64,106,370	1,416
Glades	2,880	3,082,977	1,070	Sarasota	118,990	210,602,069	1,770
Gulf	3,421	6,844,567	2,001	Seminole	127,266	153,485,781	1,206
Hamilton	2,593	2,320,738	895	St. Johns	71,642	95,145,050	1,328
Hardee	5,147	5,621,023	1,092	St. Lucie	76,511	104,756,072	1,369
Hendry	7,026	8,804,259	1,253	Sumter	33,057	27,342,932	827
Hernando	37,380	54,920,843	1,469	Suwannee	10,074	9,897,986	983
Highlands	39,574	39,035,741	986	Taylor	4,564	4,651,019	1,019
Hillsborough	280,629	445,787,964	1,589	Union	2,132	2,087,002	979
Holmes	4,196	3,872,475	923	Volusia	153,013	185,975,650	1,215
Indian River	46,995	84,907,021	1,807	Wakulla	7,265	8,555,262	1,178
Jackson	11,601	10,454,173	901	Walton	17,520	36,570,889	2,087
Jefferson	3,446	3,588,775	1,041	Washington	5,758	5,268,879	915
Lafayette	1,327	1,294,508	976	Grand Total	4,591,530	7,152,572,505	1,558

Notes:

Source is 9-30-08 QUASR report.

- (1) In-force policy counts exclude ex-wind policies to eliminate double counting of same risks.
- (2) Includes premium for all policy types.
- (3) (2) / (1)

Average Homeowners Insurance Premium
Citizens
(\$000s)

	(1)	(2)	(3)		(1)	(2)	(3)
	Policies	Direct	Average		Policies	Direct	Average
	In-Force	Premium	Premium		In-Force	Premium	Premium
		Written				Written	
Alachua	2,497	2,958,037	1,185	Lake	5,188	4,180,306	806
Baker	452	379,838	840	Lee	50,107	97,139,244	1,939
Bay	11,757	19,910,930	1,694	Leon	3,428	3,549,874	1,036
Bradford	442	383,280	867	Levy	2,129	2,361,335	1,109
Brevard	27,583	55,727,724	2,020	Liberty	161	115,181	715
Broward	149,594	441,549,045	2,952	Madison	281	240,448	856
Calhoun	182	142,716	784	Manatee	24,211	47,384,082	1,957
Charlotte	16,251	29,285,942	1,802	Marion	4,929	4,447,929	902
Citrus	4,986	5,742,818	1,152	Martin	6,595	20,192,037	3,062
Clay	2,023	2,102,053	1,039	Monroe	25,148	70,293,513	2,795
Collier	19,964	73,709,097	3,692	Nassau	3,047	5,267,409	1,729
Columbia	936	733,531	784	Okaloosa	8,037	18,859,039	2,347
Dade	189,756	640,623,059	3,376	Okeechobee	1,071	1,206,899	1,127
Desoto	856	1,057,459	1,235	Orange	7,104	11,119,109	1,565
Dixie	663	744,439	1,123	Osceola	2,563	2,530,298	987
Duval	10,036	16,160,247	1,610	Palm Beach	100,528	337,606,146	3,358
Escambia	14,163	25,011,189	1,766	Pasco	54,613	66,381,010	1,215
Flagler	3,491	4,447,018	1,274	Pinellas	111,449	240,196,810	2,155
Franklin	2,129	4,990,025	2,344	Polk	11,404	9,843,695	863
Gadsden	1,167	1,021,979	876	Putnam	2,405	2,301,739	957
Gilchrist	662	540,243	816	Santa Rosa	5,224	9,146,672	1,751
Glades	318	340,880	1,072	Sarasota	53,864	105,480,350	1,958
Gulf	1,761	2,943,139	1,671	Seminole	2,480	3,487,789	1,406
Hamilton	157	118,479	755	St. Johns	5,888	11,256,959	1,912
Hardee	264	271,036	1,027	St. Lucie	11,191	24,100,293	2,154
Hendry	904	1,261,411	1,395	Sumter	1,198	967,796	808
Hernando	23,256	23,505,808	1,011	Suwannee	737	576,528	782
Highlands	1,825	1,908,910	1,046	Taylor	674	818,067	1,214
Hillsborough	42,062	72,624,904	1,727	Union	198	162,500	821
Holmes	341	280,209	822	Volusia	32,483	45,991,746	1,416
Indian River	7,839	25,450,287	3,247	Wakulla	1,522	1,746,510	1,148
Jackson	895	694,079	776	Walton	10,310	28,209,866	2,736
Jefferson	268	253,555	946	Washington	501	392,265	783
Lafayette	149	122,715	824	Grand Total	1,090,297	2,634,549,525	2,416

Notes:

Source is 9-30-08 QUASR report.

