

2005
FLORIDA HURRICANE CATASTROPHE FUND
ADVANCES FOR LOSS REIMBURSEMENTS

The SBA may make advances for loss reimbursements pursuant to Section 215.555 (4)(e), Florida Statutes and Article X(4) of the Reimbursement Contract. Please refer to these documents for additional information.

Who Is Eligible To Request An Advance?

1. Advances to Companies to Prevent Insolvency

If a company is unable to pay its policyholders for justifiable claims, the company may request an advance of up to 50% of the SBA's estimate of the reimbursement due. The company must demonstrate that the advance is essential to allow it to continue to pay additional claims for the Covered Event in a timely manner and must submit the following information to aid the SBA's determination to grant an advance:

1. Current assets;
2. Current liabilities other than liabilities due to the Covered Event;
3. Current surplus as to policyholders;
4. Estimate of other expected liabilities not due to the Covered Event; and
5. Amount of reinsurance available to pay claims for the Covered Event under other reinsurance treaties.

2. Advances to Entities Created Pursuant to 627.351(6), F.S.

Citizens Property Insurance Corporation may receive an advance of up to 90% of the lesser of the SBA's estimate of the reimbursement due or their share of the actual aggregate reimbursement premium for the 2005/2006 contract year, multiplied by the current available liquid assets of the FHCF. Citizens must demonstrate to the SBA that the advance is essential to allow the entity to pay claims for a Covered Event

3. Advances to Limited Apportionment Companies

An insurer that qualifies as a limited apportionment company under Section 627.351(2)(b)3, F.S. may request an advance of its estimated reimbursement.

What Can Advances Be Used For?

Any amount advanced by the SBA shall be used by the Company only to pay claims of its policyholders for the Covered Event(s) which has precipitated the immediate need to continue to pay additional claims as they become due. This is an advance reimbursement that allows the Company to continue to pay claims in a timely manner.

What Documentation is Required?

In addition to the requirements listed above, the eligible company must submit:

- Its exposure data (2005 Data Call);
- An original completed Proof of Loss Report (Form FHCF-L1B Rev 5/2005);
- A written request, signed by two officers of the company, for an advance of a specific amount, with the supporting information attached.

Will I Be Charged Interest On My Advance?

Advances will be made at market interest rates. The market interest rate will be the average rate earned by the SBA for the FHCF for the first five months of the Contract Year. All interest charged will commence on the date the SBA issues a check for an advance and will cease at midnight on the date upon which the FHCF has received the Company's Proof of Loss Report for the Covered Event(s) for which the company qualifies for reimbursement equal to or exceeding the amount(s) of the advance(s). If it is determined that the Company received funds in excess of those to which it was entitled, the interest as to those sums will not cease on the date of the receipt of the Proof of Loss Report but will continue until the Company reimburses the FHCF for the overpayment.

Where Do I Send My Advance Request?

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