

MEETING OF THE STATE BOARD OF ADMINISTRATION

**GOVERNOR SCOTT AS CHAIRMAN
CHIEF FINANCIAL OFFICER ATWATER
ATTORNEY GENERAL BONDI**

JANUARY 21, 2016

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AGENDA

- ITEM 1. REQUEST APPROVAL OF THE MINUTES OF THE NOVEMBER 10, 2015 AND DECEMBER 8, 2015 MEETINGS.**

(See Attachments 1A – 1B)

ACTION REQUIRED

- ITEM 2. REQUEST APPROVAL OF A FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$120,000,000 STATE OF FLORIDA, DEPARTMENT OF TRANSPORTATION TURNPIKE REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED).**

(See Attachment 2A)

ACTION REQUIRED

- ITEM 3. REQUEST APPROVAL OF A FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$68,000,000 STATE OF FLORIDA, STATE BOARD OF EDUCATION LOTTERY REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED).**

(See Attachment 3A)

ACTION REQUIRED

- ITEM 4. REQUEST APPROVAL OF THE REAPPOINTMENT OF GARY WENDT TO THE INVESTMENT ADVISORY COUNCIL (S. 215.444, F.S.).**

(See Attachment 4A)

ACTION REQUIRED

ITEM 5. REQUEST APPROVAL OF A DRAFT LETTER CERTIFYING THE TRUSTEES HAVE REVIEWED THE AUDITOR GENERAL'S ANNUAL FINANCIAL AUDIT (REPORT NO. 2015-054) OF THE LOCAL GOVERNMENT SURPLUS FUNDS TRUST FUND (NOW KNOWN AS "FLORIDA PRIME").

Pursuant to Section 218.409(9), F.S., the Auditor General shall conduct an annual financial audit of the trust fund, which shall include testing for compliance with the investment policy. The trustees shall report to the Joint Legislative Auditing Committee that the trustees have reviewed the report of the trust fund audit and shall certify that any necessary items are being addressed by a corrective action plan that includes target completion dates. The Auditor General did not report any material deficiencies.

(See Attachments 5A – 5B)

ACTION REQUIRED

ITEM 6. REQUEST APPROVAL OF, AND AUTHORITY TO FILE, A NOTICE OF PROPOSED RULE FOR FLORIDA HURRICANE CATASTROPHE FUND RULES 19-8.029, F.A.C., INSURER REPORTING REQUIREMENTS, AND 19-8.030, F.A.C., INSURER RESPONSIBILITIES, AND TO FILE THESE RULES, ALONG WITH THE INCORPORATED FORMS, FOR ADOPTION IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING, OR IF A HEARING IS REQUESTED AND NO CHANGES ARE NEEDED.

(See Attachments 6A – 6M)

ACTION REQUIRED

STATE OF FLORIDA

IN RE: MEETING OF THE GOVERNOR AND CABINET

CABINET MEMBERS: GOVERNOR RICK SCOTT
ATTORNEY GENERAL PAM BONDI
CHIEF FINANCIAL OFFICER
JEFF ATWATER
COMMISSIONER OF AGRICULTURE
ADAM PUTNAM

DATE: TUESDAY, NOVEMBER 10, 2015.

LOCATION: FLORIDA ATLANTIC UNIVERSITY
JOHN D. MacARTHUR CAMPUS
STUDENT RESOURCE BUILDING
5353 PARKSIDE DRIVE, JUPITER, FLORIDA

REPORTED BY: CARETHA WISDOM.

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1 STATE BOARD OF ADMINISTRATION

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3 GOVERNOR SCOTT: Next I would like to
4 recognize Ash Williams with the State Board of
5 Administration. Good morning.

6 MR. WILLIAMS: Good morning, Governor,
7 cabinet members.

8 I want to request approval of the minutes
9 of the September 29, 2015, meeting.

10 GOVERNOR SCOTT: Is there a motion?

11 ATTORNEY GENERAL BONDI: So moved.

12 COMMISSIONER PUTNAM: Second.

13 GOVERNOR SCOTT: Any comments or
14 objections?

15 (NO RESPONSE):

16 GOVERNOR SCOTT: Hearing none, the motion
17 carries.

18 MR. WILLIAMS: Thank you. Items 2 and
19 Item 3 are both fiscal sufficiencies which
20 match the last two items on the Bond Finance
21 Agenda. The first, Item 2, is a fiscal
22 sufficiency in an amount not exceeding
23 \$195 million. State of Florida DOT Turnpike
24 Revenue Refunding Bonds. Request approval.

25 GOVERNOR SCOTT: All right. Is there a

1 motion?

2 ATTORNEY GENERAL BONDI: So moved.

3 GOVERNOR SCOTT: Is there a second?

4 CFO ATWATER: Second.

5 GOVERNOR SCOTT: Any comments or
6 objections?

7 (NO RESPONSE):

8 GOVERNOR SCOTT: Hearing none, the motion
9 carries.

10 MR. WILLIAMS: Thank you. Item 3 request
11 approval of the fiscal sufficiency in an amount
12 not exceeding \$145 million, State of Florida
13 Full Faith and Credit, Board of Education,
14 Public Education and Capital Outlay Refunding
15 Bonds.

16 GOVERNOR SCOTT: Is there a motion?

17 ATTORNEY GENERAL BONDI: So moved.

18 GOVERNOR SCOTT: Is there a second?

19 CFO ATWATER: Second.

20 GOVERNOR SCOTT: Any comments or
21 objections?

22 (NO RESPONSE):

23 GOVERNOR SCOTT: Hearing none, the motion
24 carries.

25 MR. WILLIAMS: Thank you. Item 4, I

1 wanted to provide an update. You'll note that
2 at the beginning of our agenda, I didn't do the
3 usual opener performance so it wasn't lost on
4 anyone.

5 So we've got two things today. I've given
6 you a little more fulsome update on
7 performance. And we also have with us Mario
8 Giannini, the chief executive of Hamilton Lane
9 and several of his team members who
10 collectively manage the Florida Growth Fund for
11 us with great success, both as an investment
12 and for a boost for Florida's economy.

13 So first, let me give you the
14 up-to-the-wire update as of last night's close.
15 The fund is up calendar year-to-date 2.2
16 percent. That's 111 basis points ahead of
17 target. Balance is \$144.1 billion, which is
18 down two and a half billion from where we
19 started the year net of distributions.

20 And we have some slides. Yes, that's
21 good. Moment of paralysis there. All right.
22 So, if we can go on to the next slide.

23 The question was asked, so if we look back
24 at how we fared since the great financial
25 crisis, what's the story? That negative 19.03,

1 which is the largest fiscal year negative
2 number the board ever had is the answer for the
3 financial crisis.

4 Since that time we have just -- we just
5 wrapped up our sixth consecutive year of
6 positive returns. I didn't put the spread to
7 benchmark on these, but we've seen the
8 benchmark in each of these years.

9 And if we go to the next slide, you can
10 quickly see -- the next slide. Yes. We can
11 quickly see the actual compounding of dollars.
12 And we've shown those with the blue bars being
13 the actual non-asset value of Florida
14 Retirement System Trust Fund. The red bars on
15 the top are the distributions we made each
16 year. So you can get a sense of the amount of
17 cash flow that's coming out of the pension
18 funds investment earnings. And they roughly
19 aggregate sixty cents of every benefit dollar
20 paid out.

21 And if you look at how we're doing on the
22 next slide relative to other countries. This
23 an excerpt from a Standard and Poor's
24 presentation on pension funding as it relates
25 to credit quality across the 50 United States.

1 And there are only a handful of states that are
2 funded 80 percent or better. Those are the
3 states in green and you can see Florida is
4 among them.

5 And as of June 30, '14, which is the last
6 official number we have, our funded ratio was
7 86.6 percent, which is a direct bearing on our
8 ability to maintain a Triple A credit.

9 And I wanted to thank you, Governor for
10 your leadership. And trustees, for the things
11 you've done, not only to secure pension
12 funding, but to position the State Board to
13 sustain the kind of performance we do.

14 If we could move on to the next slide,
15 you'll see another element that I think will
16 resonate with our approach to governing in
17 Florida, which is efficiency. We see here the
18 peer cost of other large pension organization
19 across North America.

20 The median cost across North America is a
21 little bit more than half a percent. And if
22 you look at where the State Board is, 39.4
23 basis points are all in and that's everything.
24 That's salaries, manager fees, rent, lawyers,
25 everything you can think of that we ever spend

1 a nickel on. That's it. So we are the
2 low-cost provider in all of North America for
3 the third consecutive year.

4 And one more slide and then we'll get to
5 the good stuff, which is Hamilton Lane.

6 Major things that I think we've changed in
7 the period since the dark days of the financial
8 crisis is that, we have changed the way we
9 expose ourselves to market risk. So, I think
10 we take that exposure knowingly and in areas
11 where we think we'll get paid for it and in
12 areas where we won't get paid for it, we either
13 won't be there or we'll be there and in a
14 passive, very, very low-cost way. So we
15 minimize the exposure we are taking.

16 We've done a lot in the Human Capital Risk
17 area. Probably the single biggest risk fund
18 faced when I got back was, it was understaffed,
19 we had a lot of key professional positions
20 depleted and empty and we had a large number of
21 top management and senior management facing
22 retirement within the next five years with no
23 visible succession plan in place.

24 Thanks largely to what you have done for
25 us in a way of supporting compensation

1 initiatives and aligning interest between tax
2 payers, beneficiaries and professional team, we
3 have -- we are now operating in a full
4 complement of professional talent. We have
5 very successfully recruited excellent people
6 for a number of roles. We've turned over about
7 half of the senior investment positions over
8 the past -- going on seven years. And the team
9 is in good a position to go forward.

10 We've also significantly mitigated our
11 execution risk. Because you know we have an
12 independent audit committee. But we've also
13 established and made fully operational a new
14 independent Risk and Compliance Team, which we
15 cranked up in 2009. And when we had our second
16 external review of our Governance, Risk and
17 Compliance Environment done by Crowe Horwath
18 earlier this year, we were pleased to say that
19 they had moved us into the advanced category of
20 GRC, which is a very good place to be.

21 Last slide, please. So this is what this
22 all comes down to. As we're not only getting
23 the job done here in Florida, we've got some
24 national recognition in terms of how we stack
25 up to our peers. We're pleased to have been

1 the recipient of the Public Plan of the Year
2 award in 2015.

3 (APPLAUSE):

4 **MR. WILLIAMS:** Thank you. With that, let
5 me introduce Mario Giannini. The key chapter
6 of our success has been the Florida Growth
7 Fund, which we launched in June 2009. Mario
8 came down to Tallahassee and did the opening
9 presentation on it. This was a result out of
10 legislation creating the Florida Technology and
11 Growth Fund, with the notion that we would
12 invest capital and state.

13 There are a million ways you can do that.
14 And then in a lot of states it has come down to
15 choices that lead to the incineration of the
16 capital. And in some cases, the loss of
17 several liberty of some of the people involved
18 with the loss of the capital. But we chose not
19 to go that route and put it out to a third
20 party fiduciary with whom we have a
21 long-standing relationship.

22 Hamilton Lane is a leading private equity
23 consultancy based in the Greater Philadelphia
24 areas with eleven offices globally, perhaps
25 most importantly, one here in Florida and --

1 **GOVERNOR SCOTT:** Only one?

2 **MR. WILLIAMS:** Well, so far. Stay tuned.
3 You'll have a --

4 **GOVERNOR SCOTT:** Third biggest state.
5 Bigger than New York.

6 **MR. WILLIAMS:** We have 235 employees --
7 two of them in Florida and just counting.
8 11.9 billion in primary commitments and put out
9 in 2014 and \$170 million of firm capital
10 invested alongside their clients.

11 So please welcome Mario Giannini, the
12 chief executive of Hamilton Lane.

13 **GOVERNOR SCOTT:** Mario, thank you being
14 here. By the way, I'm sure you'll follow these
15 numbers, but from 1992 to 2013, \$116 billion of
16 annual income moved to Florida.

17 **MR. GIANNINI:** We only have one office in
18 New York if that's any consolation.

19 **GOVERNOR SCOTT:** You lost \$80 billion of
20 annual income. But I love Connecticut and the
21 governor up there is just wonderful and I hope
22 he continues to raise the taxes. Because it's
23 hard to get companies like GE to announce that
24 they're going move out of the state. So I just
25 hope Florida is a winner. But I'm sure you'll

1 have more offices here.

2 MR. GIANNINI: I'm sure we will too, now.

3 With that, I also have a presentation, so I
4 want the slide back on. I will be brief. I
5 understand I'm the only thing standing between
6 all of everybody here and lunch.

7 GOVERNOR SCOTT: Or a press gaggle. One
8 or the other.

9 MR. GIANNINI: Oh, then I don't feel so
10 bad.

11 GOVERNOR SCOTT: Yeah.

12 MR. GIANNINI: So let me talk about the
13 Florida Growth Fund. Thanks, Ash, for those
14 comments.

15 It was launched in 2009. I think, from
16 our perspective, the fund really had one
17 purpose and that was to generate return. That
18 is the main goal and we've succeeded in that.
19 But you can see here, the goal of it was to
20 invest in technology and growth companies in
21 the State of Florida, really, through two ways.
22 One, through funds structures and then directly
23 in companies through COL investments, where we
24 invest alongside general partners.

25 The other part about the Florida Growth

1 Fund as ancillary benefit, really, I think was
2 a couple of things. The first is, you
3 mentioned, it's the third largest state. But
4 when you think about private equity in the
5 State of Florida, it is not the third, it is
6 nowhere near many other states, and you begin
7 to wonder why. And part of it is because, I
8 think places that have a vibrant private equity
9 venture capital culture have an ecosystem
10 around it.

11 And so, part of what we tried to do with
12 Florida Growth Fund was, begin to develop that
13 ecosystem. One entity, one pot of money, one
14 group cannot do it alone. But you begin to
15 gather people in a place and it builds -- it's
16 sort of a good feedback loop.

17 And when you see things in the Florida
18 Growth Fund like two prominent venture capital
19 firms, MVN and Sofinnova, moving offices here,
20 you begin to have now a nexus around which
21 entrepreneurs can go and deals start happening.
22 It will take a while. I mean, I think we've
23 done a lot of progress in six or seven years.
24 But that is also part of it.

25 The other thing I will say -- I mean, I'm

1 here to brag about Hamilton Lane and I'm happy
2 to do that. But this program really succeeded
3 because of the SBA and the partnership they
4 have provided in that.

5 I think when Ash talks about -- well, no
6 one wants to talk about incarceration in these
7 programs -- when he talks about programs that
8 have not succeeded, part of it is because
9 they've been hung out to dry. And when you
10 have that kind of collaboration and, really,
11 involvement that the SBA has shown in this and,
12 really, everyone around the State of Florida.

13 People don't recognize it as a Hamilton
14 Lane program. They recognize it as a Florida
15 program and I think that's important, because
16 then again, you're building that ecosystem.

17 When you talk about the evolution of the
18 Florida Growth Fund -- again I won't bore you
19 with the details on it -- but it has grown. We
20 have here -- Hamilton Lane has grown, so I did
21 want to put the advertisement in there.

22 But also the four people in Florida, we
23 had committed at the beginning that we would
24 have a Florida office, and yes, it's only one
25 office and it's four people, but it will grow.

1 Because you can see the Growth Fund has grown.
2 You can see here the allocation of capital over
3 time tranche 1, and 2, largely completed, so
4 now it's in the harvesting stage in terms of
5 the investments.

6 The other part that's important here. You
7 can see we developed a credit tranche around
8 it. Again, recognizing, as you know, as you
9 probably had a lot of people talk here, that
10 banks basically are being regulated out of the
11 lending business. So who is going to do some
12 of that?

13 I think for us, we together with SBA
14 recognize that there is an opportunity to work
15 alongside lenders. And again, talking about
16 that ecosystem bringing in more lending capital
17 into Florida in order to provide for businesses
18 to have that, really, life blood of what they
19 need to grow.

20 The performance against the goals to
21 generating attractive returns, it's eleven
22 percent net and that is net of everything. And
23 more importantly, the money that has gone back.
24 I know private equity has a reputation for
25 being kind of a sinkhole, money goes out and

1 never comes back. It's sort of the roach motel
2 of asset classes, but it's not. I mean, here
3 you see the money has been returned at good
4 returns. I'm not suppose to sit here and say
5 what future returns are going to be, but as we
6 look at the portfolio and the health of the
7 portfolio, I'd be surprised and disappointed if
8 those numbers didn't continue to go up.

9 The partnerships we've invested in, you
10 can see here, again, part of it is getting
11 people to come to Florida. And people know
12 that. And so they know that if they form an
13 office in Florida, that is an incredibly
14 attractive piece of the Florida Growth Fund
15 puzzle investing in technology and growth.

16 I will say one of the things we did early
17 on in order to minimize the J-curve of private
18 equity and the negative early returns
19 associated with the asset class, was to do all
20 sorts of different things. And so while this
21 was designed primarily for technology and
22 growth, there are other things we did in there,
23 particular things you see in the last point in
24 terms of job growth.

25 And we're really proud of the job growth

1 that this has created in the State of Florida,
2 granted, that is part of the private equity
3 landscape. Obviously, that these are
4 industries and companies that are creating
5 jobs. I think we've been very focused on it.
6 One of the things we do talk about with people
7 when we invest is, don't talk to us about
8 laying people off, don't talk to us about
9 moving offices from one state to another,
10 unless, of course, as you'll see in a minute,
11 it is moving them to Florida.

12 The footprint is important, because I
13 think part of the goal here is to develop a
14 footprint around the entire state. You can see
15 here the primary parts. Particularly if you
16 look at the partnership where people are
17 located. They tend to be in the more populated
18 areas of Florida. But when you look at some of
19 the secondary places where these business are
20 located, you have it throughout the state.

21 I know Gustavo, you see Gustavo and NIAF
22 who are the two Florida, two of the four
23 Florida -- parts of the Florida growth Fund.
24 Gustavo told me that he spends a fair amount of
25 time in the -- if I get this name -- in the

1 Panhandle portion of Florida. In terms of
2 developing, again, come to this fund with your
3 ideas, your opportunities.

4 So for us, it's really looking at the
5 entire state and making sure that we are being
6 responsive to everywhere that the people need
7 capital around it. You can see the different
8 industries, no surprise, much less on basic
9 industry, because the focus of this has really
10 been around technology and growth. We haven't
11 ignored it, because I do think part of the
12 return and part of the Florida story is not
13 just that. There are an entire range of
14 industries to talk about.

15 The returns, again, I won't go over the
16 details. You have all the material in front of
17 you. But solid returns, even considering how
18 young many portions of this are and money
19 coming back to you. I think that is a key
20 feature of it.

21 Two quick case studies. I know these are
22 generally boring and so I won't go over the
23 details on them, except that in both cases
24 Comvest, a partnership that was in New York,
25 and part of the leading of capital, if you

1 will, they are now a Florida-based partnership.
2 We've done a lot of work with them and I would
3 consider this a huge success story for the
4 Florida Growth Fund and a co-investment that we
5 did in terms of the company that was relocated
6 into Florida job growth in the state.

7 So those are the kinds of stories that you
8 want to be able to be tell because you generate
9 the return, you create the jobs and equally
10 important, you begin the publicity around,
11 "Hey, this is a place where you can make
12 money." Private equity tends to follow success
13 stories. And so to the extent we can publicize
14 those success stories, again, you get that
15 positive feedback loop. That's it.

16 GOVERNOR SCOTT: All right.

17 MR. GIANNINI: I hope it was brief enough.
18 I'm happy to answer any questions or comments
19 or --

20 GOVERNOR SCOTT: I think we've had
21 significant capital move to Palm Beach, some to
22 Miami, but it's moving down. But it's going to
23 take a while. But it clearly is moving. And
24 even guys like Paul Tudor Jones and people like
25 that are moving. So -- which is really

1 positive. But thanks for what you're doing.

2 Anybody have any questions? All right.

3 Thanks for helping Florida. Anything else,
4 Ash?

5 **MR. WILLIAMS:** No. Thank you.

6 **GOVERNOR SCOTT:** Thank you, Ash. On
7 behalf of the cabinet, I just want to thank
8 President Kelly, Jim Barber and everybody at
9 FAU for hosting us today. It was a great
10 meeting. We know now, based on the CFO, that
11 everybody needs to live here. Everybody that
12 grows up here is very, very successful.

13 That concludes today's meeting. Our next
14 meeting will be December 8th in Tallahassee.

15 (THEREUPON, THE MEETING WAS ADJOURNED.)

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STATE OF FLORIDA

IN RE: MEETING OF THE GOVERNOR AND
CABINET

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CABINET MEMBERS: GOVERNOR RICK SCOTT
ATTORNEY GENERAL PAM BONDI
CHIEF FINANCIAL OFFICER
JEFF ATWATER
COMMISSIONER OF AGRICULTURE
ADAM PUTNAM

DATE: TUESDAY, DECEMBER 8, 2015

LOCATION: CABINET MEETING ROOM
LOWER LEVEL, THE CAPITOL
TALLAHASSEE, FLORIDA

REPORTED BY: NANCY S. METZKE, RPR, FPR
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P R O C E E D I N G S

GOVERNOR SCOTT: Good morning. Welcome to the December 8th Cabinet meeting.

To begin our meeting, I'd like to welcome Tanner Clemons to lead this morning's invocation.

Please remain standing after the invocation for the Pledge of Allegiance led by the students from Cornerstone Christian Academy in Avon Park.

And I hate to tell you, they're excited about doing the Pledge of Allegiance, they've been practicing, and they're going to do a great job.

(WHEREUPON, THE INVOCATION WAS GIVEN AND THE PLEDGE OF ALLEGIANCE WAS SAID).

GOVERNOR SCOTT: All right. The next item is the approval of the 2016 meeting schedule.

Is there a motion to approve the 2016 Cabinet and Clemency Board meeting schedule?

ATTORNEY GENERAL BONDI: So moved.

GOVERNOR SCOTT: Is there a second?

COMMISSIONER PUTNAM: Second.

GOVERNOR SCOTT: Any comments or objections?

(NO RESPONSE).

GOVERNOR SCOTT: Hearing none, the motion

carries.

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STATE BOARD OF ADMINISTRATION

GOVERNOR SCOTT: All right. Now I'd like to recognize Ash Williams. Boy, you picked easy markets to investment in.

EXECUTIVE DIRECTOR WILLIAMS: Easy markets to invest in and tough acts to follow, boy.

Good morning. By way of update on the Fund, as of last night's close, the Florida Retirement System Trust Fund is up 2.34% calendar year-to-date. That's 131 basis points ahead of target, leaving us a balance of \$143.7 billion. That's down 2.8 billion from the beginning of the calendar year, but it is net of approximately 7 billion in distributions.

So unless there are questions, I'll move on with the agenda. Item 1, request approval of the minutes of the October 27 meeting.

GOVERNOR SCOTT: Is there a motion on the item?

ATTORNEY GENERAL BONDI: So moved.

CFO ATWATER: So moved. Second.

ATTORNEY GENERAL BONDI: Second.

GOVERNOR SCOTT: Any comments or objections?

(NO RESPONSE).

1 GOVERNOR SCOTT: Hearing none, the motion
2 carries.

3 Thank you.

4 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

5 Item 2, request approval of a fiscal
6 determination of an amount not exceeding
7 \$450 million Florida Housing Finance Corporation
8 homeowner mortgage revenue bonds.

9 GOVERNOR SCOTT: Is there a motion on the
10 item?

11 ATTORNEY GENERAL BONDI: So moved.

12 GOVERNOR SCOTT: Is there a second?

13 CFO ATWATER: Second.

14 GOVERNOR SCOTT: Any comments or objections?

15 (NO RESPONSE).

16 GOVERNOR SCOTT: Hearing none, the motion
17 carries.

18 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

19 Item 3, request approval of a fiscal
20 determination of an amount not exceeding
21 \$6.75 million, Florida Housing Finance Corporation
22 multi-family mortgage revenue notes.

23 GOVERNOR SCOTT: All right. Is there a motion
24 on the item.

25 ATTORNEY GENERAL BONDI: So moved.

1 GOVERNOR SCOTT: Is there a second?

2 CFO ATWATER: Second.

3 GOVERNOR SCOTT: Any comments or objections?

4 (NO RESPONSE) .

5 GOVERNOR SCOTT: Hearing none, the motion
6 carries.

7 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

8 Request approval of the quarterly report on
9 the Protective Florida's Investments Act. On this
10 report, for the first time in memory, there are no
11 changes whatsoever relating to either Sudan or
12 Iran, so nothing new to report.

13 GOVERNOR SCOTT: Is there a motion on the
14 item?

15 CFO ATWATER: So moved.

16 GOVERNOR SCOTT: Is there a second?

17 ATTORNEY GENERAL BONDI: Second.

18 GOVERNOR SCOTT: Any comments or objections?

19 (NO RESPONSE) .

