

October 27, 2005

Re: Florida Hurricane Catastrophe Fund (FHCF)
Hurricane Wilma Interim Loss Report Due November 15, 2005

Dear Participating Insurer:

Pursuant to Section 215.555(4)(d), Florida Statutes, and Article X(3) of your FHCF Reimbursement Contract effective June 1, 2005 (Contract), the State Board of Administration (SBA) of Florida is **requiring your company to report its projected Ultimate Net Losses** (see Definitions below) **from FHCF Covered Policies as a result of Hurricane Wilma**. The enclosed FHCF Interim Loss Report (Form FHCF-L1A Rev 05/2005) must be completed and received by the FHCF Administrator, Paragon Strategic Solutions Inc. (Paragon) no later than November 15, 2005. (Interim Loss Reports for Hurricanes Dennis, Katrina, and Rita are not required).

The losses reported on the Interim Loss Report are expected to result from a good faith effort by your company to report as accurately as possible and are non-binding. The information received under the Interim Loss Report will assist the SBA in determining the potential industry liability of the FHCF, asset management, and whether or not to initiate the process of issuing revenue bonds.

Please fax, mail, or overnight your completed Interim Loss Report to the attention of:

Ms. Kathy Mackenthun
Assistant Vice President – FHCF Administration
Paragon Strategic Solutions Inc.
3600 American Boulevard West, Suite 700
Minneapolis, MN 55431
Facsimile: 800-264-0492

Subsequent Interim Loss Reports

Future Interim Loss Reports will not be required for Hurricanes Dennis, Katrina, Rita, and Wilma.

Proof of Loss Reports

The FHCF will issue reimbursements based on loss information reported by your company on the FHCF Proof of Loss Report (Form FHCF-L1B Rev 05/2005). Pursuant to Section 215.555(4)(d), Florida Statutes, and Article X(3) of the Contract, all companies will be required to complete a minimum of one Proof of Loss Report for each 2005 hurricane (Dennis, Katrina, Rita and Wilma), regardless of the amount of FHCF covered losses experienced by your company under each hurricane, which must be received by Paragon no earlier than December 15, 2005, and no later than December 31, 2005. Paragon will provide a reminder of this requirement to your company in November. However, your company may submit additional Proof of Loss Reports at any time to request reimbursements from the FHCF.

If your company is eligible for a reimbursement(s), Paragon must receive the original signed Proof of Loss Report(s). Proof of Loss Reports may be faxed only if your company is not eligible for a reimbursement(s). Reimbursements will not be issued by the FHCF unless your company has submitted its exposure data as required under the 2005 FHCF Data Call and Paragon has verified that there are no data discrepancies. The SBA will determine and pay, as soon as practicable after receiving Proof of Loss Reports, the reimbursement amount due based on losses paid by your company to date. Enclosed for your reference is one Proof of Loss Report, which is also available on-line (see On-Line Forms Available below).

Page two of the Proof of Loss Report lists specific records that are required to be retained to support the losses reported by your company. These records are required to be retained until such time as the FHCF has completed its examination of your company. The amount of paid loss for each claim is required to be broken down into the losses attributable to the building, appurtenant structures, contents, and additional living expenses. Failure to retain the required records as listed in the FHCF Proof of Loss Report may result in a referral to the Office of Insurance Regulation.

Advances

Pursuant to Section 215.555(4)(e), Florida Statutes, and Article X(4) of the Contract, the SBA may make advances to Citizens Property Insurance Corporation, Florida Limited Apportionment companies, and to companies to prevent insolvency. If your company meets one of these three definitions, see the Florida Hurricane Catastrophe Fund Advances For Loss Reimbursements bulletin under "Hurricane Related Insurer Information/2005 Hurricane Season" on the FHCF Web site at <http://www.sbafla.com/fhcf/>. Please note that advances will not be issued unless your company has submitted its exposure data as required under the 2005 FHCF Data Call and Paragon has verified that there are no data discrepancies.

On-Line Forms Available

The SBA maintains extensive FHCF information online, including applicable F.A.C. rules, at <http://www.sbafla.com/fhcf/>. Loss reporting forms, the Contract, the FHCF Member Handbook, and general information on retentions and projected payout multiples are available on-line at <http://www.paragonbenfield.com/fhcf/current/index.html>. Following are some specific links that may be helpful to your company in its loss reporting:

- 2005 Interim Loss Report and Proof of Loss Report:
<http://www.paragonbenfield.com/fhcf/current/05loss.html>
- 2005 Coverage Selections and Premium Calculations:
http://www.paragonbenfield.com/fhcf/current/05fin_pre.html
- 2005 Contract: <http://www.paragonbenfield.com/fhcf/current/05contract.html>
- 2005 Data Call: <http://www.paragonbenfield.com/fhcf/current/05datacall.html>

Definitions

The FHCF encourages you to review the Contract for definitions and requirements prior to submitting your company's loss information. Definitions specific to the Interim Loss Report provided in Article V of the Contract include Covered Policy and Ultimate Net Loss. You are also encouraged to review the 2005 Data Call (see On-Line Forms Available above) for further clarifications as to the type of exposure your company reports under the six FHCF types of business in the Interim Loss Report reporting grid, which should correlate to the loss information reported.

If you have questions regarding the reporting of your company's FHCF covered losses, or on advances, please contact Kathy Mackenthun or me at 800-689-3863.

Sincerely,

Martin K. Helgestad
Vice President – FHCF Administration
Paragon Strategic Solutions Inc.

Enclosures