

September 12, 2005

Re: Florida Hurricane Catastrophe Fund (FHCF)
Hurricane Katrina (PCS Cat. No. 49)

Dear Participating Insurer:

Hurricane Katrina Interim Loss Reports

Upon analysis of modeled Hurricane Katrina loss projections, the FHCF expects minimal reimbursement requests and has decided, at this time, not to require the filing of mandatory FHCF Interim Loss Reports (Form FHCF-L1A Rev 05/2005) for Hurricane Katrina. The State Board of Administration (SBA) of Florida reserves the right, pursuant to Section 215.555(4)(d), Florida Statutes, and Article X(3)(b) of your FHCF Reimbursement Contract effective June 1, 2005 (Contract), to require your company to report its projected Ultimate Net Losses via Interim Loss Reports in the future should it determine that such information is necessary, particularly if a third hurricane affects Florida this season.

Hurricane Katrina Proof of Loss Reports

Pursuant to Section 215.555(4)(d) and Article X(3)(b) of the Contract, your company will be required to report its Ultimate Net Loss information for Hurricane Katrina on the FHCF Proof of Loss Report (Form FHCF-L1B Rev 05/2005) due no earlier than December 15, 2005 and no later than December 31, 2005. Proof of Loss Reports must be signed by two executive officers, and if requesting reimbursement, Paragon must receive the original signed Report before they can process a reimbursement request.

Your company may submit voluntary Proof of Loss Reports (available on-line at <http://www.paragonbenfield.com/fhcf/current/05loss.html>) at any time to request FHCF reimbursement. Reimbursement 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. The SBA will determine and pay, as soon as practicable after receiving a Proof of Loss Report, the reimbursement amount due based on losses paid by your company to date.

Completed Proof of Loss Reports may be faxed (unless reimbursement is requested), mailed, or overnighted 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

If you wish to have a reimbursement overnighted, please include a completed overnight packaging slip complete with your account number.

Your Company's 2005 FHCF Premium and Retention

As aforementioned, to qualify for reimbursements under Hurricane Katrina, your company must have submitted its exposure data as required under the 2005 FHCF Data Call and Paragon has to have verified that there are no data discrepancies. Although your company's 2005 FHCF premium will not be finalized until billed on November 15, 2005, if you believe your company will be eligible for reimbursements and want to file a Proof of Loss Report before your premium is finalized, 2005 premium calculations will be available upon written request (facsimile 800-264-0492). Your company's preliminary 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 available on-line at <http://www.paragonbenfield.com/fhcf/current/index.html>.

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 Advances For Loss Reimbursements bulletin under Hurricane Related Insurer Information 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 other general information is 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:

- Interim Loss Report and Proof of Loss Report:
<http://www.paragonbenfield.com/fhcf/current/05loss.html>
- 2005 Contract: <http://www.paragonbenfield.com/fhcf/current/05contract.html>
- 2005 Data Call: <http://www.paragonbenfield.com/fhcf/current/05datacall.html>
- Rule 19-8.030 (Insurer Responsibilities), F.A.C.:
<http://www.sbafla.com/fhcf/pdf/rules/2005-2006/19-8%20030%20Final.pdf>

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