20 GOVERNOR SCOTT: Hearing none, the motion
21 carries.

22 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

23 Item 5, request approval of a draft letter to
24 the Joint Legislative Auditing Committee affirming
25 that the SBA Trustees have reviewed and approved

1 monthly Florida Prime and Fund B management summary
2 reports and actions taken, if any, to address
3 material impacts. There are no material acts.

4 GOVERNOR SCOTT: All right. Is there a motion
5 on the item?

6 ATTORNEY GENERAL BONDI: So moved.

7 GOVERNOR SCOTT: Is there a second?

8 CFO ATWATER: Second.

9 GOVERNOR SCOTT: Any comments or objections?

10 (NO RESPONSE).

11 GOVERNOR SCOTT: Hearing none, the motion
12 carries.

13 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

14 Item 6, I'm pleased to request approval of the
15 reappointment of Ambassador Chuck Cobb to the
16 Investment Advisory Council. Ambassador Cobb is
17 currently chairman of the Council, has served with
18 distinction over the past several years, is with us
19 this morning, has done a terrific job. We
20 appreciate his service and would welcome him for
21 another term.

22 GOVERNOR SCOTT: The CFO probably wants to --
23 do both of you want to brag about him? He does a
24 great job.

25 ATTORNEY GENERAL BONDI: We cannot thank

1 Ambassador Cobb enough for the -- I think mutual
2 admiration society here.

3 CFO ATWATER: Governor, I would add
4 thank you -- and thank you, Ambassador, for being
5 here. I know you'll be up in a minute or two with
6 the quarterly report.

7 But it's true that so many of these
8 individuals that you identify you know have that
9 unique skill set and talent, who truly take the
10 role most seriously and dedicate themselves fully
11 and been a tremendous, tremendous guide; so thank
12 you, Ambassador.

13 ATTORNEY GENERAL BONDI: And just, Governor,
14 one more point, I don't think people understand. I
15 mean this is community service. This is -- they
16 put so much time --

17 GOVERNOR SCOTT: It's not a high-paying job?

18 ATTORNEY GENERAL BONDI: Zero. They put so
19 much time and work into this -- making our state a
20 better place, and thank you.

21 GOVERNOR SCOTT: All right. Is there a motion
22 on Ambassador Cobb?

23 ATTORNEY GENERAL BONDI: So moved.

24 CFO ATWATER: Second.

25 GOVERNOR SCOTT: Comments or objections?

1 EXECUTIVE DIRECTOR WILLIAMS: We have a
2 half an hour of remarks.

3 GOVERNOR SCOTT: Do you have an objection,
4 ambassador?

5 AMBASSADOR COBB: Thank you for those kind
6 comments.

7 ATTORNEY GENERAL BONDI: Thank you for having
8 us still.

9 GOVERNOR SCOTT: You do a great job.

10 AMBASSADOR COBB: But what I wanted to do
11 today was to thank you for your other appointments
12 to this Council. We really have a great Council,
13 and it's a very active council, and Ash at times --
14 I'm not sure he totally appreciates the tough
15 questioning that -- from some really bright people
16 on this Council.

17 GOVERNOR SCOTT: They make you better.

18 AMBASSADOR COBB: So I thank you for allowing
19 me to serve with these really talented people. I'm
20 on several different committees, investment
21 committees, and this is the best because of the
22 quality of the people that you've selected. And I
23 want to assure you that our challenges are tough,
24 they're tough on risk profile, they're tough on
25 discipline, they're tough on the -- we're tough on

1 the process, but it's had some good results.

2 CEM, who is an organization in Toronto, a
3 north American firm that does one of the most
4 comprehensive analysis of public pension funds, the
5 17 largest, has just published a very comprehensive
6 report on all north American -- of the 17 largest
7 report on all north American -- the 17 largest
8 north American public pension funds, and I'm proud
9 to tell you that the State of Florida pension fund
10 had the lowest cost of all of the 17 funds.

11 (APPLAUSE).

12 AMBASSADOR COBB: So we have really a great
13 team, we have a good process. And cost is so
14 critical in these funds, and ours are the lowest of
15 all. And what this has done, this has translated
16 into performance.

17 So over the five years ending early this year,
18 we've had a return of 10% per year per annum
19 against our benchmark which is about nine percent
20 per annum. So we've beat our benchmark by 1% per
21 year over the last five years, and that results in
22 about \$8 billion. So I don't know how many
23 teachers that is or how many other --

24 GOVERNOR SCOTT: The CFO will know.

25 AMBASSADOR COBB: -- other costs, but that's

1 \$8 billion that the citizens of Florida have
2 because of the good performance.

3 Now one of our challenges with this good
4 performance is like in a winning football team,
5 there's a lot of attempts to solicit our head
6 coach, but not only our head coach, our offensive
7 coordinator, our defensive coordinator, our special
8 teams coach. As you know, a couple of years ago,
9 Ash's deputy became the top person in
10 North Carolina, so I mean we're being challenged at
11 all times.

12 But I want to thank you for passing this
13 incentive compensation plan at the last couple of
14 meetings. That's absolutely critical for us in
15 this competition to keep the best people.

16 So unless there are any questions, those are
17 my comments, and thanks again for your support and
18 for my opportunity to serve on this Board for
19 another four years.

20 GOVERNOR SCOTT: Ambassador, thanks for
21 doing it.

22 AMBASSADOR COBB: Thank you.

23 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

24 GOVERNOR SCOTT: All right. So we're on to
25 Item 7.

1 EXECUTIVE DIRECTOR WILLIAMS: So we got six
2 approved?

3 GOVERNOR SCOTT: Yeah, we voted on six.

4 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

5 Item 7, request approval of a budget amendment
6 to the Florida Prepaid College Board's fiscal
7 2015/'16 budget. The amendment was approved at the
8 Prepaid College Board's September 24, 2015,
9 meeting.

10 GOVERNOR SCOTT: All right. Is there a motion
11 on the item?

12 ATTORNEY GENERAL BONDI: So moved.

13 GOVERNOR SCOTT: Second?

14 CFO ATWATER: Second.

15 GOVERNOR SCOTT: Any comments or objections?

16 (NO RESPONSE).

17 GOVERNOR SCOTT: Hearing none, the motion
18 carries.

19 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

20 Item 8, we have our quarterly reports for the
21 State Board of Administration. And first I would
22 like to open, as always, by thanking our advisory
23 board.

24 You just heard from the Investment Advisory
25 Council. We have also had a lot of time and effort

1 put in by our participant local government advisory
2 council and our audit committee. Their reports are
3 all in here for your review, together with the
4 quarterly reports from our General Counsel, our
5 Inspector General, our Chief Risk and Compliance
6 Officer, and corporate governance team.

7 There's nothing I particularly wanted to draw
8 your attention to in any of those, and having
9 already had the report from the IAC, I would
10 suggest if it meet your pleasure we proceed with
11 Kristen Doyle from Aon Hewitt for a major mandate
12 performance review.

13 MS. DOYLE: Good morning, Governor, Attorney
14 General, CFO. It's great to be back in Florida.

15 So as we do each quarter, I will be providing
16 a summary of performance for the major mandates
17 managed by the SBA through September 30th, 2015,
18 and we'll start first with the pension plan.

19 So here's performance for the quarter and the
20 other trailing periods: The total FRS was down
21 4.6% for the quarter, mainly due to negative equity
22 markets experienced during that period; but note it
23 was a little more than 1% of above the performance
24 benchmark.

25 The pension fund was about flat for the year

1 but experienced strong positive absolute and
2 relative performance relative to the performance
3 benchmark, which is the blue bar that you see
4 there, which is the weighted average over the
5 returns for the benchmarks of each of the major
6 asset classes.

7 And then over the longer term periods,
8 comparing the total FRS to the long-term absolute
9 return target CPI plus 5% as we continue to see
10 strong out performance over all periods relative to
11 that benchmark as well.

12 The next couple of slides compare the
13 performance of the total FRS to the trust universe
14 comparison surveys top ten defined benefit plans.
15 The FRS does continue to be overweight to public
16 equities which you can see here on this side with
17 an offset, an underweight to fixed income and then
18 some of the alternative investments, like private
19 equity and strategic investments; however, we know
20 that we have started to continue to ramp up those
21 particular parts of the asset allocation.

22 So that does have an influence -- sorry.

23 CFO ATWATER: General, can I ask a quick
24 question?

25 ATTORNEY GENERAL BONDI: Sure, yes.

1 CFO ATWATER: Just on the -- if we could go
2 back to the graphic that was just up, which was --

3 MS. DOYLE: I'm sorry.

4 CFO ATWATER: Yeah, there you have it.

5 Do we label -- is it just how we're labeling?
6 We refer to our strategic investments as 7.5% of
7 our portfolio. The top ten, is it just the
8 terminology of alternatives, or is there a
9 different breakup in the alternatives.

10 MS. DOYLE: So the way that Tucks (phonetics)
11 groups the different asset types, they throw
12 anything that is not global equity, fixed income,
13 real estate, or cash into alternatives. So the mix
14 is not necessarily comparable to what the mix is
15 here at the SBA.

16 CFO ATWATER: So I would include strategic
17 investments, private equity --

18 MS. DOYLE: Right, so if you were going to
19 compare the two charts, you would combine strategic
20 investments and private equity, which is about
21 13.7% compared to the 18.3%.

22 CFO ATWATER: Okay.

23 MS. DOYLE: But if we look at our long-term
24 targets of 6% to private equity, which we've
25 already achieved, and our new 12% target to

1 strategic, we get to about 18%, which is comparable
2 to that alternative slice that you see on the
3 right.

4 CFO ATWATER: Okay.

5 MS. DOYLE: So we look at asset allocation
6 relative to the universe because that can influence
7 performance, especially over the shorter term
8 period. So relative to the median fund, which is
9 the graphic you see here, the FRS was in line or
10 slightly above the median fund with the exception
11 of the third quarter. And the main driver of that
12 is the overweight to public equities which did not
13 have a good quarter, so that dragged down
14 performance relative to the universe.

15 And then here on a percentile basis, at or
16 above the 50th percentile for all periods with the
17 exception of the one-year period. And, again, that
18 has to do with the negative performance we saw from
19 the equity markets.

20 Any questions on the pension plan?

21 (NO RESPONSE).

22 MS. DOYLE: The investment plan also exhibited
23 a negative return for the one-year period and,
24 again, due to the weak equity markets that we
25 experienced during the period, but outperformed the

1 plan aggregate benchmark that you see here over all
2 periods indicating that the active manager fund
3 options in the plan outperformed their respective
4 benchmarks. So continued strong relative and
5 absolute performance over longer periods for the
6 investment plan.

7 Next is the Hurricane Catastrophe Fund. As
8 you know, the main objective for this fund is
9 principal preservation, so it is invested in a
10 diversified portfolio of short-term bonds.
11 Performance has been strong relative to its
12 benchmark outperforming over all trailing periods
13 with the exception of the quarter where it
14 basically matched the performance of the benchmark;
15 but again, as we've talked about the low interest
16 rate environment that we're in, low absolute
17 returns for these funds.

18 Next is the Lawton Chiles, which is -- whoops,
19 I'm going too quickly -- which if you remember is
20 invested with 70% in global equities as shown here
21 and the remainder in core fixed income and treasury
22 inflation protected securities. So performance for
23 the quarter was down almost 7%, again, due to the
24 weak equity markets that we saw during the third
25 quarter, which also influenced the one-year return,

1 down about 3% but continued out performance,
2 significant out performance relative to the
3 performance benchmark which is calculated similarly
4 to the pension plan which is a weighted average
5 over the returns of the asset class benchmarks.

6 And last but not least, the Florida Prime
7 which, if you remember, the main objectives of this
8 fund is safety, liquidity, and thirdly, competitive
9 returns. It continues to achieve all of those
10 objectives. Performance here is shown relative to
11 other local government investment pools, a universe
12 of those. Strong out performance over all trailing
13 periods; but again, given the nature of the way
14 that this fund is invested, absolute returns have
15 been muted over the past couple of years.

16 With that, I'm happy to take any other
17 questions.

18 GOVERNOR SCOTT: Any questions?

19 CFO ATWATER: No.

20 GOVERNOR SCOTT: Okay. Thank you.

21 MS. DOYLE: Thank you.

22 EXECUTIVE DIRECTOR WILLIAMS: Thank you,
23 Kristen.

24 Other questions?

25 (NO RESPONSE).

1 EXECUTIVE DIRECTOR WILLIAMS: No? Great.

2 The last item is Item 9. I respectfully
3 request reaffirmation of the Executive Director.

4 GOVERNOR SCOTT: Oh, is there a motion on the
5 item?

6 ATTORNEY GENERAL BONDI: So moved.

7 GOVERNOR SCOTT: Is there a second?

8 CFO ATWATER: There's a second.

9 GOVERNOR SCOTT: Ash, you've done a great job.
10 I just want to thank you --

11 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

12 GOVERNOR SCOTT: -- for your hard work, the
13 seriousness you take the job, the team you've
14 surrounded yourself with. And it's not just this,
15 but it's working with Ben, it's working with the
16 Cat Fund, everything, so you've done a good job.

17 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

18 GOVERNOR SCOTT: Any comments or objections?

19 (NO RESPONSE).

20 GOVERNOR SCOTT: Hearing none, the motion
21 carries.

22 Thank you, Ash.

23 EXECUTIVE DIRECTOR WILLIAMS: Appreciate all
24 of your help.

25 GOVERNOR SCOTT: That concludes today's

1 meeting. Our next meeting is January 21st at
2 9 a.m. in Tallahassee. Thank you.

3 (WHEREUPON, THE MEETING WAS ADJOURNED) .
4
5

6 * * * * *

**STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308**

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Sufficiency
DATE: January 6, 2016



**APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING
\$120,000,000 STATE OF FLORIDA, DEPARTMENT OF TRANSPORTATION
TURNPIKE REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED):**

The Division of Bond Finance of the State Board of Administration (the "Division"), on behalf of the State of Florida Department of Transportation, has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding \$120,000,000 State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series (to be determined) (the "Bonds") for the purpose of refunding all or a portion of the outstanding Series 2006A Bonds. The Bonds will be issued pursuant to the Original Resolution adopted on October 25, 1988, as amended and restated on May 17, 2005, and the Forty-second Supplemental Turnpike Revenue Bond Resolution anticipated to be adopted by the Governor and Cabinet on January 21, 2016.

The Division, on behalf of the Department of Transportation, has heretofore issued Turnpike Revenue and Revenue Refunding Bonds, Series 2006A through 2015B (the "Outstanding Bonds"). The State Board of Administration has approved the fiscal sufficiency of an amount not exceeding \$195,000,000 Turnpike Revenue Refunding Bonds, Series (to be determined) (the "Previous Refunding Bonds") at its November 10, 2015, meeting. The Bonds shall be issued on a parity as to source and security for payment with the Outstanding Bonds and the Previous Refunding Bonds when and if issued. The Bonds shall not be secured by a pledge of the full faith and credit or the taxing power of the State of Florida or any political subdivision thereof.

A study of this proposal and the estimates of revenue expected to accrue indicate that the proposed Bonds are fiscally sufficient and that the proposal will be executed pursuant to the applicable provisions of law.

RECOMMENDATION: It is recommended that the Board approve the proposal outlined above.

cc: Janie Knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION
APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT
EXCEEDING \$120,000,000 STATE OF FLORIDA, DEPARTMENT OF
TRANSPORTATION TURNPIKE REVENUE REFUNDING BONDS,
SERIES (TO BE DETERMINED)**

WHEREAS, the Division of Bond Finance of the State Board of Administration (the "Division") proposes to issue an amount not exceeding \$120,000,000 State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series (to be determined) (the "Bonds"), on behalf of the State of Florida Department of Transportation, for the purpose of refunding all or a portion of the outstanding Series 2006A Bonds; and,

WHEREAS, the Bonds will be issued pursuant to the Original Resolution adopted on October 25, 1988, as amended and restated on May 17, 2005, and the Forty-second Supplemental Turnpike Revenue Bond Resolution anticipated to be adopted by the Governor and Cabinet on January 21, 2016, (collectively referred to herein as the "Resolution"); and,

WHEREAS, the Division has requested the State Board of Administration to approve the fiscal sufficiency of the proposed bond issue as required by Section 215.73, Florida Statutes; and,

WHEREAS, the Division, on behalf of the Department of Transportation has heretofore issued Turnpike Revenue and Revenue Refunding Bonds, Series 2006A through 2015B (the "Outstanding Bonds"); and,

WHEREAS, the State Board of Administration has approved the fiscal sufficiency of an amount not exceeding \$195,000,000 Turnpike Revenue Refunding Bonds, Series (to be determined) (the "Previous Refunding Bonds") at its November 10, 2015, meeting; and,

WHEREAS, the proposed Bonds shall be issued on a parity as to source and security for payment with the Outstanding Bonds and the Previous Refunding Bonds when and if issued; and,

WHEREAS, the proposed Bonds shall be secured by a first lien upon Net Revenues of the Turnpike System, which consists of all tolls, revenues, rates, fees, charges, receipts, rents or other income derived from, or in connection with, the operation of the Florida Turnpike, less any necessary contribution to fund the Cost of Maintenance and Cost of Operation after taking into account other sources of funds available to fund the Cost of Maintenance and Cost of Operation; and,

WHEREAS, the Florida Department of Transportation has covenanted to pay the Cost of Maintenance and Cost of Operation of the Turnpike System from moneys in the State Transportation Trust Fund; and,

WHEREAS, tolls are required to be fixed, and adjusted if necessary, so that gross revenues shall be sufficient to pay at least (i) 100% of Operation and Maintenance costs; (ii) 120% of the Annual Debt Service Requirement; and (iii) 100% of all other payments required by the Resolution; and,

WHEREAS, an examination of this plan of financing indicated that the same will be executed pursuant to the applicable provisions of law, and that the revenue to be used in servicing and liquidating the indebtedness to be created thereby may be reasonably expected to accrue in amounts sufficient to accomplish this purpose; and,

WHEREAS, the estimate of toll revenues available indicates that sufficient moneys can be pledged to exceed the debt service requirements of the proposed issue and that in no State fiscal year will the moneys pledged for the debt service requirement of the proposed issue be less than the required coverage amount; and,

WHEREAS, the Division has furnished sufficient information to enable the State Board of Administration to fulfill its duties pursuant to Section 215.73, Florida Statutes; and,

WHEREAS, the State Board of Administration has relied upon information from others but has not independently verified the accuracy or completeness of such information; and,

WHEREAS, the State Board of Administration does not approve or disapprove the Bonds as an investment and has not passed upon the accuracy or adequacy of the Official Statement; **Now, Therefore,**

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body created by Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, that pursuant to the requirements of Section 215.73, Florida Statutes, the proposal of the Division of Bond Finance of the State Board of Administration to issue an amount not exceeding \$120,000,000 State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series (to be determined) for the uses and purposes hereinabove set forth, is hereby approved as to fiscal sufficiency.

ADOPTED January 21, 2016



2.J. BEN WATKINS III
DIRECTOR

STATE OF FLORIDA
DIVISION OF BOND FINANCE
OF THE STATE BOARD OF ADMINISTRATION

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RICK SCOTT
GOVERNOR
AS CHAIRMAN

PAM BONDI
ATTORNEY GENERAL
AS SECRETARY

JEFF ATWATER
CHIEF FINANCIAL OFFICER
AS TREASURER

ADAM H. PUTNAM
COMMISSIONER OF AGRICULTURE

December 31, 2015

Mr. Ashbel C. Williams
Executive Director
State Board of Administration
Post Office Box 13300
Tallahassee, Florida 32317-3300

RE: Not Exceeding \$120,000,000 State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series (to be determined)

Dear Mr. Williams:

In compliance with Section 215.73, Florida Statutes, the Division of Bond Finance requests State Board of Administration approval as to fiscal sufficiency for the above referenced bond issue. We request such approval at your board meeting of January 21, 2016.

The bonds will be payable from the net revenues of the turnpike system on a parity with the outstanding Series 2006A through 2015B Bonds. The bonds will be issued for the purpose of refunding all or a portion of the Series 2006A bonds. The proposed refunding bonds will only be issued if there is a savings.

The bonds will be issued in one or more series pursuant to the Original Resolution adopted on October 25, 1988, as amended and restated on May 17, 2005, and the Forty-second Supplemental Turnpike Revenue Bond Resolution anticipated to be adopted by the Governor and Cabinet on January 21, 2016.

The following documents are enclosed for your consideration:

- Enclosure 1: An estimated coverage table for the program without considering the potential savings from the proposed refunding bonds;
- Enclosure 2: An estimated debt service and savings schedule from a recent sizing of the proposed refunding bonds; and

December 31, 2015

Page Two

Enclosure 3: A draft copy of the Forty-second Supplemental Resolution anticipated to be adopted by the Governor and Cabinet on January 21, 2016.

A draft of the fiscal sufficiency resolution should be sent to Donna Biggins and Nora Wittstruck of this office for review. Should you have any questions, please contact either myself or Nora Wittstruck at 488-4782. Your consideration in this matter is appreciated.

Very truly yours,



J. Ben Watkins III
Director

JBW\nw

Enclosures

cc: Robert Copeland
Janie Knight
Anthony Doheny

**STATE OF FLORIDA
DEPARTMENT OF TRANSPORTATION
TURNPIKE REVENUE REFUNDING BONDS
FISCAL SUFFICIENCY REQUEST FOR NOT EXCEEDING \$120,000,000**

ESTIMATED COVERAGE TABLE

FISCAL YEAR ENDING JUNE 30	HISTORICAL/PROJECTED PLEDGED REVENUES ¹				OUTSTANDING DEBT SERVICE ³	TOTAL DEBT SERVICE	LESS FEDERAL SUBSIDY ⁴	NET DEBT SERVICE	NET DEBT SERVICE COVERAGE
	TURNPIKE SYSTEM REVENUES	OPERATIONS & MAINTENANCE EXPENSES ²	NET REVENUE	NET REVENUE					
Historical ⁵									
2011	\$ 608,461,000	\$ 180,060,000	\$ 428,401,000	\$ 243,061,034	\$ 243,061,034	\$ (5,943,001)	\$ 237,118,033	1.81 x	
2012	615,981,000	173,704,000	442,277,000	249,182,170	249,182,170	(5,943,001)	243,239,169	1.82 x	
2013	763,057,000	157,388,000	605,669,000	251,384,741	251,384,741	(5,684,481)	245,700,260	2.47 x	
2014	811,935,000	165,838,000	646,097,000	251,945,453	251,945,453	(5,515,105)	246,430,348	2.62 x	
2015	888,334,000	177,160,000	711,174,000	253,974,929	259,484,091	(5,509,162)	253,968,986	2.80 x	
Projected									
2016	\$ 905,373,000	\$ 190,496,000	\$ 714,877,000	\$ 266,944,749	\$ 266,944,749	\$ (5,538,877)	\$ 261,435,587	2.73 x	
2017	924,779,000	201,042,000	723,737,000	266,614,468	266,614,468	(5,538,877)	261,075,591	2.77 x	
2018	979,498,000	206,844,000	772,654,000	267,508,618	267,508,618	(5,538,877)	261,969,741	2.95 x	
2019	993,535,000	207,704,000	785,831,000	267,977,618	267,977,618	(5,538,877)	262,438,741	2.99 x	
2020	1,010,233,000	206,487,000	803,746,000	251,483,368	251,483,368	(5,538,877)	245,944,491	3.27 x	
2021	1,041,407,000	211,332,000	830,075,000	251,467,086	251,467,086	(5,367,124)	245,928,209	3.38 x	
2022	1,075,355,000	215,696,000	859,659,000	224,820,349	224,820,349	(5,192,713)	219,453,225	3.92 x	
2023	1,110,819,000	220,144,000	890,675,000	216,281,675	216,281,675	(5,011,330)	211,088,961	4.22 x	
2024	1,142,140,000	224,663,000	917,477,000	215,252,667	215,252,667	(4,822,676)	210,241,336	4.36 x	
2025	1,180,202,000	229,287,000	950,915,000	214,643,584	214,643,584	(4,990,887)	209,820,907	4.53 x	
2026	1,214,276,000	233,817,000	980,459,000	193,696,175	193,696,175	(4,770,829)	188,705,288	5.20 x	
2027	1,214,276,000	233,817,000	980,459,000	193,198,945	193,198,945	(4,517,478)	188,428,116	5.20 x	
2028	1,214,276,000	233,817,000	980,459,000	166,099,648	166,099,648	(4,252,941)	161,582,170	6.07 x	
2029	1,214,276,000	233,817,000	980,459,000	159,792,718	159,792,718	(3,976,623)	155,539,777	6.30 x	
2030	1,214,276,000	233,817,000	980,459,000	152,942,989	152,942,989	(3,688,167)	148,966,366	6.58 x	
2031	1,214,276,000	233,817,000	980,459,000	149,949,696	149,949,696	(3,386,859)	146,261,529	6.70 x	
2032	1,214,276,000	233,817,000	980,459,000	149,628,551	149,628,551	(3,072,342)	146,241,692	6.70 x	
2033	1,214,276,000	233,817,000	980,459,000	149,305,601	149,305,601	(2,743,902)	146,233,259	6.70 x	
2034	1,214,276,000	233,817,000	980,459,000	138,023,090	138,023,090	(2,400,944)	135,279,188	7.25 x	
2035	1,214,276,000	233,817,000	980,459,000	122,157,290	122,157,290	(2,042,754)	119,756,346	8.19 x	
2036	1,214,276,000	233,817,000	980,459,000	121,787,333	121,787,333	(1,668,737)	119,744,579	8.19 x	
2037	1,214,276,000	233,817,000	980,459,000	89,796,140	89,796,140	(1,278,179)	88,127,403	11.13 x	
2038	1,214,276,000	233,817,000	980,459,000	76,845,566	76,845,566	(870,366)	75,567,387	12.97 x	
2039	1,214,276,000	233,817,000	980,459,000	76,339,109	76,339,109	(444,584)	75,468,743	12.99 x	
2040	1,214,276,000	233,817,000	980,459,000	56,498,375	56,498,375	-	56,053,791	17.49 x	
2041	1,214,276,000	233,817,000	980,459,000	40,318,150	40,318,150	-	40,318,150	24.32 x	
2042	1,214,276,000	233,817,000	980,459,000	33,546,750	33,546,750	-	33,546,750	29.23 x	
2043	1,214,276,000	233,817,000	980,459,000	27,239,675	27,239,675	-	27,239,675	35.99 x	
2044	1,214,276,000	233,817,000	980,459,000	16,818,200	16,818,200	-	16,818,200	58.30 x	
2045	1,214,276,000	233,817,000	980,459,000	10,041,200	10,041,200	-	10,041,200	97.64 x	
				\$ 4,567,019,380	\$ 4,567,019,380	\$ (92,193,820)	\$ 4,469,316,398		

¹ Projected revenues and expenses through fiscal year 2026 provided by the Turnpike's traffic and revenue consultant. For fiscal years 2027 and thereafter, revenue and expense projections have been held constant. However, no representation is made that the amounts shown in any fiscal year will be collected.

