

November 30, 2005

Re: Florida Hurricane Catastrophe Fund (FHCF) Proof of Loss Reports due by December 31, 2005:

- Hurricane Dennis (PCS Cat. No. 47)
- Hurricane Katrina (PCS Cat. No. 49)
- Hurricane Rita (PCS Cat. No. 51)
- Hurricane Wilma (PCS Cat No. 54)

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 of Florida (SBA) is requiring your company to file a **Proof of Loss Report (POL)** for each of the four above referenced hurricanes. The four POLs must be completed using the most current data available and received by the FHCF Administrator, Paragon Strategic Solutions Inc. (Paragon), no later than December 31, 2005. **This is a mandatory filing for all companies**, even if your company has zero losses to report or if it has already filed an earlier POL. A POL must be completed for each company participating in the FHCF; multiple companies within a group may not combine loss data on one POL.

Reporting the Correct Loss Information

You are encouraged to review the Contract for definitions and requirements prior to submitting your company's loss information. Definitions specific to the POL are provided in Article V of the Contract, including Covered Policy and Ultimate Net Loss. The Contract is available on-line at <http://www.paragonbenfield.com/fhcf/pdf/05contract.pdf>.

Blank Contract Year 2005 POL (Form FHCF-L1B Rev 05/2005)

The POL form is available on-line at <http://www.paragonbenfield.com/fhcf/current/05loss.html>; it can be printed and completed manually, or can be completed before printing by double clicking on the embedded tables and filling in the fields. Fields requiring calculations will then be automatically updated. Enclosed for your reference is a blank POL. **Note:** Please complete using the 2005 POL form identified above. Using the 2004 POL forms may require your company to resubmit using the correct forms and delay the processing of your reimbursement request.

Original Copies must be Received

In order for the FHCF to issue a loss reimbursement (including offsets against prior advances), Paragon must receive the original POL signed by two executive officers; processing will not begin until the original is received. POLs may be faxed only if your company does not qualify for a reimbursement as a result of the filing. Completed POLs should be sent to the attention of:

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

Reimbursements 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. Data issues subsequently identified through an SBA exam or by the company may result in delays in the processing of reimbursement requests. The FHCF will determine and pay, as soon as practicable after receiving a POL, the reimbursement amount due based on losses paid by your company to date.

Subsequent Quarterly Reporting for 2005 Hurricanes

Pursuant to Florida Administrative Code Rule 19-8.029(5)(c), any company whose losses under a 2005 hurricane reach or exceed 50% of its FHCF retention under a specific hurricane must submit a POL for that hurricane by **March 31, 2006**. If losses reach or exceed 75% of its FHCF retention under a specific hurricane, the company must submit a POL for that hurricane by **June 30, 2006**. If losses reach or exceed 100% of its FHCF retention under a specific hurricane, the company must submit a POL for that hurricane by **September 30, 2006**, and **quarterly thereafter** until all of its losses are paid to its policyholders. POLs must be received by Paragon no later than the due date.

Web-based Claims System

The FHCF will be introducing an online claims system in January 2006. Your company will be able to submit POLs and supporting documentation electronically, as well as view prior submissions and reimbursement documentation, via the Web. Details will be sent under separate cover in mid December.

SBA Loss Examination – Records Retention Requirements

Page two of the POL lists specific records that are required to be retained (to support the losses reported by your company) 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 on the POL may result in a referral to the Office of Insurance Regulation.

Transmittal of Loss Reimbursement Payments

The FHCF will send loss reimbursement checks by certified mail to the attention of the Claims contact designated by your company. If your company wants to receive its reimbursement via overnight delivery, indicate as such in a cover letter accompanying each reimbursement request, along with a pre-addressed packaging slip (DHL, Fed Ex, or UPS) complete with your company's account number, and the FHCF will do so at your company's expense.

2005 FHCF Premium and Retention

2005 FHCF premium has been communicated to the Accounting contact and Executive contact designated by your company, and is also available on-line at <http://www.paragonbenfield.com/fhcf/current/index.html>. Your company's FHCF retention and maximum projected payout may be derived by multiplying your preliminary premium by the applicable Retention Multiple and Projected Payout Multiple, which are also available under this link.

For questions regarding the reporting of covered losses, please contact Kathy Mackenthun or me at 800-689-3863.

Sincerely,

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