- (1) In-force policy counts exclude ex-wind policies to eliminate double counting of same risks.
- (2) Includes premium for all policy types.
- (3) (2) / (1)

Direct Written Premium Market Share
Citizens
(\$000s)

	<u>Market Share</u>		<u>Market Share</u>
Alachua	4.6%	Lake	3.7%
Baker	7.3%	Lee	22.4%
Bay	20.6%	Leon	5.1%
Bradford	7.5%	Levy	18.2%
Brevard	19.1%	Liberty	8.4%
Broward	39.7%	Madison	6.1%
Calhoun	5.3%	Manatee	25.1%
Charlotte	23.4%	Marion	4.2%
Citrus	8.6%	Martin	17.6%
Clay	4.1%	Monroe	66.2%
Collier	21.8%	Nassau	15.4%
Columbia	5.0%	Okaloosa	17.2%
Dade	47.3%	Okeechobee	8.7%
Desoto	10.1%	Orange	3.2%
Dixie	18.5%	Osceola	2.9%
Duval	6.7%	Palm Beach	31.3%
Escambia	18.9%	Pasco	31.3%
Flagler	10.3%	Pinellas	40.5%
Franklin	38.6%	Polk	4.8%
Gadsden	9.7%	Putnam	11.9%
Gilchrist	12.4%	Santa Rosa	12.5%
Glades	10.0%	Sarasota	33.4%
Gulf	30.1%	Seminole	2.2%
Hamilton	4.9%	St. Johns	10.6%
Hardee	4.6%	St. Lucie	18.7%
Hendry	12.5%	Sumter	3.4%
Hernando	30.0%	Suwannee	5.5%
Highlands	4.7%	Taylor	15.0%
Hillsborough	14.0%	Union	7.2%
Holmes	6.7%	Volusia	19.8%
Indian River	23.1%	Wakulla	17.0%
Jackson	6.2%	Walton	43.5%
Jefferson	6.6%	Washington	6.9%
Lafayette	8.7%	Grand Total	<u>26.9%</u>

Notes:

Source is 9-30-08 QUASR report.

Exhibit 15, Sheet 3, Column (2) / Exhibit 15, Sheet 1, Column (2)

Average County Rate Relativities
 Auto Bodily Injury and Property Damage Liability
 State Farm Mutual Insurance Company

County	Average Relativity	County	Average Relativity
Alachua	0.758	Lake	0.750
Baker	0.706	Lee	0.863
Bay	0.732	Leon	0.714
Bradford	0.874	Levy	0.674
Brevard	0.826	Liberty	0.706
Broward	1.159	Madison	0.706
Calhoun	0.674	Manatee	0.906
Charlotte	0.863	Marion	0.814
Citrus	0.750	Martin	0.741
Clay	0.931	Monroe	0.828
Collier	0.840	Nassau	0.706
Columbia	0.706	Okaloosa	0.674
Dade	1.085	Okeechobee	0.924
Desoto	0.750	Orange	0.980
Dixie	0.706	Osceola	0.924
Duval	0.991	Palm Beach	1.414
Escambia	0.842	Pasco	1.257
Flagler	0.717	Pinellas	1.155
Franklin	0.674	Polk	0.922
Gadsden	0.674	Putnam	0.874
Gilchrist	0.706	Santa Rosa	0.785
Glades	0.741	Sarasota	0.824
Gulf	0.674	Seminole	0.840
Hamilton	0.706	St. Johns	0.690
Hardee	0.882	St. Lucie	0.939
Hendry	0.741	Sumter	0.750
Hernando	1.144	Suwannee	0.706
Highlands	0.882	Taylor	0.674
Hillsborough	1.203	Union	0.706
Holmes	0.674	Volusia	0.777
Indian River	0.939	Wakulla	0.674
Jackson	0.674	Walton	0.674
Jefferson	0.706	Washington	0.706
Lafayette	0.706	Total	1.000

Source:

State Farm Mutual Insurance Company, OIR rate filing # 08-1864, Exhibit 17, Pages 2 - 4, BI and PD liability

Reconciliation with Tillinghast Study
100 Year Storm
(\$Billions)

	(1)	(2) This	(3)
	Tillinghast	Report	Difference
(4) Losses & LAE	63.22	60.86	2.36
(5) Policyholder Deductible	8.22	7.91	0.31
(6) Recoveries from Private Insurers	12.60	14.68	(2.08)
(7) Citizens Funding	2.00	6.74	(4.74)
(8) FHCF Funding	3.00	8.93	(5.93)
(9) Deficit	37.40	22.59	14.81

Notes:

- (1) Tillinghast, "Study of Recent Legislative Changes to Florida Property Insurance Mechanisms", Prepared for Associated Industries of Florida, March 19, 2007.
- (2) Exhibit 12, Sheet 1 and Exhibit 11, Row (4)
- (3) (1) - (2)
- (4) Assumes 5.0% loss adjustment expense
- (5) Exhibit 14, Column (4) and actuarial judgment
- (9) (4) - (5) - (6) - (7) - (8)