² The operations and maintenance expenses are paid by the Department of Transportation under an operations agreement and then reimbursed by the Turnpike after debt service. The operations agreement is enforceable by bondholders.

³ Does not include the effects of the proposed refunding. The proposed refunding will be an economic defeasance with the escrow invested in a SPIA account with the State Treasury. The refunded bonds will not be legally defeased and will be called for redemption on July 1, 2016.

⁴ Federal subsidy payments on Build America Bonds Series 2009B, adjusted for actual impact for Sequestration in 2013 and 2014, an estimated 7.2% reduction for 2015, and 6.8% reduction through 2024.

⁵ Fiscal Years 2011 through 2015 represent audited financial results.

**STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308**

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Sufficiency
DATE: January 6, 2016



**APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING
\$68,000,000 STATE OF FLORIDA, STATE BOARD OF EDUCATION LOTTERY
REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED):**

The Division of Bond Finance of the State Board of Administration of Florida (the "Division") has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding \$68,000,000 State of Florida, State Board of Education Lottery Revenue Refunding Bonds, Series (to be determined) (the "Bonds") for the purpose of refunding all or a portion of the outstanding Lottery Revenue Bonds, Series 2006B. The Bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the Governor and Cabinet on December 18, 2007, as supplemented from time to time, and the Thirteenth Supplemental Resolution expected to be adopted by the Governor and Cabinet on January 21, 2016, authorizing the issuance and sale of the Bonds.

The State Board of Education has heretofore issued Lottery Revenue and Revenue Refunding Bonds, Series 2005A through Series 2014A (the "Outstanding Bonds"). The State Board of Administration has approved the fiscal sufficiency of an amount not exceeding \$65,000,000 Lottery Revenue Refunding Bonds, Series (to be determined) (the "Previous Refunding Bonds") at its August 5, 2015, meeting. The proposed Bonds shall be issued on a parity as to source and security for payment with the Outstanding Bonds and the Previous Refunding Bonds when and if issued.

A study of this proposal and the estimates of revenue expected to accrue from the Pledged Revenues, indicate that the proposed Bonds are fiscally sufficient and that the proposal will be executed pursuant to the applicable provisions of law.

RECOMMENDATION: It is recommended that the Board approve the proposal outlined above.

cc: Janie Knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION
APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING
\$68,000,000 STATE OF FLORIDA, STATE BOARD OF EDUCATION
LOTTERY REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED)**

WHEREAS, the Division of Bond Finance of the State Board of Administration of Florida (the "Division") proposes to issue an amount not exceeding \$68,000,000 State of Florida, State Board of Education Lottery Revenue Refunding Bonds, Series (to be determined) (the "Bonds") for the purpose of refunding all or a portion of the outstanding Lottery Revenue Bonds, Series 2006B; and,

WHEREAS, the Bonds will be issued pursuant to the provisions of Article VII, Section 11(d), of the Florida Constitution; Sections 1013.68, 1013.70 and 1013.737, Florida Statutes; the State Bond Act, being Sections 215.57-215.83, Florida Statutes; and other applicable provisions of law; and,

WHEREAS, the Bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the Governor and Cabinet on December 18, 2007, as supplemented from time to time, and the Thirteenth Supplemental Resolution expected to be adopted by the Governor and Cabinet on January 21, 2016, authorizing the issuance and sale of the Bonds (collectively, the "Authorizing Resolution"); and,

WHEREAS, the proposed Bonds shall be secured by a first lien upon the Pledged Revenues which are defined by the Authorizing Resolution as all revenues pledged pursuant to Section 24.121(2), Florida Statutes, for bonds issued pursuant to Sections 1013.68, 1013.70 and 1013.737, Florida Statutes; and,

WHEREAS, the Division has heretofore issued Lottery Revenue and Revenue Refunding Bonds, Series 2005A through Series 2014A (the "Outstanding Bonds"); and,

WHEREAS, the State Board of Administration has approved the fiscal sufficiency of an amount not exceeding \$65,000,000 Lottery Revenue Refunding Bonds, Series (to be determined) (the "Previous Refunding Bonds") at its August 5, 2015, meeting; and,

WHEREAS, the proposed Bonds shall be issued on a parity as to source and security for payment with the Outstanding Bonds and the Previous Refunding Bonds when and if issued; and,

WHEREAS, the Division has requested the State Board of Administration approve the fiscal sufficiency of the proposed issue as required by Section 215.73, Florida Statutes; and,

WHEREAS, an examination of this plan of financing indicated that the same will be executed pursuant to the applicable provisions of law, and that the revenue to be used in servicing and liquidating the indebtedness to be created thereby may be reasonably expected to accrue in amounts sufficient to accomplish this purpose; and,

WHEREAS, the Division has furnished sufficient information to enable the State Board of Administration to fulfill its duties pursuant to Section 215.73, Florida Statutes; and,

WHEREAS, the State Board of Administration has relied upon information from others but has not independently verified the accuracy or completeness of such information; and,

WHEREAS, the State Board of Administration does not approve or disapprove the Bonds as an investment and has not passed upon the accuracy or adequacy of the Official Statement; **Now, Therefore,**

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, that pursuant to the requirements of Section 215.73, Florida Statutes, the proposal of the Division of Bond Finance of the State Board of Administration of Florida to issue an amount not exceeding \$68,000,000 State of Florida, State Board of Education Lottery Revenue Refunding Bonds, Series (to be determined), is hereby approved as to fiscal sufficiency.

ADOPTED January 21, 2016



J. BEN WATKINS III
DIRECTOR

STATE OF FLORIDA
DIVISION OF BOND FINANCE
OF THE STATE BOARD OF ADMINISTRATION

HERMITAGE CENTRE, SUITE 200
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308

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TALLAHASSEE, FLORIDA 32317-3300
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December 31, 2015
REVISED

RICK SCOTT
GOVERNOR
AS CHAIRMAN

PAM BONDI
ATTORNEY GENERAL
AS SECRETARY

JEFF ATWATER
CHIEF FINANCIAL OFFICER
AS TREASURER

ADAM H. PUTNAM
COMMISSIONER OF AGRICULTURE

Mr. Ashbel C. Williams
Executive Director & CIO
State Board of Administration
Post Office Box 13300
Tallahassee, Florida 32317-3300

RE: Not Exceeding \$68,000,000 State of Florida, State Board of Education
Lottery Revenue Refunding Bonds, Series (to be determined)

Dear Mr. Williams:

In compliance with Section 215.73, Florida Statutes, the Division of Bond Finance requests State Board of Administration approval as to fiscal sufficiency for the above referenced bond issue. We request fiscal sufficiency approval at your board meeting on January 21, 2016.

The bonds will be payable from the pledged revenues consisting of the lottery revenues deposited to the Educational Enhancement Trust Fund. The proposed bonds will be payable on a parity with the previously issued State of Florida, State Board of Education Lottery Revenue Bonds, Series 2005A through Series 2014A and the not to exceed \$65,000,000 Series (to be determined) refunding bonds approved for fiscal sufficiency on August 5, 2015, when and if issued.

The proposed refunding bonds will be issued for the purpose of refunding all or a portion of the outstanding Lottery Revenue Bonds, Series 2006B bonds. The proposed refunding bonds will only be issued if there is a savings.

The bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the Governor and Cabinet on December 18, 2007, as supplemented from time to time, and the Thirteenth Supplemental Resolution expected to be adopted by the Governor and Cabinet on January 21, 2016 authorizing the issuance and sale of the bonds. The December 18, 2007 resolution has been previously provided to you.

Mr. Ashbel C. Williams
December 31, 2015
Page Two

Enclosed for your review are the following:

- Enclosure 1 – an estimated coverage table for the program, without considering potential savings from the proposed refunding bonds;
- Enclosure 2– an estimated debt service and savings schedule from a recent sizing of the proposed refunding bonds;
- Enclosure 3– a six-year history of revenues and expenses for the Department of the Lottery for Fiscal Years 2010-2014 with unaudited revenues and expenses for Fiscal Year 2015, including lottery revenues deposited into the Educational Enhancement Trust Fund, pursuant to Section 24.121(2), Florida Statutes;
- Enclosure 4– the projections of lottery revenues to be deposited to the Educational Enhancement Trust Fund as reported by the most recent Consensus Revenue Estimating Conference; and
- Enclosure 5– draft copy of Thirteenth Supplemental Resolution anticipated to be adopted January 21, 2016.

A draft of the fiscal sufficiency resolution should be sent to Nora Wittstruck and Ray Petty of this office for review. Should you have any questions, please contact myself, Nora or Ray of the Division at 488-4782.

Very truly yours,



J. Ben Watkins III
Director

JBW/nw

Enclosures

cc: Anthony Doheny
Robert Copeland

**STATE OF FLORIDA
STATE BOARD OF EDUCATION
LOTTERY REVENUE REFUNDING BONDS
FISCAL SUFFICIENCY REQUEST FOR \$68,000,000, SERIES (to be determined)**

ESTIMATED DEBT SERVICE COVERAGE

<u>Fiscal Year</u>	<u>Deposit to Educational Enhancement Trust Fund (1)</u>	<u>Outstanding Parity Debt Service</u>	<u>Total Estimated Debt Service</u>	<u>Debt Service Coverage (2)</u>
<u>Historical</u>				
2010-11	\$ 1,191,818,000	\$ 306,079,000	\$ 306,079,000	3.89x
2011-12	1,321,663,000	311,590,000	311,590,000	4.24x
2012-13	1,424,307,000	313,851,000	313,851,000	4.54x
2013-14	1,495,409,000	314,893,000	314,893,000	4.75x
2014-15	1,490,240,000	324,223,452	324,223,452	4.60x
<u>Projected</u>				
2015-16	1,521,800,000	312,566,408	312,566,408	4.87x
2016-17	1,533,800,000	312,559,108	312,559,108	4.91x
2017-18	1,555,300,000	331,127,758	331,127,758	4.70x
2018-19	1,603,400,000	280,068,271	280,068,271	5.73x
2019-20	1,589,800,000	240,792,587	240,792,587	6.60x
2020-21	1,615,900,000	198,068,184	198,068,184	8.16x
2021-22	1,615,900,000	186,251,408	186,251,408	8.68x
2022-23	1,615,900,000	157,135,561	157,135,561	10.28x
2023-24	1,615,900,000	143,446,905	143,446,905	11.26x
2024-25	1,615,900,000	126,860,485	126,860,485	12.74x
2025-26	1,615,900,000	114,807,336	114,807,336	14.07x
2026-27	1,615,900,000	98,005,936	98,005,936	16.49x
2027-28	1,615,900,000	60,760,005	60,760,005	26.59x
2028-29	1,615,900,000	19,286,892	19,286,892	83.78x
2029-30	1,615,900,000	6,643,700	6,643,700	243.22x
2030-31	1,615,900,000	6,641,300	6,641,300	243.31x
2031-32	1,615,900,000	6,643,500	6,643,500	243.23x
		<u>\$2,601,665,344</u>	<u>\$2,601,665,344</u>	

(1) Pursuant to Section 24.121(2), Florida Statutes, the Lottery Revenue Bonds are payable from and secured by a first lien on the first Lottery revenues transferred to the Educational Enhancement Trust Fund. Historical revenues are from audited financial statements of the Department of the Lottery for Fiscal Years 2010-11 through 2013-14 and unaudited financial results for Fiscal Year 2014-15. Fiscal Year 2015-16 through 2020-21 revenues are projected from the December 8, 2015 Lottery Consensus Revenue Estimating Conference. The projections are held constant after Fiscal Year 2020-21. Projections are based on the best information available when estimates are made, and no assurance can be given that there will not be material differences relating to such amounts in the future.

(2) Debt Service Coverage is calculated by dividing "Deposit to Educational Enhancement Trust Fund" by "Estimated Total Debt Service."



Gary C. Wendt

Mr. Wendt has 35 years experience in financial services, including REITS, consumer finance, commercial finance, leasing, investment banking, and insurance. He has served as CEO of a major financial services institution, and a publically held lending and insurance company. Mr. Wendt has owned and operated private equity and SBIC lending companies.

He is a graduate of the University of Wisconsin, and earned an MBA from Harvard Graduate School of Business Administration. Mr. Wendt has received numerous awards. He has been self-employed since 2002 and currently resides in Fort Lauderdale, Florida.



**STATE BOARD OF ADMINISTRATION
OF FLORIDA**

**1801 HERMITAGE BOULEVARD
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**POST OFFICE BOX 13300
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**RICK SCOTT
GOVERNOR
AS CHAIRMAN**
**JEFF ATWATER
CHIEF FINANCIAL OFFICER**
**PAM BONDI
ATTORNEY GENERAL**
**ASH WILLIAMS
EXECUTIVE DIRECTOR & CIO**

January 21, 2016

Honorable Dan Raulerson
Alternating Chair
Joint Legislative Auditing Committee
300 House Office Building
402 South Monroe Street
Tallahassee, Florida 32399-1100

Honorable Joseph Abruzzo
Alternating Chair
Joint Legislative Auditing Committee
222 Senate Office Building
404 South Monroe Street
Tallahassee, Florida 32399-1300

Dear Representative Raulerson and Senator Abruzzo:

Section 218.409(9), Florida Statutes, requires the Trustees to report to the Joint Legislative Auditing Committee that they have reviewed the Auditor General's Annual Financial Audit (Report No. 2016-034) of the Local Government Surplus Funds Trust Fund (now known as Florida PRIME). The fund's Financial Audit for the fiscal years 2015 and 2014 was completed in November 2015. The Trustees are also required to certify that any necessary item(s) are being addressed by corrective action by the State Board of Administration (SBA). The Auditor General did not report any material deficiencies.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink, reading "Ashbel C. Williams".

Ashbel C. Williams
Executive Director & CIO

ACW/db
Attachment

cc: Honorable Debbie Mayfield
Honorable Amanda Murphy
Honorable Ray Wesley Rodrigues
Honorable Cynthia Stafford
Honorable Lizbeth Benacquisto
Honorable Rob Bradley
Honorable Audrey Gibson
Honorable Wilton Simpson
Ms. Kathy Dubose, Coordinator

**STATE OF FLORIDA
STATE BOARD OF ADMINISTRATION
LOCAL GOVERNMENT SURPLUS
FUNDS TRUST FUND
(FLORIDA PRIME)**

(An External Investment Pool)

For the Fiscal Years Ended
June 30, 2015, and 2014



Sherrill F. Norman, CPA
Auditor General

Board of Trustees and Executive Director

The State Board of Administration's Board of Trustees is composed of the Governor, as Chair, the Chief Financial Officer, and the Attorney General. The Trustees delegate administrative and investment authority to an appointed Executive Director. Mr. Ashbel Williams served as Executive Director during the audit period.

The Auditor General conducts audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

The team leader was Barbara St. George, CPA, and the audit was supervised by Allen G. Weiner, CPA.

Please address inquiries regarding this report to Kathryn D. Walker, CPA, Audit Manager, by e-mail at kathrynwalker@aud.state.fl.us or by telephone at (850) 412-2781.

This report and other reports prepared by the Auditor General are available at:

www.myflorida.com/audgen

State of Florida Auditor General

Claude Pepper Building, Suite G74 • 111 West Madison Street • Tallahassee, FL 32399-1450 • (850) 412-2722

**STATE BOARD OF ADMINISTRATION
LOCAL GOVERNMENT SURPLUS FUNDS TRUST FUND (FLORIDA PRIME)
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	22

SUMMARY

SUMMARY OF REPORT ON FINANCIAL STATEMENTS

Our audit disclosed that the basic financial statements prepared by the State Board of Administration (SBA) present fairly, in all material respects, the net position of the Local Government Surplus Funds Trust Fund (Florida PRIME) and the changes in net position thereof in accordance with prescribed financial reporting standards.

SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

Our audit did not disclose any deficiencies in internal control over Florida PRIME's financial reporting that we consider to be material weaknesses.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States.

AUDIT OBJECTIVES AND SCOPE

Our audit objectives were to determine whether the SBA had:

- Presented Florida PRIME's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements; and
- Complied with the various provisions of laws, rules, regulations, contracts, and Florida PRIME's investment policy that are material to the financial statements.

The scope of this audit included an examination of Florida PRIME's basic financial statements as of and for the fiscal years ended June 30, 2015, and 2014. We obtained an understanding of the SBA's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements. We also examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and Florida PRIME's investment policy.

AUDIT METHODOLOGY

The audit methodology included the examination of pertinent SBA records in connection with the application of procedures required by auditing standards generally accepted in the United States of America and applicable standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States.



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

Claude Denson Pepper Building, Suite G74
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Tallahassee, Florida 32399-1450



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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the State Board of Administration (SBA) Local Government Surplus Funds Trust Fund (Florida PRIME), as of and for the fiscal years ended June 30, 2015, and 2014, and the related notes to the financial statements, which collectively comprise Florida PRIME's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of Florida PRIME as of June 30, 2015, and 2014, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the financial statements present only Florida PRIME and do not purport to, and do not, present fairly the financial position of the State of Florida as of June 30, 2015, and 2014, or the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS** on pages 4 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the SBA's internal control over financial reporting relating to Florida PRIME and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal

control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the SBA's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with a large initial "S" and a distinct "F" before the last name.

Sherrill F. Norman, CPA
Tallahassee, Florida
November 17, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED JUNE 30, 2015, AND JUNE 30, 2014

The State Board of Administration (SBA) is responsible for the management of the Local Government Surplus Funds Trust Fund (Florida PRIME).¹ The SBA was established on June 21, 1929, pursuant to Chapter 14486, Laws of Florida (1929). The SBA was subsequently created as a constitutional body corporate on January 1, 1943, by Article IX, Section 16 of the State Constitution of 1885, as amended. The SBA was subsequently continued as a body corporate by Article IV, Section 4(e) of the State Constitution (1968), as amended. The SBA is governed by the Governor, as Chair, the Chief Financial Officer, and the Attorney General.

As management of the SBA, we offer readers of Florida PRIME's financial statements this overview and analysis of Florida PRIME's financial results and position for the fiscal years ended June 30, 2015, and 2014. We encourage readers to consider the information presented here in conjunction with the financial statements and notes to the financial statements, which begin on page 8.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements provide financial information about Florida PRIME as an investment trust fund, a fiduciary fund type. Investment trust funds are accounted for using an economic resources measurement focus and the accrual basis of accounting. Earnings on investments are recognized as revenue when earned, and expenses are recorded when a liability is incurred.

The SBA presents the following Florida PRIME basic financial statements: Statements of Net Position and Statements of Changes in Net Position. The Statements of Net Position present information about the nature and amounts of Florida PRIME's assets and liabilities, with the difference reported as net position. The Statements of Changes in Net Position report the increase or decrease in net position during the year as a result of investment activities and participant contributions and withdrawals.

FINANCIAL SUMMARY

The following Condensed Statements of Net Position and Condensed Statements of Changes in Net Position summarize Florida PRIME's financial statements for each of the last three fiscal years.

Condensed Statements of Net Position

(in thousands)

	As of June 30,		
	2015	2014	2013
Total assets	\$ 7,013,345	\$ 7,252,017	\$ 7,279,239
Total liabilities	10,120	60,598	1,146
Net position	<u>\$ 7,003,225</u>	<u>\$ 7,191,419</u>	<u>\$ 7,278,093</u>

¹ As of August 3, 2009, the SBA began using the name "Florida PRIME" when referring to the Local Government Surplus Funds Trust Fund.

Condensed Statements of Changes in Net Position

(in thousands)

	For the Fiscal Year Ended June 30,		
	2015	2014	2013
Changes in net position:			
Interest income	\$ 14,177	\$ 14,310	\$ 20,815
Investment expenses	(1,655)	(2,232)	(2,216)
Net income from investing activity	12,522	12,078	18,599
Distributions paid and payable	(12,522)	(12,078)	(18,599)
Participant contributions	15,880,965	15,058,443	14,875,298
Reinvested distributions	12,530	12,083	18,586
Participant withdrawals	(16,112,436)	(15,258,585)	(14,513,855)
Investment transfer from Fund B	30,747	101,385	145,620
Changes in net position	(188,194)	(86,674)	525,649
Net position, July 1	7,191,419	7,278,093	6,752,444
Net position, June 30	\$ 7,003,225	\$ 7,191,419	\$ 7,278,093

FINANCIAL ANALYSIS

Assets

Total assets at the end of fiscal years 2015, 2014, and 2013 were \$7.0 billion, \$7.25 billion and \$7.28 billion, respectively. The decrease in total assets and net position in fiscal year 2015 was due primarily to participant withdrawals exceeding contributions and investment transfers from Fund B by \$200.7 million. The decrease in total assets and net position during fiscal year 2014 was mainly the result of participant withdrawals exceeding contributions and investment transfers from Fund B by \$98.8 million.

Liabilities

Total liabilities at the end of fiscal years 2015, 2014, and 2013 were \$10.1 million, \$60.6 million, and \$1.1 million, respectively. Liabilities decreased by \$50.5 million in fiscal year 2015 following an increase of \$59.5 million in fiscal year 2014. The decrease in fiscal year 2015 was primarily due to a \$59.5 million decrease in pending investment purchases that was partially offset by a \$9.3 million increase in unregistered deposits (deposits sent without prior notification to the SBA). Deposits sent in without being registered by participants are recorded as liabilities until the depositor is identified and credit is awarded to the participant. The increase in fiscal year 2014 was due to a \$59.5 million increase in pending investment purchases.

Net Position and Changes in Net Position

Florida PRIME's net position decreased by \$188.2 million (3 percent) to \$7.0 billion at June 30, 2015, from \$7.19 billion at June 30, 2014, following a \$86.7 million (1 percent) decrease in the previous fiscal year from \$7.28 billion.

Net income from investing activity of \$12.5 million for the fiscal year ended June 30, 2015, was \$444 thousand higher than the \$12.1 million earned for fiscal year 2014, primarily due to lower investment

expenses. Net income from investing activity for fiscal year 2014 was \$6.5 million lower than the \$18.6 million earned for fiscal year 2013, primarily due to lower investment yields. The Federal Reserve continued a monetary policy stance (that began in the latter part of the 2009 fiscal year) to keep overnight interest rates to nearly zero in an effort to help stabilize global financial markets. As a result of this policy, other Federal government economic stimulus measures, and slow economic growth, short-term interest rates remained at historic lows during recent fiscal years.

Investment transfers from Fund B for fiscal year 2015 were \$30.7 million, a decrease of \$70.6 million from fiscal year 2014. The \$101.4 million received for fiscal year 2014 was \$44.2 million less than the transfers received from Fund B for fiscal year 2013. Favorable market conditions allowed the Fund B manager to liquidate a portion of the Fund B investments from late 2012 to mid-2013, and again from late 2013 to mid-2014. All remaining Fund B investments were liquidated by the end of September 2014. The final transfer to eligible Florida PRIME participants was made in July 2015. See Note III to the financial statements for more information.

Total investment expenses of \$1.7 million decreased approximately \$577 thousand, or more than 25 percent, during fiscal year 2015. The decrease was primarily a result of a reduction in investment management fees and administrative service charges, which were partially offset by an increase in bank fees. Investment expenses increased approximately \$16 thousand, or less than 1 percent, during fiscal year 2014 over 2013. This increase was a result of increased bank fees, which were partially offset by decreases in investment management fees and administrative service charges. Total investment expenses in fiscal years 2015 and 2014 were 2.4 and 3 basis points, respectively, or 0.024 and 0.03 percent of average assets under management.

FINANCIAL HIGHLIGHTS

Florida PRIME is governed by Chapters 215 and 218, Florida Statutes, and SBA Rules, Chapter 19-7, Florida Administrative Code. The purpose of Chapter 218, Part IV, Florida Statutes, is to promote, through State assistance, the maximization of net interest earnings on invested surplus funds of units of local government, based on the principles of investor protection, mandated transparency, and proper governance, with the goal of reducing the need for imposing additional taxes. The primary investment objectives, in priority order, are safety, liquidity, and competitive returns with minimization of risks.

Units of local government eligible to participate in Florida PRIME include, but are not limited to, any county, municipality, school district, special district, clerk of the circuit court, sheriff, property appraiser, tax collector, supervisor of elections, state university, state college, community college, authority, board, public corporations, or any other political subdivision or direct support organization of the State.

For the fiscal year ended June 30, 2015:

- Participant contributions increased 5.5 percent compared with the prior fiscal year, while participant withdrawals increased 5.6 percent, resulting in net withdrawals of \$231.5 million.
- Net income from investing activity increased \$444 thousand over the prior fiscal year, resulting in an average participant yield for the fiscal year of 0.18 percent, which was higher than the average participant yield of 0.17 percent for the prior fiscal year. The increase in net income from investing activity was due primarily to a decrease in investment management fees during the fiscal year. This decrease occurred because during the last half of the fiscal year, Florida PRIME held increased positions in two money market funds managed by Florida PRIME's investment

manager, positions which are excluded from the average daily net assets used as the basis for determining the investment management fee.

- The number of active participants decreased from 862 to 790.

For the fiscal year ended June 30, 2014:

- Participant contributions increased 1.0 percent compared with the prior fiscal year, while participant withdrawals increased 5.1 percent, resulting in net withdrawals of \$200.1 million.
- Net income from investing activity decreased \$6.5 million over the prior fiscal year, resulting in an average participant yield for the fiscal year of 0.17 percent, which was lower than the average participant yield of 0.25 percent for the prior fiscal year. The decrease in net income from investing activity was due to the continuing lower investment yields experienced throughout the fiscal year, and a slight decline in average participant balances.
- The number of active participants grew from 850 to 862.

CONTACT INFORMATION

These financial statements reflect only the transactions and balances for Florida PRIME. For additional information on Florida PRIME, please contact the State Board of Administration, Chief Operating & Financial Officer, 1801 Hermitage Boulevard, Suite 100, Tallahassee, Florida 32308 or visit SBA's website at <https://www.sbafla.com/prime/>.

BASIC FINANCIAL STATEMENTS

State Board of Administration Local Government Surplus Funds Trust Fund (Florida PRIME) Statements of Net Position

**As of June 30, 2015, and June 30, 2014
(In Thousands)**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
ASSETS		
Cash and cash equivalents	\$ 329,905	\$ 350,614
Investments:		
Certificates of deposit	1,945,617	2,868,091
Commercial paper	2,084,547	1,170,421
Repurchase agreements	425,000	1,150,000
Money market funds	1,382,969	843,737
Domestic corporate bonds and notes	701,128	701,591
Municipal bonds and notes	46,400	15,000
Foreign corporate bonds and notes (\$ denom)	94,428	90,912
Foreign government notes (\$ denom)	-	14,016
U.S. Treasury bills	-	34,496
Total investments	<u>6,680,089</u>	<u>6,888,264</u>
Investment sales receivable	-	10,100
Interest receivable	3,326	3,017
Prepaid fees	20	20
Undistributed expenses	<u>5</u>	<u>2</u>
Total Assets	<u>7,013,345</u>	<u>7,252,017</u>
LIABILITIES		
Investment purchases payable	-	59,503
Accounts payable and accrued liabilities	161	422
Distributions payable	54	59
Due to local governments	<u>9,905</u>	<u>614</u>
Total Liabilities	<u>10,120</u>	<u>60,598</u>
NET POSITION		
Held in trust for pool participants	<u>\$ 7,003,225</u>	<u>\$ 7,191,419</u>

The notes to the financial statements are an integral part of this statement.

State Board of Administration
Local Government Surplus Funds Trust Fund (Florida PRIME)
Statements of Changes in Net Position
Years Ended June 30, 2015, and June 30, 2014
(In Thousands)

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
ADDITIONS		
Income from investing activity:		
Interest income	\$ 14,177	\$ 14,310
Investment expenses:		
Investment management fees	(690)	(1,263)
Administrative service charges	(702)	(733)
Bank fees	(162)	(136)
Compliance review fees	(61)	(60)
Standard and Poor's rating maintenance fees	(40)	(40)
Investment expenses	(1,655)	(2,232)
Net income from investing activity	12,522	12,078
Total Additions	<u>12,522</u>	<u>12,078</u>
 DEDUCTIONS		
Distributions paid and payable	12,522	12,078
Total Deductions	<u>12,522</u>	<u>12,078</u>
 SHARE TRANSACTIONS		
Participant contributions	15,880,965	15,058,443
Reinvested distributions	12,530	12,083
Participant withdrawals	(16,112,436)	(15,258,585)
Investment transfer from Fund B	30,747	101,385
Net Increase (Decrease) Resulting from Share Transactions	<u>(188,194)</u>	<u>(86,674)</u>
 Increase (decrease) in net position	<u>(188,194)</u>	<u>(86,674)</u>
 Net position, beginning of year	7,191,419	7,278,093
Net position, end of year	<u>\$ 7,003,225</u>	<u>\$ 7,191,419</u>

The notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following summary of the significant accounting policies of the Local Government Surplus Funds Trust Fund (Florida PRIME) is presented to assist the reader in interpreting the financial statements. These policies should be viewed as an integral part of the accompanying financial statements.

A. Reporting Entity

The State Board of Administration (SBA) is responsible for the management of Florida PRIME. The SBA was established on June 21, 1929, pursuant to Chapter 14486, Laws of Florida (1929). The SBA was subsequently created as a constitutional body corporate on January 1, 1943, by Article IX, Section 16 of the State Constitution of 1885, as amended. The SBA was subsequently continued as a body corporate by Article IV, Section 4(e) of the State Constitution (1968), as amended. The SBA is composed of the Governor, as Chair, the Chief Financial Officer, and the Attorney General.

The Local Government Surplus Funds Trust Fund was created by act of the Florida Legislature effective October 1, 1977, (Chapter 218, Part IV, Florida Statutes). The law allowed the SBA to manage investments on an individual basis or to establish a pooled account. The funds were managed on an individual basis until January 1, 1982. On August 3, 2009, the SBA began using "Florida PRIME" when referring to the Local Government Surplus Funds Trust Fund.

Sections 218.40 through 218.415, Florida Statutes, and State Board of Administration Rules 19-7.002 through 19-7.016, Florida Administrative Code, promulgated pursuant to Section 218.405(4), Florida Statutes, govern the operation of Florida PRIME.

The assets and liabilities of Florida PRIME are included in the Comprehensive Annual Financial Report (CAFR) of the State of Florida. The accompanying financial statements present only Florida PRIME and are not intended to present fairly the financial position of the State of Florida and the results of its operations in conformity with generally accepted accounting principles.

B. Regulatory Oversight

Florida PRIME is not a registrant with the Securities and Exchange Commission (SEC); however, the SBA has adopted operating procedures consistent with those required of an SEC Rule 2a-7-like fund. An SEC Rule 2a-7-like external investment pool is one that is not registered with the SEC as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with SEC Rule 2a-7, which governs the operation of SEC regulated money market funds.

C. Basis of Presentation

These financial statements have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles.

Florida PRIME is reported as an investment trust fund, a fiduciary fund type.

D. Measurement Focus and Basis of Accounting

Basis of accounting refers to when the recognition of revenues and expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The accompanying financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP. Under this method, earnings on investments, including interest income, are recognized as revenue when earned, and expenses are recognized when a liability is incurred.

E. Cash and Cash Equivalents

Florida PRIME reports as “Cash and cash equivalents” all cash on hand and on deposit in banks, including demand deposits, time deposits, and non-negotiable certificates of deposit.

F. Investments

Florida PRIME’s investments are recorded at amortized cost, consistent with GASB Statement No. 31. Fair values, for note disclosures, are calculated using quoted market prices. If quoted market prices are not available, the discounted cash flow model and broker quotes are used to price securities.

G. Method Used to Determine Participants’ Shares Sold and Redeemed

In a manner similar to that used for SEC Rule 2a-7 money market funds, participants’ shares are sold and redeemed in Florida PRIME using the amortized cost method, which is consistent with the method used to report Florida PRIME’s investments. The amortized cost method calculates an investment’s value by adjusting its acquisition cost for the accretion of discount or amortization of premium over the period from purchase to maturity.

H. Legally Binding Guarantees

The SBA has not provided or obtained any legally binding guarantees during the fiscal years ended June 30, 2015, and June 30, 2014, for Florida PRIME.

I. Involuntary Participation

There is no requirement under Florida Statutes for any local government or state agency to participate in Florida PRIME.

J. Frequency of Determining Fair Value of Shares

The fair value of the investments of Florida PRIME is determined on a daily basis. SEC Rule 2a-7 requires that a periodic comparison be made between amortized cost and fair value. If the two values differ by more than .50 percent, the SBA is permitted to suspend redemptions and postpone payment of redemption proceeds in an orderly liquidation of Florida PRIME if, subject to other requirements, the SBA determines that the deviation between the Florida PRIME’s amortized cost per share and its current fair value per share may result in material dilution or other unfair results to participants. For the fiscal years ended June 30, 2015, and June 30, 2014, the ratio of fair value to amortized cost was 100.00 percent.

K. Fees and Administrative Service Charges

Federated Investment Counseling (Federated) is the investment manager for Florida PRIME. Federated charges an annual investment management fee based on the average daily net assets (i.e., average daily amortized cost) of Florida PRIME (excluding Federated money market fund balances), as follows:

First \$1 billion in Account Assets	3.5 basis points
Next \$1.5 billion in Account Assets	3.0 basis points
Next \$2.5 billion in Account Assets	2.5 basis points
Balance of Account Assets over \$5 billion	2.0 basis points

This fee is taken out of monthly earnings prior to the allocation of net earnings to participant balances. Total investment management fees incurred by Florida PRIME in the fiscal years ended June 30, 2015, and June 30, 2014, were \$689,954 and \$1,262,672, respectively. The decline in investment management fees in fiscal year 2015 was due to an increase in Florida PRIME's investment in two money market funds managed by Federated, which decreased the average daily net assets subject to investment management fees.

In accordance with SBA Rule 19-3.016(17), Florida Administrative Code, the SBA charges an administrative service charge to recover its costs related to operating Florida PRIME. The charge is taken out of the monthly earnings prior to the distribution of net earnings to participant balances each month. Currently, the SBA service charge is 1.0 basis point (.0001) on total Florida PRIME assets. Total administrative service charges incurred by Florida PRIME for the fiscal years ended June 30, 2015 and 2014, were \$702,187 and \$733,421, respectively.

Various bank fees (including transaction charges), custody fees, performance analytics, and consulting fees are incurred by Florida PRIME. These fees are taken out of the monthly earnings prior to the distribution of net earnings to participant balances each month. The total bank fees incurred by Florida PRIME for the fiscal years ended June 30, 2015, and June 30, 2014, were \$162,063 and \$136,299, respectively. Bank fees increased in fiscal year 2015, the first complete fiscal year after the inception of a new custodial bank contract in November 2013. Standard and Poor's (S&P) rating maintenance fees were \$40,000 and \$39,496 for the fiscal years ended June 30, 2015, and 2014, respectively. Compliance review fees were \$60,690 and \$59,927 for those same years. The compliance review service fees resulted from the provisions of Section 218.405(3), Florida Statutes, which require that the trustees annually certify to the Joint Legislative Auditing Committee that Florida PRIME is in compliance with Florida law.

L. Fund B Surplus Funds Trust Fund

Pursuant to Section 218.417, Florida Statutes, the Fund B Surplus Funds Trust Fund (Fund B) was created in May 2008. Amounts credited to Fund B consisted of the investments, interest earned, and reserve in Fund B of Florida PRIME. Fund B of Florida PRIME was originally formed as part of a restructuring of the Local Government Surplus Funds Trust Fund in December 2007 to hold certain securities with limited liquidity.

Fund B is administered by the SBA and the SBA distributed cash holdings from May 2008 through September 2014 to eligible Florida PRIME participants as they became available from maturities,

sales, investment interest, and other income received from the assets in Fund B. These distributions are recorded on the Statement of Changes in Net Position as a Transfer from Fund B. With the September 2014 distribution, original principal balances were distributed in full to each participant. Effective October 2014, the SBA retained the residual cash inflows in Fund B pending legislative direction for the final distribution of the remaining assets. See Note III for more information.

II. DEPOSITS AND INVESTMENTS

A. Deposits

Cash is held in deposit accounts at various financial institutions. These deposits totaled \$329,905,013 at June 30, 2015, and \$350,613,406 at June 30, 2014. Chapter 280, Florida Statutes, generally requires public funds to be deposited in a bank or savings association designated by the State of Florida Chief Financial Officer (State CFO) as a qualified public depository (QPD).

The State CFO determines the collateral requirements and collateral pledging level for each QPD following guidelines outlined in Department of Financial Services Rules, Chapter 69C-2, Florida Administrative Code, and Section 280.04, Florida Statutes. Eligible collateral includes Federal, federally-guaranteed, state and local government obligations; corporate bonds; and letters of credit issued by a Federal Home Loan Bank. Other collateral may be eligible, with the State CFO's permission.

At June 30, 2015, and June 30, 2014, Florida PRIME held overnight time deposits of \$320 million and \$350 million, respectively that were exposed to custodial credit risk because they were uninsured and uncollateralized. Under the investment policy for Florida PRIME, the investment manager is allowed to invest in unsecured interest bearing deposits with banks if they have capital, surplus, and undivided profits of over \$100,000,000, or if the principal amount of the instrument is insured by the Bank Insurance Fund or the Savings Association Insurance Fund which are administered by the Federal Deposit Insurance Corporation. These time deposits were held in banks that met the \$100,000,000 requirement for capital, surplus, and undivided profits. All other deposits in Florida PRIME were covered by Federal insurance or the State's collateral pool pursuant to Chapter 280, Florida Statutes.

B. Investment Authority and Compliance

The SBA has the authority to administer and invest the funds of Florida PRIME in accordance with Chapter 218, Part IV, Florida Statutes. The statute states the SBA shall invest the moneys of Florida PRIME in the same manner and subject to the same restrictions as are set forth in Section 215.47, Florida Statutes, which identifies all authorized securities.

Section 215.47, Florida Statutes, includes a broad range of instruments to enable the SBA to administer its varied investment responsibilities. The Investment Policy Statement for Florida PRIME lists the following authorized principal investments:

- United States (U.S.) Treasury obligations.
- U.S. Government Agency obligations.
- Government securities, which are defined as any security issued or guaranteed as to principal or interest by the United States, or by a person controlled or supervised by and acting as an

instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States; or any certificate of deposit for any of the foregoing.

- Insurance contracts, including guaranteed investment contracts, funding agreements, and annuities.
- Corporate debt securities, such as notes, bonds, debentures, commercial paper, interests in bank loans to companies, and demand instruments.
- Bank instruments (including Yankee and Eurodollar), such as bank accounts, time deposits, certificates of deposit, and bankers' acceptances. Yankee instruments are denominated in U.S. dollars and issued by U.S. branches of foreign banks. Eurodollar instruments are denominated in U.S. dollars and issued by non-U.S. branches of U.S. or foreign banks.
- Asset-backed securities, which may be in the form of commercial paper, notes, or pass-through certificates.
- Municipal securities issued by states, counties, cities, and other political subdivisions and authorities.
- Foreign securities (i.e., U.S. dollar-denominated securities of issuers based outside the U.S.).
- Mortgage-backed securities representing interests in pools of mortgages. Mortgages may have fixed or adjustable interest rates.
- Private placements of securities – The SBA has determined that Florida PRIME constitutes (i) an “accredited investor” as defined in Rule 501(a)(7) promulgated under the Securities Act of 1933, as amended (the Securities Act), as long as Florida PRIME has total assets in excess of \$5,000,000 and (ii) a “qualified purchaser” as defined in Section 2(a)(51)(A)(iv) of the Investment Company Act of 1940 (1940 Act), as long as Florida PRIME in the aggregate owns and invests on a discretionary basis not less than \$25,000,000 in investments, but does not constitute a “qualified institutional buyer” as defined in Rule 144A(a)(1) promulgated under the Securities Act. Florida PRIME is restricted from purchasing or acquiring securities or investments that would require Florida PRIME to represent in connection with such purchase or acquisition that it is a “qualified institutional buyer” as defined in Rule 144A(a)(1) promulgated under the Securities Act.
- Shares of registered investment companies that are money market mutual funds, including those that are affiliated with Federated (Investment Manager).
- Special transactions, including repurchase agreements and delayed delivery transactions. Repurchase agreements are transactions in which Florida PRIME buys a security from a dealer or bank and agrees to sell the security back at a mutually agreed-upon time and price. Delayed delivery transactions, including when-issued transactions, are arrangements in which Florida PRIME buys securities for a set price, with payment and delivery of the securities scheduled for a future time but no later than seven days in the future.

The primary investment objectives for Florida PRIME, in priority order, are safety, liquidity, and competitive returns with minimization of risks. This is accomplished by structuring the portfolio consistent with Part 270 of the 1940 Act (17 CFR 270.2a-7, Money Market Funds). In buying and selling portfolio securities for Florida PRIME, the Investment Manager will comply with the diversification, maturity, and credit quality conditions imposed by Rule 2a-7 under the 1940 Act; with the requirements imposed by any nationally recognized statistical rating organization (NRSRO) that rates Florida PRIME to ensure that it maintains a AAAm rating (or the equivalent); and with the investment limitations imposed by Section 215.47, Florida Statutes.

When the deviation between the fair value and amortized cost of Florida PRIME exceeds 0.25 percent, the Investment Policy Statement requires that the Investment Manager establish a

formal action plan. The Investment Policy Statement also requires that the Investment Oversight Group review the formal action plan and prepare a recommendation for the Executive Director's consideration.

When the deviation between the fair value and amortized cost of Florida PRIME exceeds 0.50 percent, Section 218.409(8), Florida Statutes, authorizes the Executive Director to promptly consider what action, if any, should be initiated. Where the Executive Director believes the extent of any deviation from Florida PRIME's amortized cost price per share may result in material dilution or other unfair results to investors or existing shareholders, the Executive Director will cause Florida PRIME to take such action as deemed appropriate to eliminate or reduce to the extent reasonably practicable such dilution or unfair results.

C. Summary of Investment Holdings

The following tables provide a summary of the par value or share amount, carrying amount, fair value, range of interest rates, and range of maturity dates for each major investment classification as of June 30, 2015, and June 30, 2014 (expressed in thousands):

As of June 30, 2015					
Investment Type	Par	Carrying Value	Fair Value	Range of Interest Rates ⁽¹⁾	Range of Maturity Dates
Certificates of deposit	\$ 1,945,700	\$ 1,945,617	\$1,945,688	.11%-.65%	7/2/15-7/1/16 ⁽²⁾
Commercial paper	2,085,000	2,084,547	2,084,616	.20%-.40%	7/1/15-5/10/16
Money market funds	1,382,969	1,382,969	1,382,969	.01%-.07%	N/A ⁽³⁾
Domestic corporate bonds & notes	699,287	701,128	700,769	.29%-6.90%	7/1/15-7/21/16 ⁽²⁾
Municipal bonds & notes	46,400	46,400	46,400	.03%	6/15/38 ⁽⁴⁾
Foreign corporate bonds & notes (\$ denom)	93,965	94,428	94,418	.80%-2.63%	8/7/15-7/15/16
Repurchase agreements	425,000	425,000	425,000	0.11%	7/1/15
Totals	\$ 6,678,321	\$ 6,680,089	\$6,679,860		

Notes: (1) The coupon rate in effect at June 30, 2015, is reported. If a security is discounted, the purchase yield is reported. The 7-day yield as of June 30, 2015, is reported for the money market funds. The yields fluctuate daily.

(2) Florida PRIME has the option to extend the maturity date on one position in certificates of deposit on a monthly basis until the final maturity date of October 4, 2018. The maturity date on this position as of June 30, 2015, was July 1, 2016.

Florida PRIME has the option to extend the maturity date on several positions in domestic corporate bonds on a monthly basis until the final maturity dates of July 20, 2018, October 20, 2018, and March 7, 2019. The maturity dates on these positions as of June 30, 2015, are July 21, 2016, July 19, 2016, and July 6, 2016, respectively.

(3) Money market funds do not have a specified maturity date.

(4) Florida PRIME has one position in municipal bonds and notes that it may tender for 100 percent of the principal amount, plus accrued interest with a minimum of zero days prior notification to the trustee of the bonds or notes.

As of June 30, 2014

Investment Type	Par	Carrying Value	Fair Value	Range of Interest Rates⁽¹⁾	Range of Maturity Dates
Certificates of deposit	\$ 2,868,200	\$ 2,868,091	\$ 2,868,119	.10%-.48%	7/1/14-7/2/15 ⁽²⁾
Commercial paper	1,170,770	1,170,421	1,170,485	.10%-.43%	7/2/14-6/17/15 ⁽²⁾
Money market funds	843,737	843,737	843,737	.01%-.02%	N/A ⁽³⁾
Domestic corporate bonds & notes	698,702	701,591	701,589	.14%-4.90%	7/28/14-7/1/29 ^{(2), (4)}
Municipal bonds & notes	15,000	15,000	15,000	.05%	5/1/42 ⁽⁴⁾
Foreign corporate bonds & notes (\$ denom)	90,790	90,912	90,905	.40%-5.20%	7/10/14-5/1/15
Foreign government notes (\$ denom)	14,000	14,016	14,014	.38%	4/1/15
Repurchase agreements	1,150,000	1,150,000	1,150,000	.10%-.15%	7/1/14
U.S. Treasury bills	34,500	34,496	34,499	.11%	8/14/14
Totals	\$ 6,885,699	\$ 6,888,264	\$ 6,888,348		

Notes: (1) The coupon rate in effect at June 30, 2014, is reported. If a security is discounted, the purchase yield is reported. The 7-day yield as of June 30, 2014, is reported for the money market funds. The yields fluctuate daily.

(2) Florida PRIME has the option to extend the maturity date on several positions in certificates of deposit on a monthly basis until the final maturity dates of May 26, 2015, and October 4, 2018. The maturity dates on these positions as of June 30, 2014, are December 24, 2014, and July 2, 2015, respectively. Florida PRIME has the option to extend the maturity date on a position in commercial paper on a monthly basis until the final maturity date of November 4, 2014. The maturity date on this position as of June 30, 2014, is October 3, 2014.

Florida PRIME has the option to extend the maturity date on several positions in domestic corporate bonds on a monthly basis until the final maturity dates of July 20, 2018, October 20, 2018, and March 7, 2019. The maturity dates on these positions as of June 30, 2014, are July 22, 2015, July 20, 2015, and July 7, 2015, respectively.

(3) Money market funds do not have a specified maturity date.

(4) Florida PRIME has several positions in these bonds and notes that it may tender for 100 percent of the principal amount, plus accrued interest (if tendered between interest payment dates) with a minimum of 7 days prior notification to the trustee of the bonds or notes.

D. Investment Credit Risk and Concentration of Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of the investment in a single issuer.

Pursuant to the Investment Policy Statement, investment credit risk and concentration of credit risk of debt securities will be managed as follows:

- The Investment Manager will purchase short-term, high-quality fixed income securities. To be considered high-quality, a security must be rated in the highest short-term rating category by one or more NRSROs, or be deemed to be of comparable quality thereto by the Investment Manager, subject to Section 215.47(1)(j), Florida Statutes.
- The Investment Manager will perform a credit analysis to develop a database of issuers and securities that meet the Investment Manager's standard for minimal credit risk. The Investment Manager will monitor the credit risks of all Florida PRIME's portfolio securities on an ongoing basis

by reviewing the financial data, issuer news and developments, and ratings of designated NRSROs.

- The Investment Manager generally will comply with the following diversification limitations that are additional to those set forth in SEC Rule 2a-7. First, at least 50 percent of Florida PRIME assets will be invested in securities rated “A-1+” or those deemed to be of comparable credit quality thereto by the Investment Manager (i.e., so long as such deeming is consistent with the requirements of the NRSRO’s AAAm (or equivalent) rating criteria), subject to Section 215.47(1)(j), Florida Statutes. Second, exposure to any single non-governmental issuer will not exceed 5 percent (at the time a security is purchased) and exposure to any single money market mutual fund will not exceed 10 percent of Florida PRIME assets.

In the event that a security receives a credit rating downgrade and ceases to be in the highest rating category, or the Investment Manager determines that the security is no longer of comparable quality to the highest short-term rating category (in either case, a “downgrade”), the Investment Manager will reassess whether the security continues to present minimal credit risk and will cause Florida PRIME to take any actions determined by the Investment Manager to be in the best interest of Florida PRIME. The Investment Manager will not be required to make reassessments if Florida PRIME disposes of the security (or the security matures) within five business days of the downgrade.

In the event that a security no longer meets the criteria for purchase due to default, event of insolvency, a determination that the security no longer presents minimal credit risks, or other material event (affected security), the Investment Manager must dispose of the security as soon as practical consistent with achieving an orderly disposition of the affected security, by sale, exercise of a demand feature or otherwise. An affected security may be held only if the Executive Director has determined, based upon a recommendation from the Investment Manager and the Investment Oversight Group, that it would not be in the best interest of Florida PRIME to dispose of the security taking into account market conditions that may affect an orderly disposition.

Florida PRIME’s credit quality ratings were as follows at June 30, 2015, and June 30, 2014 (fair values expressed in thousands):

Ratings ⁽¹⁾		Fair Value of Florida PRIME Investments as of June 30, 2015						
S&P	Moody's	Total	Certificates of Deposit	Commercial Paper	Money Market Funds	Repurchase Agreements ⁽²⁾	Corporate & Municipal Bonds & Notes	Foreign Corp. Bonds & Notes (\$ denom)
AAAm		\$ 1,382,969	\$ -	\$ -	\$ 1,382,969	\$ -	\$ -	\$ -
AA		902,662	199,982	-	-	-	691,343	11,337
A		123,907	-	-	-	-	40,826	83,081
A-1		2,084,616	-	2,084,616	-	-	-	-
Not rated ⁽¹⁾	Not rated ⁽¹⁾	2,185,706	1,745,706	-	-	425,000	15,000	-
	Totals	\$ 6,679,860	\$ 1,945,688	\$ 2,084,616	\$ 1,382,969	\$ 425,000	\$ 747,169	\$ 94,418

Notes: (1) Ratings for investments are presented using S&P credit ratings. If S&P did not rate a security, then Moody's ratings are presented, if available. All of the investments presented as “Not rated” had short-term issuer credit ratings that met Florida PRIME's investment and SEC Rule 2a-7 guidelines.

(2) Collateral underlying the repurchase agreements was not rated.

Ratings ⁽¹⁾		Fair Value of Florida PRIME Investments as of June 30, 2014						
S&P	Moody's	Total	Certificates of Deposit	Commercial Paper	Money Market Funds	Repurchase Agreements ⁽²⁾	Corporate & Municipal Bonds & Notes	Foreign Corp. & Govt. Bonds & Notes (\$ denom)
AAA		\$ 843,737	\$ -	\$ -	\$843,737	\$ -	\$ -	\$ -
AA		679,056	185,013	-	-	-	389,524	104,519
A		27,493	-	-	-	-	27,093	400
Not rated ⁽¹⁾	Aa	240,009	225,009	-	-	-	15,000	-
A-1		1,170,485	-	1,170,485	-	-	-	-
Not rated ⁽¹⁾	Not rated ⁽¹⁾	3,549,095	2,458,097	-	-	806,026	284,972	-
		<u>\$ 6,509,875</u>	<u>\$ 2,868,119</u>	<u>\$ 1,170,485</u>	<u>\$ 843,737</u>	<u>\$ 806,026</u>	<u>\$ 716,589</u>	<u>\$ 104,919</u>
Not rated ⁽³⁾	Not rated ⁽³⁾	343,974	Repurchase agreements					
Not rated ⁽³⁾	Not rated ⁽³⁾	34,499	U.S. Treasury bills					
		<u>\$ 6,888,348</u>	Total					

Notes: (1) Ratings for investments are presented using S&P credit ratings. If S&P did not rate a security, then Moody's ratings are presented, if available. All of the investments presented as "Not rated" had short-term issuer credit ratings that met Florida PRIME's investment and SEC Rule 2a-7 guidelines.

(2) Collateral underlying the repurchase agreements was not rated.

(3) U.S. Obligations and collateral for repurchase agreements which are explicitly guaranteed by the U.S. government do not require disclosure of credit quality.

With respect to the concentration of credit risk, at June 30, 2015, and June 30, 2014, Florida PRIME had exposure of 5 percent or more to each of the following issuers (carrying values and fair values expressed in thousands):

As of June 30, 2015				
Issuer Name	Carrying Value	Percent of Portfolio Carrying Value	Fair Value	Percent of Portfolio Fair Value
Bank of America - Repurchase agreements ⁽¹⁾	\$ 425,000	6.36%	\$ 425,000	6.36%
JPMorgan Chase & Co. - Commercial paper	\$ 289,939	4.34%	\$ 289,943	4.34%
JPMorgan Chase & Co. - Certificates of deposit	50,000	0.75%	50,075	0.75%
JPMorgan Chase & Co. - Domestic bonds and notes	15,000	0.22%	15,000	0.22%
JPMorgan Chase & Co. Total ⁽²⁾	<u>\$ 354,939</u>	<u>5.31%</u>	<u>\$ 355,018</u>	<u>5.31%</u>
Sumitomo Mitsui Financial Group - Certificates of deposit	\$ 242,000	3.62%	\$ 241,998	3.62%
Sumitomo Mitsui Financial Group - Commercial paper	102,990	1.54%	102,993	1.54%
Sumitomo Mitsui Financial Group Total ⁽³⁾	<u>\$ 344,990</u>	<u>5.16%</u>	<u>\$ 344,991</u>	<u>5.16%</u>
Wells Fargo & Company - Domestic bonds and notes	\$ 246,837	3.70%	\$ 246,838	3.70%
Wells Fargo & Company - Certificates of deposit	95,700	1.43%	95,688	1.43%
Wells Fargo & Company Total ⁽³⁾	<u>\$ 342,537</u>	<u>5.13%</u>	<u>\$ 342,526</u>	<u>5.13%</u>

Notes: (1) For purposes of SEC Rule 2a-7 exposure restriction calculations, acquisitions of repurchase agreements may be deemed to be acquisitions of the underlying securities, provided the obligation of the seller is fully collateralized. These agreements are fully collateralized. Consequently, they are not subject to SEC Rule 2a-7 issuer exposure restrictions.

(2) Under SEC Rule 2a-7, liquidations are not required for exposures over 5 percent if the overage is caused by participant account movements (i.e., withdrawals). The excess exposure to JPMorgan Chase & Co. was caused by participant account movements.

(3) These percentages were calculated based on the holdings of the investment portfolio in accordance with GASB Statement No. 40. If the percentages were adjusted to consider the effects of a \$320 million time deposit, the percentage would have dropped to 4.9 percent, 0.1 percent below the 5.0 percent threshold.

As of June 30, 2014

Issuer Name	Carrying Value	Percent of Portfolio Carrying Value	Fair Value	Percent of Portfolio Fair Value
Bank of America - Corporate notes ⁽¹⁾	\$ 200,000	2.90%	\$ 200,008	2.90%
Bank of America - Repurchase agreements ⁽²⁾	750,000	10.89%	750,000	10.89%
Bank of America Total	<u>\$ 950,000</u>	<u>13.79%</u>	<u>\$ 950,008</u>	<u>13.79%</u>
Deutsche Bank - Certificates of deposit ⁽¹⁾	\$ 100,000	1.45%	\$ 99,987	1.45%
Deutsche Bank - Repurchase agreements ⁽²⁾	400,000	5.81%	400,000	5.81%
Deutsche Bank Total	<u>\$ 500,000</u>	<u>7.26%</u>	<u>\$ 499,987</u>	<u>7.26%</u>
Sumitomo Mitsui Banking Corp. - Certificates of deposit ⁽³⁾	<u>\$ 355,000</u>	<u>5.15%</u>	<u>\$ 354,996</u>	<u>5.15%</u>

- Notes: (1) For purposes of the SEC Rule 2a-7 exposure restriction calculations, the Bank of America corporate notes are considered a separate issuer position from the Bank of America collateralized repurchase agreements, and the Deutsche Bank certificates of deposit are considered a separate issuer position from the Deutsche Bank collateralized repurchase agreements.
- (2) For purposes of SEC Rule 2a-7 exposure restriction calculations, acquisitions of repurchase agreements may be deemed to be acquisitions of the underlying securities, provided the obligation of the seller is fully collateralized. These agreements are fully collateralized. Consequently, they are not subject to SEC Rule 2a-7 issuer exposure restrictions.
- (3) These percentages were calculated based on the holdings of the investment portfolio in accordance with GASB Statement No. 40. If the percentages were adjusted to consider the effects of a \$350 million time deposit, the percentage would have dropped to 4.9 percent, 0.1 percent below the 5.0 percent threshold.

E. Investments, Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the SBA will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

The SBA's policy is that custodial credit risk will be minimized through the use of trust accounts maintained at top tier third-party custodian banks. To the extent possible, negotiated trust and custody contracts shall require that all deposits, investments, and collateral be held in accounts in the SBA's name, separate and apart from the assets of the custodian banks.

The SBA engaged BNY Mellon (Custodian) to provide asset safekeeping, custody, fund accounting, and performance measurement services to Florida PRIME. At June 30, 2015, and June 30, 2014, all investments, except those in money market funds in which the SBA invests (i.e., in commingled funds with other investors), were held in the SBA's name by the SBA's custodial bank.

F. Investments, Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. Pursuant to the Investment Policy Statement, the Investment Manager will target a dollar-weighted average maturity (DWAM) range for Florida PRIME based on its interest rate outlook. The Investment Manager will formulate its interest rate outlook by analyzing a variety of factors, such as current and expected U.S. economic growth; current and expected interest rates and inflation; and the Federal Reserve Board's monetary policy. The Investment Manager will generally shorten Florida PRIME's DWAM when it expects interest rates to rise and extend Florida PRIME's DWAM when it expects interest rates to fall. The Investment Manager will exercise reasonable care to maintain a DWAM of 60 days or less for Florida PRIME. For purposes of calculating DWAM, the maturity of an adjustable rate security generally will be the period remaining until its next interest rate reset date.

Presented below are the investments held in Florida PRIME at June 30, 2015, and June 30, 2014, at fair value (expressed in thousands), with the DWAM for each security type:

As of June 30, 2015		
Investment Type	Fair Value	Dollar Weighted Average Maturity (in Days) ⁽¹⁾
Certificates of deposit ⁽²⁾	\$ 1,945,688	47
Commercial paper ⁽²⁾	2,084,616	34
Money market funds ⁽³⁾	1,382,969	1
Domestic corporate bonds & notes	700,769	68
Municipal bonds & notes	46,400	1
Foreign corporate bonds & notes (\$ denom)	94,418	137
Repurchase agreements	425,000	1
Total	\$ 6,679,860	
Portfolio dollar-weighted average maturity (DWAM)⁽⁴⁾		34

Notes: (1) Interest rate reset dates are used in the calculation of the DWAM.

(2) Certificates of deposit and commercial paper include domestic and U.S. dollar-denominated foreign issues.

(3) The DWAM of the underlying securities in the three money market funds at June 30, 2015, ranged from 36 to 48 days. However, the money market funds provided daily liquidity.

(4) The total Portfolio DWAM does not take into account the \$320 million held in a time deposit at June 30, 2015. If the time deposit had been included, the total Portfolio DWAM would have been 32 days.

As of June 30, 2014

Investment Type	Fair Value	Dollar Weighted Average Maturity (in Days)⁽¹⁾
Certificates of deposit ⁽²⁾	\$ 2,868,119	56
Commercial paper ⁽²⁾	1,170,485	45
Money market funds ⁽³⁾	843,737	1
Domestic corporate bonds & notes	701,589	101
Municipal bonds & notes	15,000	7
Foreign corporate bonds & notes (\$ denom)	90,905	18
Foreign government notes (\$ denom)	14,014	2
Repurchase agreements	1,150,000	1
U.S. Treasury bills	34,499	45
Total	\$ 6,888,348	
Portfolio dollar-weighted average maturity (DWAM)⁽⁴⁾		42

Notes: (1) Interest rate reset dates are used in the calculation of the DWAM.

(2) Certificates of deposit and commercial paper include domestic and U.S. dollar-denominated foreign issues.

(3) The DWAM of the underlying securities in the three money market funds at June 30, 2014, ranged from 41 to 52 days. However, the money market funds provided daily liquidity.

(4) The total Portfolio DWAM does not take into account the \$350 million held in a time deposit at June 30, 2014. If the time deposit had been included, the total Portfolio DWAM would have been 40 days.

G. Investments, Foreign Currency Risk

Investment policy guidelines prohibit the Investment Manager from purchasing investments denominated in foreign currency, therefore all Florida PRIME securities are U.S. dollar denominated. Florida PRIME was not exposed to foreign currency risk during the fiscal years ended June 30, 2015, and June 30, 2014.

III. SUBSEQUENT EVENTS

On July 13, 2015, the SBA distributed the remaining cash balance in Fund B to eligible participants of Florida PRIME. Pursuant to Section 218.421(2)(e), Florida Statutes, the SBA distributed the residual balance held within Fund B back to each participant in the Local Government Surplus Funds Trust Fund who had been entitled to, but had not received, a November 2007 interest payment on invested funds at any time during that month. The amount distributed was based on each participant's proportional share of the total November 2007 interest earned by each participant in the Local Government Surplus Funds Trust Fund which was not paid out, but transferred to Fund B in order to maximize the payout of principal.



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Report on the Financial Statements

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the State Board of Administration (SBA) Local Government Surplus Funds Trust Fund (Florida PRIME), as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Florida PRIME's basic financial statements, and have issued our report thereon dated November 17, 2015, included under the heading **INDEPENDENT AUDITOR'S REPORT**.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the SBA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the SBA's internal control. Accordingly, we do not express an opinion on the effectiveness of the SBA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Florida PRIME's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is

less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

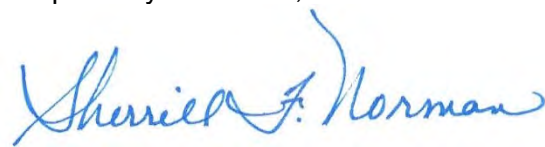
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Florida PRIME's financial statements are free from material misstatement, we performed tests of the SBA's compliance with certain provisions of laws, rules, regulations, contracts, and policies, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of the Report

The purpose of the **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS** is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the SBA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the SBA's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
November 17, 2015

Memo

TO: Ashbel C. Williams, Executive Director & CIO

THRU: Jack E. Nicholson, Chief Operating Officer, FHCF

FROM: Leonard E. Schulte, Director of Legal Analysis & Risk Evaluation, FHCF

DATE: January 7, 2016

SUBJECT: Trustees Meeting, January 21, 2016

Request approval of, and authority to file, a Notice of Proposed Rule for Florida Hurricane Catastrophe Fund Rules 19-8.029, F.A.C., Insurer Reporting Requirements and 19-8.030, F.A.C., Insurer Responsibilities, and to file these rules along with the incorporated forms for adoption if no member of the public timely requests a rule hearing or if a hearing is requested and no changes are needed.

ITEM 6. SUMMARY AND REASONS FOR RULE CHANGES:

1. Insurer Reporting Requirements (Rule 19-8.029, F.A.C.)

This rule is being amended to adopt insurer data reporting requirements applicable to the 2016-2017 FHCF Contract Year, including the 2016 Data Call.

2. Insurer Responsibilities (Rule 19-8.030, F.A.C.)

This rule is being amended to adopt insurer loss reporting, exposure reporting, and examination requirements applicable to the 2016-2017 FHCF Contract Year.

SUMMARY OF INCORPORATED CHANGES:

1. Insurer Reporting Requirements (Rule 19-8.029, F.A.C.)

This rule adopts insurer data reporting requirements applicable to the 2016-2017 FHCF Contract Year, including the 2016 Data Call (Form FHCF-D1A).

In addition to nonsubstantive editorial changes, the 2016 Data Call revises reporting instructions for single structures having a mixture of habitational and non-habitational occupancies to reflect the change to the 2016-2017 Reimbursement Contract that eliminated the “carve-out” optional coverage for habitational exposures in a predominantly non-habitational structure, deletes the requirement for reporting of street addresses of covered properties, and requires a participating insurer to report a building’s actual year of construction instead of selecting from a range of years.

Additional detail is provided in the attached Summary of Changes.

2. Insurer Responsibilities (Rule 19-8.030, F.A.C.)

In addition to nonsubstantive editorial changes, pre-examination and post-examination requirements for insurers are revised and clarified to conform to current practice. In addition, with respect to required submission of underwriting and rating manuals, the revised rule provides that an insurer may submit them either by uploading them to the FHCF *WIRE* in advance of the examination or by providing them to the examiner at the time of the examination.

Additional detail is provided in the attached Summary of Changes.

EXTERNAL INTEREST: A rule development workshop was held on January 5, 2016. Representatives of the FHCF attended and presented the rule and incorporated forms. The notice of rule development was published in the *Florida Administrative Register* on December 22, 2015, Vol. 41, No. 246. The rules were presented, discussed, and approved by the FHCF Advisory Council at a public meeting on January 5, 2016.

ACTION REQUESTED: It is requested that these proposed rule amendments be presented to the Cabinet Aides on January 13, 2016, and to the State Board of Administration Trustees on January 21, 2016, with a request for approval of and authority to file a Notice of Proposed Rule and to approve filing for adoption with the Department of State if no member of the public timely requests a rule hearing or if a rule hearing is requested but no changes to the rules are necessary. A notice of the meeting of the Board is to be published in the *Florida Administrative Register* on January 7, 2016, Vol. 42, No. 4.

ATTACHMENTS TO BE INCLUDED WITH THE SBA AGENDA ITEM 6:

- Notice of Meeting of Board as filed in the *Florida Administrative Register*.
- Summary of Changes for Rule 19-8.029, F.A.C.
- Summary of Changes for Rule 19-8.030, F.A.C.
- Notice of Proposed Rule.
- Rule 19-8.029, F.A.C., Insurer Reporting Requirements.
- 2016 Incorporated Forms: FHCF-D1A, “Florida Hurricane Catastrophe Fund 2016 Data Call” rev. XX/16; FHCF-L1A, “Contract Year 2016 Interim Loss Report, Florida Hurricane Catastrophe Fund (FHCF)” rev. XX/16; Form FHCF-L1B, “Contract Year 2016 Proof of Loss Report, Florida Hurricane Catastrophe Fund (FHCF)” rev. XX/16; FHCF-DCL, “Florida Hurricane Catastrophe Fund Contract Year 2016 Detailed Claims Listing Instructions” rev. XX/16.
- Rule 19-8.030, F.A.C., Insurer Responsibilities.
- 2016 Incorporated Forms: FHCF-EAP1, “Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination—Contract Year 2016 Advance Preparation Instructions” rev. XX/16, FHCF-LAP1, “Florida Hurricane Catastrophe Fund (FHCF) Loss Reimbursement Examination—Contract Year 2016 Advance Preparation Instructions” rev. XX/16.

The rules show the proposed amendments with new language underscored and deleted language ~~stricken through~~.

Notice of Meeting/Workshop Hearing

STATE BOARD OF ADMINISTRATION

The Florida Hurricane Catastrophe Fund announces a public meeting to which all persons are invited.

DATE AND TIME: January 21, 2016, 9:00 a.m. (ET) to conclusion of the meeting.

PLACE: Cabinet Meeting Room, Lower Level, The Capitol, Tallahassee, Florida.

GENERAL SUBJECT MATTER TO BE CONSIDERED: This is a meeting of the Trustees of the State Board of Administration to authorize the Florida Hurricane Catastrophe Fund (the Fund) to file a Notice of Proposed Rule for two rules, Rule 19-8.029, F.A.C., Insurer Reporting Requirements, and Rule 19-8.030, F.A.C., Insurer Responsibilities, and to file these rules for adoption if no member of the public timely requests a rule hearing or if a rule hearing is requested but no Notice of Change is needed. The rules and incorporated forms are available on the Fund's website: www.sbafla.com/fhcf. The Trustees may also address other general business.

A copy of the agenda may be obtained by contacting: Not available.

Pursuant to the provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in this workshop/meeting is asked to advise the agency at least 7 days before the workshop/meeting by contacting: Donna Sirmons, Florida Hurricane Catastrophe Fund, at (850) 413-1349 or donna.sirmons@sbafla.com. If you are hearing or speech impaired, please contact the agency using the Florida Relay Service, 1(800)955-8771 (TDD) or 1(800)955-8770 (Voice).

Notice of Proposed Rule

STATE BOARD OF ADMINISTRATION

RULE NO.: RULE TITLE:

19-8.029: Insurer Reporting Requirements

19-8.030: Insurer Responsibilities

PURPOSE AND EFFECT: The State Board of Administration, Florida Hurricane Catastrophe Fund, seeks to amend the rules listed above to implement Section 215.555, Florida Statutes.

SUMMARY: Rule 19-8.029, F.A.C., relates to insurer reporting requirements. The proposed amendments adopt the Data Call and other applicable reporting requirements for the 2016-2017 contract year. Rule 19-8.030, F.A.C., specifies insurer loss reporting, exposure reporting, and examination requirements. The proposed amendments provide clarification, delete obsolete material, and adopt the examination instruction forms applicable to the 2016-2017 contract year.

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COSTS AND LEGISLATIVE RATIFICATION:

The Agency has determined that this will not have an adverse impact on small business or likely increase directly or indirectly regulatory costs in excess of \$200,000 in the aggregate within one year after the implementation of the rule. A SERC has not been prepared by the Agency.

The Agency has determined that the proposed rule is not expected to require legislative ratification based on the statement of estimated regulatory costs or if no SERC is required, the information expressly relied upon and described herein: Upon review of the proposed changes to these two rules and the incorporated forms, the State Board of Administration of Florida has determined that neither rule meets the requirements for ratification by the legislature. The changes to these rules do not have an adverse impact on small business and do not directly or indirectly increase regulatory costs in excess of \$200,000 in the aggregate within 1 year of implementation. The changes to these rules also do not directly or indirectly have an adverse impact on economic growth, private sector job creation or employment, or private sector investment, business competitiveness or innovation or increase regulatory costs, including any transactional costs, in excess of \$1 million in the aggregate within 5 years after the implementation of either rule.

Any person who wishes to provide information regarding a statement of estimated regulatory costs, or provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.

RULEMAKING AUTHORITY: 215.555(3), F.S.

LAW IMPLEMENTED: 215.555(2), (3), (4), (5), (6), (7), (10), F.S.

IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE HELD AT THE DATE, TIME AND PLACE SHOWN BELOW (IF NOT REQUESTED, THIS HEARING WILL NOT BE HELD):

DATE AND TIME: February 15, 2016, 9:00 a.m. (ET) to 11:00 a.m. (ET).

PLACE: Room 116 (Hermitage Conference Room), 1801 Hermitage Blvd., Tallahassee, Florida 32308.

Pursuant to the provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in this workshop/meeting is asked to advise the agency at least 7 days before the workshop/meeting by contacting: Donna Sirmons, Florida Hurricane Catastrophe Fund, 1801 Hermitage Boulevard, Tallahassee, FL 32308, (850) 413-1349, donna.sirmons@sbafla.com. If you are hearing or speech impaired, please contact the agency using the Florida Relay Service, 1(800)955-8771 (TDD) or 1(800)955-8770 (Voice).

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS: Donna Sirmons at the number or email listed above.

THE FULL TEXT OF THE PROPOSED RULE IS:

19-8.029 Insurer Reporting Requirements.

(1) through (3)(b), no changes.

(3)(c) Reporting Regarding Insurers Withdrawing from the State or Discontinuing the Writing of All Kinds of Insurance Prior to June 30 of Each Year. Insurers which discontinue writing insurance in Florida and have no remaining Covered Policy exposure as of June 30 of each Contract Year are required to petition for exemption from the Fund pursuant to Rule 19-8.012, F.A.C. ~~Insurers which withdraw from the Florida insurance market prior to June 30 and have no remaining Covered Policy exposure as of that date shall not participate in the Fund. The affected insurer shall provide written evidence obtained from the Office of Insurance Regulation that it has surrendered its certificate of authority and currently has no outstanding Covered Policies in force.~~ Nothing in this rule shall be construed to conflict with the requirements of Section 624.430(1), F.S.

(3)(d), no changes.

(4) Data Call Forms.

~~(a) For the 2011/2012 Contract Year, the reporting shall be in accordance with Form FHCF-D1A, "Florida Hurricane Catastrophe Fund 2011 Data Call," rev. 01/11, <http://www.flrules.org/Gateway/reference.asp?No=Ref-00413> hereby adopted and incorporated by reference into this rule. The form may be obtained from the Fund's Administrator at the address stated in subsection (8) below. A New Participant writing covered policies on or after June 1 but prior to December 1, shall report its actual exposure as of December 31 of the Contract Year on or before March 1 of the Contract Year, to the Administrator.~~

~~(a)(b)~~ For the 2012/2013 Contract Year, the reporting shall be in accordance with Form FHCF-D1A, "Florida Hurricane Catastrophe Fund 2012 Data Call," rev. 01/12, <http://www.flrules.org/gateway/reference.asp?No=Ref-01193> hereby adopted and incorporated by reference into this rule. The form may be obtained from the Fund's Administrator at the address stated in subsection (8) below. A new participant writing covered policies on or after June 1 but prior to December 1, shall report its actual exposure as of December 31 of the Contract Year on or before March 1 of the Contract Year, to the Administrator. For the 2012/2013 Contract Year, a New Participant had the option of reporting its actual exposure as of November 30 of the Contract Year on or before February 1 of the Contract Year.

~~(b)(c)~~ For the 2013/2014 Contract Year, the reporting shall be in accordance with Form FHCF-D1A, "Florida Hurricane Catastrophe Fund 2013 Data Call," rev. 02/13, <http://www.flrules.org/Gateway/reference.asp?No=Ref-02333>, hereby adopted and incorporated by reference into this rule. The form may be obtained from the Fund's Administrator at the address stated in subsection (8) below. A New Participant writing covered policies on or after June 1 but prior to December 1, shall report its actual exposure as of November 30 of the Contract Year on or before February 1 of the Contract Year to the Administrator.

~~(c)(d)~~ For the 2014/2015 Contract Year, the reporting shall be in accordance with Form FHCF-D1A, "Florida Hurricane Catastrophe Fund 2014 Data Call," rev. 04/14, <http://www.flrules.org/Gateway/reference.asp?No=Ref-03967>, hereby adopted and incorporated by reference into this rule. The form may be obtained from the Fund's Administrator at the address stated in subsection (8) below. A New Participant writing Covered Policies on or after June 1 but prior to December 1, shall report its actual exposure as of November 30 of the Contract Year on or before February 1 of the Contract Year.

~~(d)(e)~~ For the 2015/2016 Contract Year, the reporting shall be in accordance with Form FHCF-D1A, "Florida Hurricane Catastrophe Fund 2015 Data Call," rev. 05/15, <http://www.flrules.org/Gateway/reference.asp?No=Ref-05322>, hereby adopted and incorporated by reference into this rule. A New Participant writing Covered Policies on or after June 1 but prior to December 1, shall report its actual exposure as of November 30 of the Contract Year on or before February 1 of the Contract Year.

(e) For the 2016/2017 Contract Year, the reporting shall be in accordance with Form FHCF-D1A, "Florida Hurricane Catastrophe Fund 2016 Data Call," rev. XX/16, <http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX>, hereby adopted and incorporated by reference into this rule. A New Participant writing Covered Policies

on or after June 1 but prior to December 1, shall report its actual exposure as of November 30 of the Contract Year on or before February 1 of the Contract Year.

(5) Loss Reimbursement Reporting Requirements.

(a) As directed by the Board, after a covered event occurs, insurers shall report all their estimated ultimate net losses (as defined in the Reimbursement Contract, adopted and incorporated into Rule 19-8.010, F.A.C.) for Covered Policies on the Form FHCF-L1A, "Florida Hurricane Catastrophe Fund Interim Loss Report," ~~for the applicable Contract Year, as specified adopted in subsection (6) herein, in no less than fourteen days from the date of the notice from the Board that such a report is required.~~ The Board may request subsequent Interim Loss Reports. Prompt reporting in the format requested will aid the Board in determining whether to seek additional sources of funds to pay for reimbursable losses. The losses reported on the Interim Loss Report are expected to result from a good faith effort, using best business practices for the insurance industry, on the part of the insurer to report as accurately as possible. Preliminary reports will not be binding. ~~Reimbursements by the Fund will be made on the basis of the Proof of Loss Report, adopted in subsection (6) below.~~

(b) Insurers shall report their ultimate net losses for each loss occurrence on the Form FHCF-L1B, "Florida Hurricane Catastrophe Fund Proof of Loss Report," ~~for the applicable Contract Year, as specified adopted in subsection (6) herein.~~ Reimbursements by the Fund will be made on the basis of the Proof of Loss Report. While a Company may submit a Proof of Loss Report requesting reimbursement at any time following a loss occurrence, all Companies shall submit a mandatory Proof of Loss Report for each loss occurrence no earlier than December 1 and no later than December 31 of the Contract Year during which the Covered Event(s) occurs using the most current data available, regardless of the amount of Ultimate Net Loss or the amount of loss reimbursements or advances already received. After the mandatory December Proof of Loss Report, quarterly Proof of Loss Reports are required as outlined in Article X of the Reimbursement Contract below. ~~For purposes of this rule, quarterly Proof of Loss Reports shall be those reports submitted at each quarter end date after December 31 of the Contract Year in which the loss occurrence occurs and continuing until all claims and losses resulting from loss occurrences commencing during the Contract Year are fully discharged, including any adjustments to such losses due to salvage or other recoveries, in accordance with the reporting requirements in this paragraph. "Fully Discharged" means the earlier of the date on which the insurer has paid its policyholders in full or the commutation clause, in Article X of the Reimbursement Contract takes effect. For the quarterly report due on March 31, any insurer whose losses exceed 50% of its FHCF retention for a specific loss occurrence shall submit a Proof of Loss Report for that loss occurrence. For the quarterly report due on June 30, any insurer whose losses exceed 75% of its FHCF retention for a specific loss occurrence shall submit a Proof of Loss Report for that loss occurrence. For the quarterly reports due on September 30 and thereafter, any insurer which anticipates that its losses will exceed its FHCF retention for a specific loss occurrence shall submit quarterly Proof of Loss Reports until all its losses are paid to its policyholders and the insurer has received reimbursement from the Fund. Annually, all Companies shall submit a mandatory year-end Proof of Loss Report for each loss occurrence, using the most current data available. This Proof of Loss Report shall be filed no earlier than December 1 and no later than December 31 of each year and shall continue until the earlier of the expiration of the Commutation Period or until all claims and losses resulting from the loss occurrence are fully discharged including any adjustments to such losses due to salvage or other recoveries.~~

(5)(c), no changes.

(5)(d) When required, Companies must submit a Detailed Claims Listing to support the losses reported in the FHCF-L1A, Interim Loss Report (excluding incurred but not reported losses) and the FHCF-L1B, Proof of Loss Report. The requirements and instructions for the Detailed Claims Listing are outlined in Form FHCF-DCL, "Detailed Claims Listing Instructions," adopted in subsection (6) herein, for the applicable Contract Year, ~~as specified in subsection (6) herein.~~ The Detailed Claims Listing, when required, must be uploaded through the FHCF Online Claims System (available at www.sbafla.com/fhcf under Insurer Information, Online Claims) at the same time as the Company's Proof of Loss Report submission. ~~A Detailed Claims Listing is required:~~

~~1. At the same time a Company submits its first Proof of Loss Report for a specific Covered Event that qualifies the Company for reimbursement under that Covered Event;~~

~~2. Annually with the mandatory year end Proof of Loss Report as required in subparagraph (b) above;~~

3. Upon notice from the Board of an upcoming loss reimbursement examination (to accompany an updated Proof of Loss Report);

4. Upon request of the Board in support of any other filed Proof of Loss Report; and

5. Upon request of the Board in support of an Interim Loss Report.

(e) As a result of reports submitted on Form FHCF L1B, reimbursements to insurers shall be adjusted in accordance with Section 215.555(4)(d)1., F.S., which requires the Fund to pay additional amounts to insurers and insurers to return overpayments to the Fund, based on the most recent calculation of losses.

(6) Loss Reporting Forms.

(a) For the 2014/2015 Contract Year, the applicable Interim Loss Report is the "Contract Year 2014 Interim Loss Report, Florida Hurricane Catastrophe Fund (FHCF)," FHCF L1A, rev. 04/14, <http://www.flrules.org/Gateway/reference.asp?No=Ref-03971>, which is hereby adopted and incorporated by reference into this rule. The applicable Proof of Loss Report is the "Contract Year 2014 Proof of Loss Report, Florida Hurricane Catastrophe Fund (FHCF)," FHCF L1B, rev. 04/14, <http://www.flrules.org/Gateway/reference.asp?No=Ref-03969>, which is hereby adopted and incorporated by reference into this rule. The applicable Detailed Claims Listing Instructions is the "Contract Year 2014 Detailed Claims Listing Instructions," FHCF DCL, 04/14, <http://www.flrules.org/Gateway/reference.asp?No=Ref-03968>, which is hereby adopted and incorporated by reference into this rule.

(a)(b) For the 2015/2016 Contract Year, the applicable Interim Loss Report is the "Contract Year 2015 Interim Loss Report, Florida Hurricane Catastrophe Fund (FHCF)," FHCF-L1A, rev. 05/15, <http://www.flrules.org/Gateway/reference.asp?No=Ref-05323>, which is hereby adopted and incorporated by reference into this rule. The applicable Proof of Loss Report is the "Contract Year 2015 Proof of Loss Report, Florida Hurricane Catastrophe Fund (FHCF)," FHCF-L1B, rev. 05/15, <http://www.flrules.org/Gateway/reference.asp?No=Ref-05329>, which is hereby adopted and incorporated by reference into this rule. The applicable Detailed Claims Listing Instructions is the "Contract Year 2015 Detailed Claims Listing Instructions," FHCF-DCL, 05/15, <http://www.flrules.org/Gateway/reference.asp?No=Ref-05325>, which is hereby adopted and incorporated by reference into this rule.

(b) For the 2016/2017 Contract Year, the applicable Interim Loss Report is the "Contract Year 2016 Interim Loss Report, Florida Hurricane Catastrophe Fund (FHCF)," FHCF-L1A, rev. XX/16, <http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX>, which is hereby adopted and incorporated by reference into this rule. The applicable Proof of Loss Report is the "Contract Year 2016 Proof of Loss Report, Florida Hurricane Catastrophe Fund (FHCF)," FHCF-L1B, rev. XX/16, <http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX>, which is hereby adopted and incorporated by reference into this rule. The applicable Detailed Claims Listing Instructions is the "Contract Year 2016 Detailed Claims Listing Instructions," FHCF-DCL, rev. XX/16, <http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX>, which is hereby adopted and incorporated by reference into this rule.

(7) through (8), no changes.

Rulemaking Authority 215.555(3) FS. Law Implemented 215.555(2), (3), (4), (5), (6), (7), (15), 627.351(6), FS. History--New 5-17-99, Amended 6-19-00, 6-3-01, 6-2-02, 11-12-02, 5-13-03, 5-19-04, 8-29-04, 5-29-05, 5-10-06, 5-8-07, 6-8-08, 3-30-09, 8-2-09, 3-29-10, 8-8-10, 7-20-11, 5-22-12, 3-17-13; 4-24-14, 5-12-15, X-XX-16.

19-8.030 Insurer Responsibilities.

(1) through (3)(r), no changes.

(4) Reimbursement Contract.

(a) Current Participants: The Reimbursement Contracts are annual contracts.

1. For the 2010/2011 Contract Year and earlier Contract Years, each Insurer required to participate in the FHCF must designate a coverage level in the annual Reimbursement Contract, make any required selections therein and execute the Reimbursement Contract and applicable Addenda so that the Contract, including the schedules and applicable Addenda, have been received by June 1 of each Contract Year.

~~2-~~For the 2011/2012 Contract Year and subsequent Contract Years, each Insurer required to participate in the FHCF must designate a coverage level in the annual Reimbursement Contract, make any required selections therein and execute the Reimbursement Contract and applicable Addenda so that the Contract, including the schedules and applicable Addenda, have been received by March 1 prior to each Contract Year.

(4)(b) and (4)(c), no changes.

(5) Exposure Reporting Requirements.

(a) Quota Share Primary Insurance: Citizens and Authorized Insurers may enter into Quota Share Primary Insurance Arrangements with respect to the Coastal Account policies. The statute also provides, in Section 627.351(6)(c)2.f., F.S., that Citizens shall be responsible for the annual reporting of insured values to the FHCF for both Citizens and the Insurer participating with Citizens in the Quota Share Arrangement. Citizens shall report the insured values covered by the Quota Share Primary Insurance Arrangements in the same manner that all other current participants, as described in paragraph (b) below, report their insured values. ~~Please note that both Citizens and the Quota Share Primary Insurer must keep complete and accurate records, including copies of policy declaration pages and supporting claims documents, for the purpose of exposure and loss reimbursement examinations by the FHCF.~~

(b) Current Participants: Each Insurer, with Covered Policies as of June 1 of a Contract Year must participate in the FHCF and must complete and submit the Data Call online using *WIRE*, correctly completed, no later than September 1 of the Contract Year.

(c) New Participants: ~~during the period of June 1 through November 30:~~

~~1. For the 2012/2013 Contract Year and earlier Contract Years, those Insurers that first begin writing Covered Policies from June 1 through November 30 of a Contract Year must complete and submit the Data Call, correctly completed, by March 1 of the Contract Year. For the 2012/2013 Contract Year, such an Insurer had the option of reporting its actual exposure as of November 30 of the Contract Year on or before February 1 of the Contract Year.~~

~~2-~~ For the 2013/2014 Contract Year and subsequent Contract Years, Insurers that first begin writing Covered Policies from June 1 through November 30 of a Contract Year must correctly complete and submit the Data Call by February 1 of the Contract Year.

(d) Resubmissions of Data: ~~With one exception noted below, Any Insurer which submits a Data Call, with incorrect data, incomplete data, or improperly formatted data in the wrong format and is required to resubmit will be given 30 days from the date on the letter from the FHCF notifying the Insurer of the need to resubmit (may be less than 30 days if the Insurer has been notified by the SBA for an examination). An extension of 30 days will may be granted if the Insurer can show that the need for the additional time is due to circumstances beyond the reasonable control of the Insurer. Exception: If the Insurer, at the time it receives notice of the need to resubmit, has already been issued a notice of examinations, the usual 30 day time limitation (measured from the date of the letter giving notice of the need to resubmit) does not apply. In this situation, the time period in which the Insurer must resubmit is measured by counting backwards 30 days from the date that the examinations are scheduled to begin as reflected on the notice of examinations letter. The FHCF needs the information prior to the examinations; thus, no extensions can be granted.~~

(5)(d)1. Through (7)(a), no changes.

(7)(b) New Participants during the period of June 1 through November 30: Those Insurers that first begin writing Covered Policies from June 1 through November 30 of a Contract Year must submit a payment of \$1,000 on or before the date indicated on the invoice. Once a New Participant's Data Call has been reviewed by the Administrator and the Company's actual Reimbursement Premium has been determined on its actual exposure, an invoice with the additional amount due, if any, will be sent to the Company by the Administrator. Payment, if any amounts are shown as due on the invoice, is due within 30 days from the date on the invoice. In no event will the Premium be less than the \$1,000.

(7)(c) through (8), no changes.

(8)(a) Advance Examination Record Requirements: Within 30 days from the date on the letter from the FHCF, Companies are required to provide the FHCF with the records indicated in the applicable Contract Year's "Exposure Examination Advance Preparation Instructions" or in the applicable Contract Year's "Loss Reimbursement

Examination Advance Preparation Instructions.”- An extension of 30 days may be granted if the Insurer can show that the need for the additional time is due to circumstances beyond the reasonable control of the Insurer.

~~1. For the 2011/2012 Contract Year, the applicable exposure examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2011 Advance Preparation Instructions,” FHCF-EAP1, rev. 01/11, <http://www.flrules.org/Gateway/reference.asp?No=Ref-00416>. The applicable loss examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Loss Reimbursement Examination – Contract Year 2011 Advance Preparation Instructions,” FHCF-LAP1, rev. 01/11, <http://www.flrules.org/Gateway/reference.asp?No=Ref-00417>.~~

~~1.2.~~ For the 2012/2013 Contract Year, the applicable exposure examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2012 Advance Preparation Instructions,” FHCF-EAP1, rev. 01/12, <http://www.flrules.org/Gateway/reference.asp?No=Ref-01191>. The applicable loss examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Loss Reimbursement Examination – Contract Year 2012 Advance Preparation Instructions,” FHCF-LAP1, rev. 01/12, <http://www.flrules.org/Gateway/reference.asp?No=Ref-01192>.

~~2.3.~~ For the 2013/2014 Contract Year, the applicable exposure examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2013 Advance Preparation Instructions,” FHCF-EAP1, rev. 02/13, <http://www.flrules.org/Gateway/reference.asp?No=Ref-02337>. The applicable loss examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Loss Reimbursement Examination – Contract Year 2013 Advance Preparation Instructions,” FHCF-LAP1, rev. 02/13, <http://www.flrules.org/Gateway/reference.asp?No=Ref-02336>.

~~3.4.~~ For the 2014/2015 Contract Year, the applicable exposure examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2014 Advance Preparation Instructions,” FHCF-EAP1, rev. 04/14, <http://www.flrules.org/Gateway/reference.asp?No=Ref-03973>. The applicable loss examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Loss Reimbursement Examination – Contract Year 2014 Advance Preparation Instructions,” FHCF-LAP1, rev. 04/14, <http://www.flrules.org/Gateway/reference.asp?No=Ref-03975>.

~~4.5.~~ For the 2015/2016 Contract Year, the applicable exposure examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2015 Advance Preparation Instructions,” FHCF-EAP1, rev. 05/15, <http://www.flrules.org/Gateway/reference.asp?No=Ref-05326>. The applicable loss examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Loss Reimbursement Examination – Contract Year 2015 Advance Preparation Instructions,” FHCF-LAP1, rev. 05/15, <http://www.flrules.org/Gateway/reference.asp?No=Ref-05327>.

~~5. For the 2016/2017 Contract Year, the applicable exposure examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2016 Advance Preparation Instructions,” FHCF-EAP1, rev. XX/16, <http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX>. The applicable loss examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Loss Reimbursement Examination – Contract Year 2016 Advance Preparation Instructions,” FHCF-LAP1, rev. XX/16, <http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX>.~~

(8)(a)6. through (8)(c), no changes.

~~(d) Resubmissions as a Result of a Completed Examination: A Company required to resubmit exposure data as a result of the examination must do so within 30 days of the date on the letter from the FHCF notifying the Company of the need to resubmit. An extension of 30 days may be granted if the Company can show that the need for additional time is due to circumstances beyond the reasonable control of the Company.~~

(9) through (11), no changes.

NAME OF PERSON ORIGINATING PROPOSED RULE: Jack E. Nicholson, FHCF Chief Operating Officer, State Board of Administration of Florida.

NAME OF AGENCY HEAD WHO APPROVED THE PROPOSED RULE: The Trustees of the State Board of Administration of Florida.

DATE PROPOSED RULE APPROVED BY AGENCY HEAD: January 21, 2016

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAR: December 22, 2015

Rule 19-8.029, F.A.C., and Incorporated Forms
2016-2017 Contract Year
Summary of Changes as of December 18, 2015

Rule

19-8.029, Insurer Reporting Requirements

(3)(c) Editorial change: Language relating to insurers that withdraw from the Florida market is deleted. The deleted language is duplicative of language in current Rule 19-8.012, F.A.C.

Existing (4)(a), relating to the Data Call for the 2011-2012 Contract Year, is deleted as obsolete material, and existing (4)(b) through (4)(e) are redesignated as (4)(a) through (4)(d), respectively.

New (4)(e) is added to adopt the Data Call for the 2016-2017 Contract Year, Form FHCF-D1A rev. XX/16.

(5)(a), (b), and (d) are amended, and (5)(e) is deleted, to remove language that is duplicative of language in Article X of the Reimbursement Contract adopted by Rule 19-8.010, F.A.C.

Existing (6)(a), relating to loss reporting forms for the 2014-2015 Contract Year, is deleted as obsolete material, existing (6)(b) is renumbered as (6)(a), and a new (6)(b) is added to adopt the Interim Loss Report, Proof of Loss Report, and Detailed Claims Listing Instructions for the 2016-2017 Contract Year.

Incorporated Forms

FORM FHCF-D1A rev. XX/16, Florida Hurricane Catastrophe Fund 2016 Data Call

In addition to updating references to apply to the 2016-2017 Contract Year, the 2016 Data Call includes the following changes from the prior Data Call:

Important Changes in the 2016 Data Call. This section summarizes the four major changes in the 2016 Data Call:

- Reporting instructions for single structures having a mixture of habitational and non-habitational occupancies are revised to reflect the change to the 2016-2017 Reimbursement Contract that eliminated the “carve-out” optional coverage for habitational exposures in a predominantly non-habitational structure.
- Reporting of street address locations of covered properties is eliminated.

- With respect to a property's date of construction, the 2016 Data Call requires the insurer to report the actual year built, rather than selecting from a set of date ranges.
- The revisions to the exclusions for specialized fine arts and collectibles, as provided in the Reimbursement Contract adopted by Rule 19-8.010, F.A.C., are also incorporated in the exclusions as republished in the Data Call.

Steps for Completing the Data Call. Paragraph 2 is amended to specify that an insurer's proposed methodologies for construction code mapping and for reporting single structures with a mixture of habitational and non-habitational exposures should be received by August 1, 2016.

Single Structures with Habitational and Non-Habitational Occupancies. This section is added. It replaces the Commercial-Habitational Clarifications provision entitled "Single Structures with Mix of Commercial-Habitational Occupancies and Commercial Non-Habitational or Business Occupancies Written on a Commercial Policy" (see pages 22-23 of the 2015 Data Call). The new language provides:

- If a single structure written on a commercial policy is predominantly used for dwelling or habitational purposes, the entire structure is to be reported as residential.
- If the predominant use is non-dwelling or non-habitational, the structure is not to be reported.
- "Predominant" means 50% or greater.
- A company's methodology for determining the predominant use of a structure must be approved in advance on an annual basis.

File Layout and Description of Data Fields.

- Data Field 12 (Year Built) is revised to require the submission of the actual year a property was built (except where the year is unknown or the property is a mobile home). Under the prior Data Call, four ranges were available (unknown or mobile home, 1994 or earlier, 1995-2001, and 2002 or later).
- Fields 13 and 14, which, in the 2015 Data Call, required submission of street address data, are not used and are instead marked "Reserved for Future Use."

Reimbursement Contract Definitions and Exclusions. The sections of the Data Call that reprint selected definitions and exclusions as used in the Reimbursement Contract are updated to reflect the language of the 2016-2017 Reimbursement Contract adopted by Rule 19-8.010, F.A.C. Reimbursement Contract.

Reporting Clarifications—Commercial Habitational Clarifications.

- Paragraph 3, relating to commercial policies covering a variety of risks, is amended to delete as redundant a sentence defining when non-commercial habitational exposure is "incidental."

- Paragraph 7, relating to single structures with a mixture of habitational and non-habitational occupancies written on a commercial policy, is deleted. See “Single Structures with Habitational and Non-Habitational Occupancies,” above.

Citizens Property Insurance Corporation, Takeouts Pursuant to Assumption Agreements. The requirement that Citizens and the assuming insurer must both track the date the policyholder signs the form opting out of an assumption is deleted.

FORM FHCF-LIA rev. XX/16, Contract Year 2016 Interim Loss Report

References are updated to apply to the 2016 Contract Year.

FORM FHCF-L1B rev. XX/16, Contract Year 2016 Proof of Loss Report

References are updated to apply to the 2016 Contract Year.

FORM FHCF-DCL rev. XX/16, Contract Year 2016 Detailed Claims Listing Instructions

References are updated to apply to the 2016 Contract Year.

19-8.029 Insurer Reporting Requirements.

(1) Purpose. The purpose of this rule is to incorporate and adopt the annual reporting of insured values and the Loss Reporting Forms, to provide the time and place for submission of this required information and to address confidentiality of information provided to the Florida Hurricane Catastrophe Fund.

(2) Definitions. The terms defined below will be capitalized in this rule.

(a) Citizens Property Insurance Corporation or Citizens means the entity formed under Section 627.351(6), F.S., and refers to two accounts, the coastal account and the personal lines and commercial lines accounts. Each account is treated by the FHCF as if it were a separate participating insurer with its own reportable exposures, reimbursement premium, retention, and ultimate net loss.

(b) Commutation Period means that period of time which is not less than 36 months or more than 60 months after the end of the Contract Year during which the loss occurrence took place. The Reimbursement Contract, adopted and incorporated into Rule 19-8.010, F.A.C., may provide for voluntary commutation earlier than the 36 month period under certain circumstances.

(c) Contract Year means the time period which begins at 12:00:01 a.m., Eastern Time, on June 1 of each calendar year and ends at 12:00 midnight, Eastern Time, on May 31 of the following calendar year.

(d) Covered Policy is defined in Section 215.555(2)(c), F.S., and in the Reimbursement Contract adopted by and incorporated into Rule 19-8.010, F.A.C.

(e) Data Call or Florida Hurricane Catastrophe Fund Data Call means the annual reporting of insured values Form FHCF-D1A.

(f) FHCF or Fund means the Florida Hurricane Catastrophe Fund.

(g) Independent Consultant means the independent individual, firm, or organization with which the State Board of Administration of Florida (Board) contracts to prepare the premium formula and any other actuarial services for the FHCF, as determined under the contract with the consultant.

(h) Loss Reporting Forms mean the FHCF-L1A, FHCF-L1B, and FHCF-DCL.

(i) New Participants means insurers which are granted a certificate of authority by the Department of Financial Services after the beginning of the FHCF's Contract Year on June 1 and which write Covered Policies, or which already have a certificate of authority and begin writing Covered Policies on or after the beginning of the FHCF's Contract Year on June 1 and did not or were not required to enter into a contract on June 1 of the Contract Year. A Company that enters into an assumption agreement with Citizens that includes Covered Policies and is effective on or after June 1 and had written no other Covered Policies on or before June 1 is also considered a New Participant.

(j) Office of Insurance Regulation means that office within the Department of Financial Services and which was created in Section 20.121(3), F.S.

(k) *WIRE* means the Web Insurer Reporting Engine which is the secure web-based system used for the reporting of insurer exposure data under the Data Call beginning with the 2014/2015 Contract Year.

(3) Reporting of Insurer Exposure Data.

(a) No later than September 1 of each Contract Year, authorized insurers and Citizens pursuant to Sections 215.555(5) and 627.351(6), F.S., shall report, online using *WIRE*, insured values reflecting wind exposure under Covered Policies by zip code and other relevant factors required to reflect each insurer's relative exposure to hurricane loss, valued as of June 30 of the current Contract Year, as required under the Data Call. Such other relevant factors shall be determined by the Independent Consultant consistent with principles of actuarial science and in conjunction with the development of the premium formula.

(b) Confidentiality of reports containing insured values under Covered Policies. Section 215.557, F.S., enacted for the express purpose of protecting trade secret and proprietary information submitted to the FHCF by participating insurers, protects the confidentiality of information of the type submitted in the Data Call, examination workpapers, and examination reports. Such information is not subject to the provisions of Section 119.07(1), F.S., or Section 24(a), Article I of the Florida State Constitution. Confidential data and trade secrets reported to the FHCF are protected to the extent allowed by law.

(c) Reporting Regarding Insurers Withdrawing from the State or Discontinuing the Writing of All Kinds of Insurance Prior to June 30 of Each Year. Insurers which discontinue writing insurance in Florida and have no remaining Covered Policy exposure as of June 30 of each Contract Year are required to petition for exemption from the Fund pursuant to Rule 19-8.012, F.A.C. ~~Insurers which withdraw from the Florida insurance market prior to June 30 and have no remaining Covered Policy exposure as of that date shall not participate in the Fund. The affected insurer shall provide written evidence obtained from the Office of Insurance Regulation that it has surrendered its certificate of authority and currently has no outstanding Covered Policies in force.~~ Nothing in this rule shall be construed to conflict with the requirements of Section 624.430(1), F.S.

(d) Online reporting, using *WIRE*, is due by September 1 (or by the alternative date applicable to New Participants as outlined in subsection (4) below); this means that the report shall be received by the Board no later than 4:00 p.m., Eastern Time, on September 1. If September 1 is a Saturday, Sunday or legal holiday, then the applicable due date will be the day immediately following September 1 which is not a Saturday, Sunday or legal holiday. Reports sent to the FHCF Administrator in Minneapolis, Minnesota, will be returned to the sender. Submissions in *WIRE* must be electronically signed off on by 4:00 p.m., Eastern Time, on the applicable due date by two officers registered in the system or the submission will be late.

(4) Data Call Forms.

~~(a) For the 2011/2012 Contract Year, the reporting shall be in accordance with Form FHCF-D1A, "Florida Hurricane Catastrophe Fund 2011 Data Call," rev. 01/11, <http://www.flrules.org/Gateway/reference.asp?No=Ref-00413> hereby adopted and incorporated by reference into this rule. The form may be obtained from the Fund's Administrator at the address stated in subsection (8) below. A New Participant writing covered policies on or after June 1 but prior to December 1, shall report its actual exposure as of December 31 of the Contract Year on or before March 1 of the Contract Year, to the Administrator.~~

~~(a)(b)~~ For the 2012/2013 Contract Year, the reporting shall be in accordance with Form FHCF-D1A, "Florida Hurricane Catastrophe Fund 2012 Data Call," rev. 01/12, <http://www.flrules.org/gateway/reference.asp?No=Ref-01193> hereby adopted and incorporated by reference into this rule. The form may be obtained from the Fund's Administrator at the address stated in subsection (8) below. A new participant writing covered policies on or after June 1 but prior to December 1, shall report its actual exposure as of December 31 of the Contract Year on or before March 1 of the Contract Year, to the Administrator. For the 2012/2013 Contract Year, a New Participant had the option of reporting its actual exposure as of November 30 of the Contract Year on or before February 1 of the Contract Year.

~~(b)(e)~~ For the 2013/2014 Contract Year, the reporting shall be in accordance with Form FHCF-D1A, "Florida Hurricane Catastrophe Fund 2013 Data Call," rev. 02/13, <http://www.flrules.org/Gateway/reference.asp?No=Ref-02333>, hereby adopted and incorporated by reference into this rule. The form may be obtained from the Fund's Administrator at the address stated in subsection (8) below. A New Participant writing covered policies on or after June 1 but prior to December 1, shall report its actual exposure as of November 30 of the Contract Year on or before February 1 of the Contract Year to the Administrator.

~~(c)(d)~~ For the 2014/2015 Contract Year, the reporting shall be in accordance with Form FHCF-D1A, "Florida Hurricane Catastrophe Fund 2014 Data Call," rev. 04/14, <http://www.flrules.org/Gateway/reference.asp?No=Ref-03967>, hereby adopted and incorporated by reference into this rule. The form may be obtained from the Fund's Administrator at the address stated in subsection (8) below. A New Participant writing Covered Policies on or after June 1 but prior to December 1, shall report its actual exposure as of November 30 of the Contract Year on or before February 1 of the Contract Year.

~~(d)(e)~~ For the 2015/2016 Contract Year, the reporting shall be in accordance with Form FHCF-D1A, "Florida Hurricane Catastrophe Fund 2015 Data Call," rev. 05/15, <http://www.flrules.org/Gateway/reference.asp?No=Ref-05322>, hereby adopted and incorporated by reference into this rule. A New Participant writing Covered Policies on or after June 1 but prior to December 1, shall report its actual exposure as of November 30 of the Contract Year on or before February 1 of the Contract Year.

~~(e) For the 2016/2017 Contract Year, the reporting shall be in accordance with Form FHCF-D1A, "Florida Hurricane Catastrophe Fund 2016 Data Call," rev. XX/16, <http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX>, hereby adopted and incorporated by reference into this rule. A New Participant writing Covered Policies on or after June 1 but prior to December 1, shall report its actual exposure as of November 30 of the Contract Year on or before February 1 of the Contract Year.~~

(5) Loss Reimbursement Reporting Requirements.

(a) As directed by the Board, after a covered event occurs, insurers shall report all their estimated ultimate net losses (as defined in the Reimbursement Contract, adopted and incorporated into Rule 19-8.010, F.A.C.) for Covered Policies on the Form FHCF-L1A, "Florida Hurricane Catastrophe Fund Interim Loss Report," ~~for the applicable Contract Year, as specified adopted~~ in subsection (6) herein, ~~in no less than fourteen days from the date of the notice from the Board that such a report is required.~~ The Board may request subsequent Interim Loss Reports. Prompt reporting in the format requested will aid the Board in determining whether to seek additional sources of funds to pay for reimbursable losses. The losses reported on the Interim Loss Report are expected to result from a good faith effort, using best business practices for the insurance industry, on the part of the insurer to report as accurately as possible. Preliminary reports will not be binding. ~~Reimbursements by the Fund will be made on the basis of the Proof of Loss Report, adopted in subsection (6) below.~~

(b) Insurers shall report their ultimate net losses for each loss occurrence on the Form FHCF-L1B, "Florida Hurricane Catastrophe Fund Proof of Loss Report," ~~for the applicable Contract Year, as specified adopted~~ in subsection (6) herein.

Reimbursements by the Fund will be made on the basis of the Proof of Loss Report. While a Company may submit a Proof of Loss Report requesting reimbursement at any time following a loss occurrence, all Companies shall submit a mandatory Proof of Loss Report for each loss occurrence no earlier than December 1 and no later than December 31 of the Contract Year during which the Covered Event(s) occurs using the most current data available, regardless of the amount of Ultimate Net Loss or the amount of loss reimbursements or advances already received. After the mandatory December Proof of Loss Report, quarterly Proof of Loss Reports are required as outlined in Article X of the Reimbursement Contract below. ~~For purposes of this rule, quarterly Proof of Loss Reports shall be those reports submitted at each quarter end date after December 31 of the Contract Year in which the loss occurrence occurs and continuing until all claims and losses resulting from loss occurrences commencing during the Contract Year are fully discharged, including any adjustments to such losses due to salvage or other recoveries, in accordance with the reporting requirements in this paragraph. "Fully Discharged" means the earlier of the date on which the insurer has paid its policyholders in full or the commutation clause, in Article X of the Reimbursement Contract takes effect. For the quarterly report due on March 31, any insurer whose losses exceed 50% of its FHCF retention for a specific loss occurrence shall submit a Proof of Loss Report for that loss occurrence. For the quarterly report due on June 30, any insurer whose losses exceed 75% of its FHCF retention for a specific loss occurrence shall submit a Proof of Loss Report for that loss occurrence. For the quarterly reports due on September 30 and thereafter, any insurer which anticipates that its losses will exceed its FHCF retention for a specific loss occurrence shall submit quarterly Proof of Loss Reports until all its losses are paid to its policyholders and the insurer has received reimbursement from the Fund. Annually, all Companies shall submit a mandatory year-end Proof of Loss Report for each loss occurrence, using the most current data available. This Proof of Loss Report shall be filed no earlier than December 1 and no later than December 31 of each year and shall continue until the earlier of the expiration of the Commutation Period or until all claims and losses resulting from the loss occurrence are fully discharged including any adjustments to such losses due to salvage or other recoveries.~~

(c) Companies must submit the FHCF-L1A, Interim Loss Report, and FHCF-L1B, Proof of Loss Report, electronically using the FHCF Online Claims System (available at www.sbafla.com/fhcf under Insurer Information, Online Claims). The Online Claims System will require an online signoff of one executive officer for an Interim Loss Report submission and two executive officers for a Proof of Loss Report submission. Officers performing the signoffs must be registered users. Advance registration is required to use the Online Claims System; instructions are included within the system.

(d) When required, Companies must submit a Detailed Claims Listing to support the losses reported in the FHCF-L1A, Interim Loss Report (excluding incurred but not reported losses) and the FHCF-L1B, Proof of Loss Report. The requirements and instructions for the Detailed Claims Listing are outlined in Form FHCF-DCL, "Detailed Claims Listing Instructions," adopted in subsection (6) herein, for the applicable Contract Year, ~~as specified in subsection (6) herein~~. The Detailed Claims Listing, when required, must be uploaded through the FHCF Online Claims System (available at www.sbafla.com/fhcf under Insurer Information, Online Claims) at the same time as the Company's Proof of Loss Report submission. ~~A Detailed Claims Listing is required:~~

- ~~1. At the same time a Company submits its first Proof of Loss Report for a specific Covered Event that qualifies the Company for reimbursement under that Covered Event;~~
- ~~2. Annually with the mandatory year-end Proof of Loss Report as required in subparagraph (b) above;~~
- ~~3. Upon notice from the Board of an upcoming loss reimbursement examination (to accompany an updated Proof of Loss Report);~~
- ~~4. Upon request of the Board in support of any other filed Proof of Loss Report; and~~
- ~~5. Upon request of the Board in support of an Interim Loss Report.~~

~~(e) As a result of reports submitted on Form FHCF L1B, reimbursements to insurers shall be adjusted in accordance with Section 215.555(4)(d)1., F.S., which requires the Fund to pay additional amounts to insurers and insurers to return overpayments to the Fund, based on the most recent calculation of losses.~~

(6) Loss Reporting Forms.

~~(a) For the 2014/2015 Contract Year, the applicable Interim Loss Report is the "Contract Year 2014 Interim Loss Report, Florida Hurricane Catastrophe Fund (FHCF)," FHCF L1A, rev. 04/14, <http://www.flrules.org/Gateway/reference.asp?No=Ref-03971>, which is hereby adopted and incorporated by reference into this rule. The applicable Proof of Loss Report is the "Contract Year 2014 Proof of Loss Report, Florida Hurricane Catastrophe Fund (FHCF)," FHCF L1B, rev. 04/14, <http://www.flrules.org/Gateway/reference.asp?No=Ref-03969>, which is hereby adopted and incorporated by reference into this rule. The applicable Detailed Claims Listing Instructions is the "Contract Year 2014 Detailed Claims Listing Instructions," FHCF DCL,~~

~~04/14, <http://www.flrules.org/Gateway/reference.asp?No=Ref-03968>, which is hereby adopted and incorporated by reference into this rule.~~

~~(a)(b)~~ For the 2015/2016 Contract Year, the applicable Interim Loss Report is the “Contract Year 2015 Interim Loss Report, Florida Hurricane Catastrophe Fund (FHCF),” FHCF-L1A, rev. 05/15, <http://www.flrules.org/Gateway/reference.asp?No=Ref-05323>, which is hereby adopted and incorporated by reference into this rule. The applicable Proof of Loss Report is the “Contract Year 2015 Proof of Loss Report, Florida Hurricane Catastrophe Fund (FHCF),” FHCF-L1B, rev. 05/15, <http://www.flrules.org/Gateway/reference.asp?No=Ref-05329>, which is hereby adopted and incorporated by reference into this rule. The applicable Detailed Claims Listing Instructions is the “Contract Year 2015 Detailed Claims Listing Instructions,” FHCF-DCL, 05/15, <http://www.flrules.org/Gateway/reference.asp?No=Ref-05325>, which is hereby adopted and incorporated by reference into this rule.

~~(b)~~ For the 2016/2017 Contract Year, the applicable Interim Loss Report is the “Contract Year 2016 Interim Loss Report, Florida Hurricane Catastrophe Fund (FHCF),” FHCF-L1A, rev. XX/16, <http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX>, which is hereby adopted and incorporated by reference into this rule. The applicable Proof of Loss Report is the “Contract Year 2016 Proof of Loss Report, Florida Hurricane Catastrophe Fund (FHCF),” FHCF-L1B, rev. XX/16, <http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX>, which is hereby adopted and incorporated by reference into this rule. The applicable Detailed Claims Listing Instructions is the “Contract Year 2016 Detailed Claims Listing Instructions,” FHCF-DCL, rev. XX/16, <http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX>, which is hereby adopted and incorporated by reference into this rule.

(7) Company Contact Information: Companies must submit Form FHCF C-1, Company Contact Information, rev. 04/14, <http://www.flrules.org/Gateway/reference.asp?No=Ref-03974>, which is hereby adopted and incorporated by reference into this rule, by March 1 preceding each Contract Year. A New Participant must submit Form FHCF C-1 within 30 calendar days of writing its first Covered Policy. This form must be updated by the Company as the information provided thereon changes. The FHCF shall have the right to rely upon the information provided by the Company to the FHCF on this form until receipt by the FHCF of a new properly completed and notarized Form FHCF C-1 from the Company.

(8) All the forms adopted and incorporated by reference in this rule may be obtained from: Administrator, Florida Hurricane Catastrophe Fund, Paragon Strategic Solutions Inc., 8200 Tower, 5600 West 83rd Street, Suite 1100, Minneapolis, MN 55437, or from the FHCF website at www.sbafla.com/fhcf.

Rulemaking Authority 215.555(3) FS. Law Implemented 215.555(2), (3), (4), (5), (6), (7), (15), 627.351(6), FS. History—New 5-17-99, Amended 6-19-00, 6-3-01, 6-2-02, 11-12-02, 5-13-03, 5-19-04, 8-29-04, 5-29-05, 5-10-06, 5-8-07, 6-8-08, 3-30-09, 8-2-09, 3-29-10, 8-8-10, 7-20-11, 5-22-12, 3-17-13; 4-24-14, 5-12-15, X-XX-16.

Florida Hurricane Catastrophe Fund **~~2015~~-2016 Data Call** **Instruction Sheet**

Each authorized insurance company writing Covered Policies in the state of Florida is required to pay a reimbursement premium to the Florida Hurricane Catastrophe Fund (FHCF). This premium is based on the Reimbursement Premium Formula specifying the amount of premium to be paid for each \$1,000 of insured value for Covered Policies in each Florida ZIP Code by type of business, construction type, deductible group, Year Built, Structure Opening Protection, and Roof Shape code combinations.

In order to perform the calculation, each authorized insurance company must submit its total covered property exposure (wind/hurricane insurance in force) **by September 1, ~~2015~~-2016** for insured values under Covered Policies **as of June 30, ~~2015~~2016**. Covered Policies are defined in subsection (10) of Article V of the FHCF Reimbursement Contract (see page 17 herein; a full copy of the Reimbursement Contract is available on-line at www.sbafla.com/fhcf under “FHCF Rules”).

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**** Important Changes in the ~~2015~~ 2016 Data Call ****

1. The option to carve out incidental habitation exposure in a predominantly non-habitation structure insured on a commercial policy has been eliminated. Simplified reporting instructions for single structures having mixed occupancies are included on page 5.
2. The requirements for reporting street addresses have been removed.
3. The reporting of Year Built has been changed from a defined set of date ranges to the actual year built.
4. Exclusion (27)(a) of the 2016 Reimbursement Contract regarding the exclusion of certain Specialized Fine Arts policies and endorsements has been revised. Exclusion (27)(b) regarding the exclusion of personal property of a collectible nature has been revised to a form-based or endorsement-based exclusion. Exclusion (27) is included in its entirety on page 19.

**** FHCF WIRE (Web Insurer Reporting Engine) ****

All ~~2015~~ 2016 Data Call submissions are to be filed online using WIRE. Your company should have an existing WIRE account and a WIRE Account Manager who was registered by the FHCF upon designation by your company on its most recent Company Contact Information Form (Form FHCF C-1) submitted to Paragon Strategic Solutions Inc. Each company is allowed a maximum of five WIRE users to perform submission functions on behalf of the company. This number includes the Account Manager and at least two officers with the authority to certify and sign the submission statements. Your company's Account Manager can remove existing WIRE users and can register new users. Registered users can access the WIRE system at <https://www.sbafla.com/fhcfwire>. Additional information, including instructions and tutorials, are available in the system.

**** Steps for Completing Data Call ****

1. Well in advance of preparing your company's Data Call submission, the FHCF suggests that your company's WIRE users verify that they can access the system. Users who experience difficulties may contact the State Board of Administration of Florida (SBA) at wire@sbafla.com or 850-413-1228.
2. Mapping/methodology proposals should be received by the Administrator by August 1, 2016. Prior to making the actual Data Call submission in WIRE, request written approval from the Administrator for any proposed methodology required to be submitted in advance; specifically, a construction code mapping as described on page 9 and a proposed methodology for reporting single structures with a mix of exposure as described on page ~~22~~5, if either condition is applicable. Also, request written approval from the Administrator for any reporting methodology not specifically outlined in the Data Call instructions. Any such requests will be initially reviewed for high-level reasonableness, followed by a detailed review during the FHCF's exposure reporting examination. ~~Note that failure to request approval prior to the Data Call submission may result in FHCF opting to defer any review until the time of an exposure reporting examination.~~ Written requests should be sent to the Administrator at the following address:

Kathy Mackenthun, CPCU, ARe
Director – FHCF Administration
Paragon Strategic Solutions Inc.
8200 Tower
5600 West 83rd Street, Suite 1100
Minneapolis, MN 55437

OR

3. A Data Call file must pass *WIRE* validation tests before it can be submitted. Your company may upload a Data Call file to *WIRE* for validation beginning July 1st. After the file is uploaded, the system performs the validation tests and sends the results via email. The email will include a summary of any errors and/or warnings of potential errors noted in the file. If the file passes validation, it can be confirmed for submission or deleted and uploaded again later. If the file fails validation, it is automatically deleted from the system and your company will have to upload a corrected file.

Data quality checks programmed in *WIRE* will help ensure that your company's data is in the correct format and that it does not contain invalid codes and invalid ZIP-to-county code mappings. **However, please keep in mind that the system cannot identify errors caused by data which was coded incorrectly according to the policy details.** Such errors may require a resubmission. Any examination conducted by the SBA will be the final determinant of data quality.

4. Prior to confirming the Data Call file for submission, your company may upload supporting information in *WIRE* (e.g., a cover letter). After a Data Call submission has been confirmed through *WIRE*, subsequent information to be provided in support of that submission must be sent directly to the Administrator at the address listed in Step 2.
5. After the Data Call file is confirmed for submission, the system will send an email notification to the company's *WIRE* users designated as "Officers" to certify and sign the officer submission statements. Upon the sign-off of two officers, the submission is complete and no further changes can be made to the Data Call file as the automated processing of the data begins. *WIRE* will aggregate the data and transmit it to the Administrator for premium calculation. Any subsequent submission of the Data Call file (resubmission) is subject to FHCF approval and will incur a resubmission fee (see Resubmissions located in the Data Quality section of this Data Call).

Note: *WIRE* was designed to function as a means of file transmittal from the companies to the FHCF and not as a means of file storage and retrieval.

6. Summary of *WIRE* submission components (required unless specified below as optional):

	Via <i>WIRE</i> Tab
Data Call File (file of exposure data)*	Upload/Validate
Optional Supporting Documents (e.g., a cover letter)	Confirm/Submit
Submission Confirmation Form – requires the following:	Confirm/Submit
- Collateral Protection Reporting Selection	
- Written Explanation of Exposure Fluctuation (if applicable)	
- Submission Confirmation Statement	
Officer Submission Statements signed by two Executive Officers (see page 6)	Sign Officer Statements

*Note: All data for an individual company should be submitted as one file, unless your company has participated in a Citizens Property Insurance Corporation Coastal Account or Citizens Property Insurance Corporation Personal Lines and Commercial Lines Account assumption agreement (see page 25).

7. If your company does not have Covered Policies as defined in subsection (10) of Article V of the FHCF Reimbursement Contract (see page 17 herein), but was an active FHCF company for the ~~2014/2015~~ 2015/2016 contract year, a letter requesting to petition for exemption from the FHCF must be returned to the Administrator at the address provided in 2. above no later than **September 1, ~~2015~~2016**.

Note: If your company determines at a later time that it does have Covered Policies, or the SBA denies your company's request for exemption from the FHCF, your company will be subject to any fees and/or

administrative action by the Florida Department of Financial Services (Department) for delinquent or inadequate exposure data as defined in this Data Call and/or your company's Reimbursement Contract.

**** General Data Call Issues ****

Extensions

Data Call submissions must be received through *WIRE* by 4:00 p.m. (ET), September 1, ~~2015~~2016. Extensions will not be granted.

If you have any questions about the information to be supplied or about this Data Call, please do not hesitate to contact Holly Bertagnolli, Kathy Mackenthun, or Martin Helgestad of Paragon Strategic Solutions Inc. at 1-800-689-FUND (3863) or by email at FHCFAdministrator@paragon.aonbenfield.com. If you have any questions regarding *WIRE*, please contact the SBA at wire@sbafla.com or 850-413-1228.

**** Data Quality ****

Resubmissions

A company submitting its Data Call file in noncompliance with the specifications herein could be required to resubmit its data. Any examination conducted by the SBA will be the final determinant of data quality. Any company required to resubmit data will be allowed 30 calendar days to resubmit data (may be less than 30 days if the company has been already notified by the SBA for an exam). A \$1,000 resubmission fee (for resubmissions that are not the result of an exam by the SBA) will be invoiced by the FHCF for each resubmission.

If a resubmission is necessary as a result of an examination report issued by the SBA, the resubmission fee will be \$2,000. If a company's examination-required resubmission is inadequate and the SBA requires an additional resubmission(s), the resubmission fee for each subsequent resubmission shall be \$2,000.

Explanation of Exposure Fluctuations

Compare your current year submission against your submission from the previous year to ensure increases or decreases in reported exposure are valid. The FHCF requires an explanation of exposure increases or decreases for specific FHCF types of business which meet either the combined dollar/percentage thresholds or the large dollar thresholds below. A comment field is included in the *WIRE* system for your company to provide a brief explanation of such fluctuations when the Data Call file is confirmed for submission. While the degree of detail is left to the discretion of your company, the explanation must provide detail beyond simply stating that "the data has been reviewed and is correct as submitted."

Type of Business	\$ Threshold		% Threshold			Large \$ Threshold
Commercial:	+/- \$ 25,000,000	and	+/- 40%		or	+/- \$ 200,000,000
Residential:	+/- \$ 50,000,000	and	+/- 40%		or	+/- \$ 1,000,000,000
Mobile Home:	+/- \$ 25,000,000	and	+/- 40%		or	+/- \$ 40,000,000
Tenants:						+/- \$ 20,000,000
Condominium Unit Owners:	+/- \$ 25,000,000	and	+/- 40%		or	+/- \$ 40,000,000

Rounding

Exposures must be reported in whole dollars and may be rounded to the nearest \$1,000, but no greater.

**** Covered Policies ****

Covered Policies are defined in Section 215.555(2)(c), Florida Statutes, as any insurance policy covering a residential structure, or its contents, located in the State of Florida. Covered Policy is further defined in subsection (10) of Article V of the FHCF Reimbursement Contract (see page 17 herein), which includes personal lines residential coverages, commercial lines residential coverages, and mobile home coverages. **The FHCF provides reimbursement only for losses from policies with wind or hurricane coverage.**

All Covered Policies written by an individual insurer must be reported even if they are written in areas eligible for coverage from Citizens Property Insurance Corporation Coastal Account or Citizens Property Insurance Corporation Personal Lines and Commercial Lines Accounts.

**** Single Structures with Habitational and Non-Habitational Occupancies ****

If a single structure written on a commercial policy is used for both habitational and non-habitational purposes and the predominant use is dwelling or habitational occupancies, report the exposure for the entire structure to the FHCF. The FHCF will reimburse losses for the entire structure as well.

Conversely, if the predominant use of such a structure is non-dwelling or non-habitational occupancies, do not report any exposure for the mixed-occupancy structure. [See Definition (27) and Exclusions (29) and (30) of the 2016 Reimbursement Contract included on pages 17-19 herein]. The FHCF will not reimburse losses for such structures.

For the purpose of determining whether the predominant use of a mixed-use single structure is reportable as a Residential Structure under this Data Call (i.e., to determine whether exposure for such a structure is reportable to the FHCF), the FHCF considers predominant use to be 50% or greater of the total insured value of the structure as justified by the company on the basis of number of floors, square footage, or other reasonable methodology.

If your company writes policies for which this section is applicable, your company's proposed methodology for determining predominant use **must be provided to the Administrator on an annual basis prior to your company's Data Call submission.** The proposal must include:

- (1) A list of your company's class codes that could reasonably be expected to be used for mixed-occupancy structures that include habitational occupancies. Include a description of the type of property assigned to each code.
- (2) For each code, indicate whether your company considers the code predominantly habitational or predominantly non-habitational based on the FHCF's description of predominant use above.
- (3) Summarize the basis for your methodology (e.g., number of floors, square footage, etc.) and include any rating/underwriting rules that may be helpful.

**** June 30th "as of" Date ****

The data reported under this Data Call pertains to a company's insured values under Covered Policies as of June 30, ~~2015~~2016. This data is used by the FHCF to calculate a company's premium, retention, and maximum FHCF coverage under the applicable Reimbursement Contract.

Although changes to coverage under a policy that are effective after June 30th do not impact reporting under the Data Call (including new policy issuance and policy terminations), the policy terms in effect at a time of loss will be considered in determining a company's losses eligible for reimbursement under the FHCF. For example, if a Covered Policy was written effective July 1, ~~2015~~2016, exposure for that policy

would not be included under the ~~2015-2016~~ Data Call submission, but losses under that policy would be reportable to the FHCF when the company files its loss reports.

Given an “as of” date of June 30th and a statutory Data Call due date of September 1st, a company must determine the date at which it can most accurately capture and report its data to include policy transactions with effective dates of June 30th or earlier, while still being able to meet the statutory Data Call due date. For example, a company writes a policy with an effective date of June 29, ~~2015~~2016, the transaction was processed by the company on July 15, ~~2015-2016~~ and the company compiled its data on July 20, ~~2015~~2016. The FHCF would expect the policy to be reported since the policy was in effect on June 30th and the transaction was processed before the date the data was compiled. However, the FHCF recognizes that if a transaction was not processed far enough through a company’s systems by the date on which the company compiled its Data Call information, then that transaction would not necessarily be reflected in the company’s original Data Call submission. Nonetheless, should the company have to resubmit its Data Call at a later date, then the transaction should be included in the resubmitted data.

**** Retention of Records for SBA Examination ****

In accordance with Article XIII of the Reimbursement Contract and the SBA’s examination program, all records, including exposure filings (Data Call submission), policy files, and supporting documentation, must be retained along with computer runs produced to support the Data Call submission. Companies writing covered collateral protection policies, as defined in this Data Call, must be able to provide documentation that the policy covers the borrower’s and lender’s interest and that the coverage is in an amount at least equal to the coverage for the dwelling in place under the lapsed homeowner’s policy. Such records must be retained until the SBA has completed its examination of your company’s exposure submission and loss reports (applicable to the Data Call contract year) and commutation for the contract year (if applicable) has been concluded. The Data Call file must be retained and maintained so that, upon examination by the SBA, changes can be made to correct any errors which may be identified and to allow for a resubmission if required.

**** Officer Submission Statements ****

A Data Call submission is required to be signed by two executive officers in *WIRE*. The following are included in the online officer submission statements:

- I, the undersigned, do state that, to the best of my knowledge, the file submission provided to the SBA under Section 215.555(5)(c), Florida Statutes, is complete, accurate, and in compliance with the requirements of Section 215.555, Florida Statutes, and all Florida Administrative Code rules.
- I, the undersigned, acknowledge that the SBA may use the submitted file and related transmittals in the course of its examination of the captioned Company’s exposure reporting, as well as any applicable loss reporting examinations. I further understand that the exposure examination will require documentation in addition to the items submitted herein. Said Company will retain and maintain complete and accurate records, in policy level detail, of all exposure data related to the generation and submission of this Data Call submission or resubmission until the SBA has completed its exposure and loss examinations of the Company’s submission(s) and commutation for the contract year (if applicable) has been concluded.

[This next certification will appear only for those companies identified by the user confirming and submitting the file in *WIRE* as writing collateral protection policies as described herein.]

- I, the undersigned, acknowledge that the captioned Company writes collateral protection policies covering personal residences in the State of Florida that protect both the borrower’s and the lender’s financial interest, in an amount at least equal to the coverage for the dwelling in place under the lapsed

homeowner's policy. I understand that, as referenced in Section 215.555(2)(c), Florida Statutes, for such policies to be covered by the FHCF, said Company must be able to accurately report exposure information for those policies as required in Section 215.555(5), Florida Statutes, and specifically, as outlined in this Data Call. Accordingly, I certify that, to the best of my knowledge, said Company:

Option 1: has collected all the information necessary for such policies to be covered by, and reported to, the FHCF, as outlined in this Statement and this Data Call, and has accordingly included collateral protection exposure covered by the FHCF in this Data Call submission.

Option 2: does not have available the data as required by the premium formula as specified in Section 215.555(5), Florida Statutes, and therefore is unable to accurately report its collateral protection exposure. I also understand that said Company is ineligible to collect any reimbursements from the FHCF for losses occurring during this FHCF contract year from policies covering collateral protection exposure.

- I, the undersigned, am an executive officer of the captioned Company, acting within my authority in making these declarations, and I have conducted, or have had conducted, a diligent review of said Company's records and systems to determine the truth of these statements.

Florida Hurricane Catastrophe Fund ~~2015~~ 2016 Data Call

File Layout

The following fields must be provided in a pipe delimited text file. For the pipe “|” symbol, press the *Shift* key and the \ key.

Field #	Description	Min Length	Max Length	Type	Notes
1	Type of Business	1	1	Numeric	Only the codes on page 8 are acceptable.
2	Line of Business	1	1	Numeric	Only the codes on page 9 are acceptable.
3	Construction Type	1	2	Numeric	Only the codes on pages 9-10 are acceptable.
4	Deductible Group	2	2	Alpha-Numeric	Only the codes on pages 10-11 are acceptable.
5	County Code	1	3	Numeric	Only the codes on page 29 are acceptable.
6	ZIP Code	5	5	Numeric	At least 95% of exposure must have a valid ZIP Code.
7	Total Insured Risks	1	6	Numeric	Must be greater than zero.
8	Total Insured Value – Building*	1	12	Numeric	Report whole dollar amounts only (no decimals). If amount is zero, then enter 0. * Note that the sum of these four fields must be greater than zero.
9	Total Insured Value – Appurtenant Structures*	1	12	Numeric	
10	Total Insured Value – Contents*	1	12	Numeric	
11	Total Insured Value – ALE*	1	12	Numeric	
12	Year Built	1	4 <u>4</u>	Numeric	Only the codes on page 13 are acceptable. <u>Enter 4-digit year; if unknown or the structure is a mobile home, enter 0.</u>
13	Address One <u>Reserved for Future Use</u>	5 <u>1</u>	100 <u>1</u>	Special Numeric	Report the street number and name for the physical location of the property being reported. See page 14 for further instructions. Enter 0.
14	Address Two <u>Reserved for Future Use</u>	None <u>1</u>	30 <u>1</u>	Special Numeric	<u>Enter 0.</u>
15	Structure Opening Protection	1	1	Numeric	Only the codes on page 14 are acceptable.
16	Roof Shape	1	1	Numeric	Only the codes on page 14 are acceptable.
17	Policy Effective Date	8	8	Numeric	Must use “yyyymmdd” format only (include leading zeros for single-digit months and days).
18	Policy Expiration Date	8	8	Numeric	Must use “yyyymmdd” format only (include leading zeros for single-digit months and days).
19	Policy Number	1	30	Special	Include characters A-Z, 0-9, and “-” only. See additional instructions on page 14.

20	Citizens Policy Number	1	30	Special	Include characters A-Z, 0-9, and “-” only. See additional instructions on page 14.
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Example: A record with the following information:

Field #	Description	Type	Entry
1	Type of Business	Residential	2
2	Line of Business	Homeowners	2
3	Construction Type	Frame	1
4	Deductible Group	\$2,000	RC
5	County Code		86
6	ZIP Code		33130
7	Total Insured Risks		5
8	Total Insured Value – Building		500000
9	Total Insured Value – App. Structures		100000
10	Total Insured Value – Contents		250000
11	Total Insured Value – ALE		50000
12	Year Built	Date Range Example: 2010	3 2010
13	Address One NA	1800 Hermitage Boulevard, Suite 100	1800 Hermitage Boulevard 0
14	Address Two NA		Suite 100 0
15	Structure Opening Protection	No credit is given to policyholder	0
16	Roof Shape	Hip, Mansard, or Pyramid	1
17	Policy Effective Date		201460305
18	Policy Expiration Date		201570305
19	Policy Number		ABC000001234
20	Citizens Policy Number		FRJ000022222

Each record must have the following layout:

2|2|1|RC|86|33130|5|500000|100000|250000|50000|~~3~~2010|~~1800 Hermitage Boulevard~~0|~~Suite 100~~0|0|1|201460305|201570305|ABC000001234|FRJ000022222

Description of Data Fields

The FHCF strongly encourages any individual involved in completing this Data Call to review the Reporting Clarifications on pages 20-23 herein.

1. Type of Business (TOB)

All exposure should be classified as one of the following FHCF TOBs. Exposure for scheduled personal property written under attachments, endorsements, and riders; any policy separately covering personal property; or any policy separately covering commercial residential contents should be reported as the FHCF TOB it is associated with. If the exposure is not associated with another policy, it should be reported as FHCF TOB “4” (Tenants), with the exception of mobile home related property, which must still be reported as FHCF TOB “3” (Mobile Home).

Type of Business	Code
Commercial	1
Residential	2
Mobile Home	3

Type of Business	Code
Tenants	4
Condominium Unit Owners	6

General TOB Instructions:

- **“Commercial”** should be used for commercial-habitation exposures such as apartment buildings and condominium complexes. Do not use this TOB for individual condominium unit owners.
- **“Mobile Home”** should be used for all mobile home coverages, regardless of the policy form on which coverage is written, including coverage provided to a person(s) renting a mobile home.
- **“Tenants”** should be used for policies providing property coverage to a person(s) entitled to occupy a dwelling unit (including a condominium unit) under a rental agreement. Do not use this TOB for any policy providing coverage to a person renting a mobile home. Exposure for scheduled personal property written under attachments, endorsements, and riders; any policy separately covering personal property; or any policy separately covering commercial residential contents should be reported as the FHCF TOB it is associated with. If the exposure is not associated with another policy, it should be reported as Tenants.
- **“Condominium Unit Owners”** should be used for individual condominium unit owners, whether owner or tenant occupied. Do not use this TOB for condominium complexes or multi-unit structures.

2. Line of Business

Exposure information for Covered Policies is to be reported using the following codes (use the code your company deems most appropriate):

Line of Business	Code
Fire and Allied Lines	1
Homeowners Multiple Peril	2
Farmowners Multiple Peril	3

Line of Business	Code
Commercial Multiple Peril	4
Mobile Homeowners	5
Inland Marine	6

3. Construction Type

The FHCF’s construction codes and definitions are provided on pages 27-28. Your company must use the applicable FHCF codes in its Data Call submission.

If your company’s construction definitions do not closely match those of the FHCF, you must complete the Construction Mapping Worksheet on pages 31-32, submit it to the Administrator, and receive approval from the Administrator prior to submitting the Data Call file through *WIRE*. This will help your company avoid a subsequent resubmission due to improper construction reporting. Once the Administrator has notified you in writing that your mapping is acceptable, you must complete the actual mapping so that only FHCF constructions are reported in your submission. The Construction Mapping Worksheet must be provided directly to the Administrator, not through *WIRE*. **If a mapping review is necessary for your company, such a review must be done each year to ensure changes to the FHCF construction types have not affected the previously reviewed mapping.**

If your company has policies for which no construction information is captured, exposure for such policies should be reported using the FHCF Unknown construction code “11” (or code “25” for mobile home exposure).

Residential

Construction Type	Code
Frame	1
Masonry	2
Masonry Veneer	10
Unknown (Non-Mobile Home)	11

Commercial, Condominium Unit Owners, Tenants

Construction Type	Code
Frame	1
Masonry	2
Masonry with Reinforced Concrete Roof	15
Superior	7
Superior with Reinforced Concrete Roof	16
Masonry Veneer	10
Unknown (Non-Mobile Home)	11

Mobile Home

Construction Type	Code
Mobile Home - Fully Tied Down, Mfg. before 7/13/94	21
Mobile Home - Fully Tied Down, Mfg. on or after 7/13/94 or documented to be in compliance with ANSI/ASCE 7-88	22
Mobile Home - Other than Fully Tied Down or Unknown	25

4. Deductible Group – Wind Including Hurricane Deductible, or Hurricane Deductible Only

Except as instructed for commercial-habitation policies below, report an FHCF percentage or dollar deductible code based on how the policy deductible is written. For example, a \$100,000 residential policy written with a 2% deductible must be reported with code R2, not code RC (\$1,501 to \$2,500 deductible), regardless of how the deductible is “stated” to the policyholder.

For any policy written with a percentage deductible and a minimum dollar deductible, always report the percentage deductible.

For commercial-habitation policies (regardless of the FHCF Type of Business under which the policy’s exposure is reported) written with a dollar-only deductible that is greater than \$50,000, the deductible amount must be converted to a percentage of the total insured building value (Data Call field 8) and reported to the FHCF as a percentage deductible.

For commercial-habitation policies covering multiple structures/contents under an indivisible aggregate deductible, report the full blanket deductible for each record reported.

Following are the FHCF deductible groups and codes:

Commercial

Deductible Group	Code
\$0 to \$2,500	CA
\$2,501 to \$7,500	CB
\$7,501 to \$15,000	CC
\$15,001 to \$50,000	CD
Greater than \$50,000 – Convert to a percentage	See % Ded. Groups

Deductible Group	Code
Less than or equal to 1%	C1
Greater than 1%, less than or equal to 2%	C2
Greater than 2%, less than or equal to 3%	C3
Greater than 3%, less than or equal to 4%	C4
Greater than 4%, less than or equal to 5%	C5
Greater than 5%, less than or equal to 6%	C6
Greater than 6%, less than or equal to 7%	C7
Greater than 7%, less than or equal to 8%	C8
Greater than 8%, less than 10%	C9
10% or Greater	C0

Residential, Tenants, or Condominium Unit Owners

Deductible Group	Code
\$0	RM
\$1 to \$500	RA
\$501 to \$1,500	RB
\$1,501 to \$2,500	RC
Greater than \$2,500	RD
Greater than \$50,000 – Convert to a percentage	See % Ded. Groups

Deductible Group	Code
Less than or equal to 1%	R1
Greater than 1%, less than or equal to 2%	R2
Greater than 2%, less than or equal to 3%	R3
Greater than 3%, less than or equal to 4%	R4
Greater than 4%, less than or equal to 5%	R5
Greater than 5%, less than or equal to 6%	R6
Greater than 6%, less than or equal to 7%	R7
Greater than 7%, less than or equal to 8%	R8
Greater than 8%, less than 10%	R9
10% or greater, less than 15%	R0
15% or Greater	RZ

Mobile Home

Deductible Group	Code
\$0	MM
\$1 to \$250	MA
\$251 to \$500	MB
Greater than \$500	MC
Greater than \$50,000 – Convert to a percentage	See % Ded. Groups

Deductible Group	Code
Less than or equal to 1%	M1
Greater than 1%, less than or equal to 2%	M2
Greater than 2%, less than or equal to 3%	M3
Greater than 3%, less than or equal to 4%	M4
Greater than 4%, less than or equal to 5%	M5
Greater than 5%, less than or equal to 6%	M6
Greater than 6%, less than or equal to 7%	M7
Greater than 7%, less than or equal to 8%	M8
Greater than 8%, less than 10%	M9
10% or Greater	M0

5. County Code

Florida county code specifying the location of each covered risk. All records must be coded with a valid Florida county code listed on page 29. There is no “unknown” county code. ZIP Codes and county codes must be cross-referenced to ensure that 95% of your company’s aggregate exposure has a valid Florida ZIP Code to county code match. As the FHCF recognizes some ZIP Codes may span county boundaries, *WIRE* has been programmed to accept any county immediately bordering the county the FHCF considers to be the county in which a specific ZIP Code resides.

6. ZIP Code

The 5-digit ZIP Code location of each covered risk in Florida. A minimum of 95% of your company’s aggregate exposure must be coded with valid Florida ZIP Codes. The FHCF ZIP Code database is as of January ~~2015~~2016. If a record contains a ZIP Code that does not match the FHCF database, the rate applied will be based on the county code instead of the ZIP Code.

A listing of valid ZIP Codes and corresponding county codes and rating regions is available online under the applicable Contract Year tab at <http://fhcf.paragon.aonbenfield.com>.

7. Total Insured Risks (May not be less than zero.)

This is the total number of insured risks for each FHCF Covered Policy.

Reportable Exposure (Data Call Fields 8-11)

The only wind exposure that should be reported in response to this Data Call is summarized below. The exposure reportable to the FHCF is less inclusive than the coverage provided by the FHCF.

Covered policies are defined in subsection (10) of Article V of the Reimbursement Contract. See page 17 herein. *Examples of exposure to be reported to the FHCF are included in the Frequently Asked Questions document available online under the applicable Contract Year tab at <http://fhcf.paragon.aonbenfield.com>.*

- 1) The stated wind/hurricane policy limit (including any modifications by endorsement, attachment, or rider) for:
 - a. Dwelling (often referred to as Coverage A),
 - b. Appurtenant Structures (often referred to as Coverage B),
 - c. Contents (often referred to as Coverage C), and
 - d. Additional Living Expense (often referred to as Coverage D or Coverage E).
- 2) The full wind/hurricane limit for the dwelling limit/Additions and Alterations coverage (often referred to as Coverage A) on covered Condominium Unit Owners policies. The full limit is the total limit under the policy, regardless of whether that is the basic limit alone (e.g., \$1,000) or the basic limit plus an increased limit.
- 3) The wind/hurricane limit provided by a stand alone policy covering personal property [except for those items listed under the Non-Reportable (But Covered) Exposure section].
- 4) The additional wind/hurricane limit provided by attachments, endorsements, or riders for:
 - a. Scheduled personal property [except for those items listed under the Non-Reportable (But Covered) Exposure section],
 - b. Pool/screen enclosures, and
 - c. Building Additions and Alterations limit purchased on Renters/Tenants Policies [this is to be distinguished from Additions and Alterations coverage provided within the policy form as an additional coverage at no additional cost to the policyholder, which is considered a Non-Reportable (But Covered) Exposure].

Non-Reportable (But Covered) Exposure

Exposure from any additional coverages/coverage extensions written within the policy form are not reportable to the FHCF under this Data Call. The following list outlines exposures which are covered by the FHCF at the time of a covered loss but are not reportable to the FHCF under this Data Call. *Examples of exposure not to be reported to the FHCF are included in the Frequently Asked Questions document available online under the applicable Contract Year tab at <http://fhcf.paragon.aonbenfield.com>.*

- 1) Any type of Ordinance and Law coverage.
- 2) Any additional exposure for endorsements that specifically increase the limit of liability at the time of a covered loss (e.g., guaranteed replacement cost or specified increase to the dwelling limit).
- 3) Any exposure for the following:
 - a. Computers or electronic data,
 - b. Debris removal,
 - c. Golf carts,
 - d. Grave markers,
 - e. Land,
 - f. Mold, fungi, or bacteria,
 - g. Radio and TV antennas, satellite dishes, awnings, outdoor property on a commercial policy, or signs,
 - h. Refrigerated property,

- i. Trees, shrubs, and plants, and
- j. Valuable papers, personal records, monies, or securities.

Not Covered/Excluded Exposure

Article VI of the ~~2015~~-2016 FHCF Reimbursement Contract outlines specific exclusions from FHCF coverage. Exclusions from Article VI which pertain to exposure reporting under this Data Call are included on pages 18-19 herein.

8. Total Insured Value - Building

This is the total insured building limit for a Covered Policy or an individual risk within a Covered Policy that insures multiple risks.

9. Total Insured Value - Appurtenant Structures or Non-Habitational Structures

This is the total insured appurtenant structures limit for a Covered Policy or an individual risk within a Covered Policy that insures multiple risks.

10. Total Insured Value - Contents

This is the total insured contents limit for a Covered Policy or an individual risk within a Covered Policy that insures multiple risks.

11. Total Insured Value - Additional Living Expense (ALE)

This is the total insured ALE limit for a Covered Policy or an individual risk within a Covered Policy that insures multiple risks. For ALE coverage provided as a specific dollar limit, report exposure values based on that limit, but not to exceed 40% of the Residential Structure (Coverage A) exposure or 40% of the contents (Coverage C) exposure. If ALE is written as a portion of Coverage A, 40% of Coverage A is the cap. If ALE is written as a portion of Coverage C, 40% of Coverage C is the cap. Note that if the ALE coverage written is less than 40%, ALE should be reported as written.

For covered policies written with ALE as a time element coverage, you must report ALE exposure in an amount not to exceed 40% of the Residential Structure or 40% of the contents exposure based on the type of policy (e.g., a homeowners policy is usually based on structure versus a renters policy based on contents).

Note that the 40% threshold is a statutory cap. If your company provides coverage to its policyholders that is in excess of this cap, or if rounding of your building or contents exposure results in a higher ALE percentage, report no more than the cap when reporting ALE exposure to the FHCF.

12. Year Built

Enter the ~~Year Built code from the table below~~ four-digit year of construction (e.g., 1989, 2014, etc.). If the year of construction is unknown or if the structure is a mobile home, enter a zero (0).

Year Built	FHCF Code
Unknown or Mobile Home	0
1994 or earlier	1
1995—2001	2
2002 or later	3

13. ~~Address One~~Reserved for Future Use – Enter 0

~~Enter the street number and name for the physical location of the property being reported under a specific record in the Data Call submission. Include a space between each main element of the address, e.g., "...|1800 Hermitage Boulevard|...."~~

14. **~~Address Two~~ Reserved for Future Use – Enter 0**

~~Enter secondary address information such as apartment number, unit number, or suite number. If secondary address information is not applicable, leave this field empty (i.e., no characters or blank spaces). Assuming there was not an apartment number, unit number, or suite number for the 1800 Hermitage Boulevard address, the example of the no-character entry for this field would be: "...|1800 Hermitage Boulevard|...."~~

15. **Structure Opening Protection**

Enter the appropriate structure opening protection code from the table below based on whether or not your company gives a structure opening protection credit to its policyholder for the dwelling unit being reported under this Data Call.

Structure Opening Protection	FHCF Code
No credit is given to policyholder	0
Credit is given to policyholder	5

16. **Roof Shape**

Enter the appropriate roof shape code from the table below.

Roof Shape	FHCF Code
Hip, Mansard, or Pyramid	1
Gable, Other, or Unknown	2

17. **Policy Effective Date**

Enter the effective date of the Covered Policy using the "yyyymmdd" format.

18. **Policy Expiration Date**

Enter the expiration date of the Covered Policy using the "yyyymmdd" format.

19. **Policy Number**

Enter the Covered Policy number.

If your company assumed Covered Policies from Citizens, a second Data Call file must be submitted for the assumed policies which **have not renewed** onto your company's books by June 30, ~~2015~~ 2016 (as instructed on page 25). In that second file, enter zero for field #19 and report the Citizens policy number for the assumed policy in field #20.

20. **Citizens Policy Number**

If your company did not assume any policies from Citizens (as discussed on page 25), enter a zero in this field for each record.

If a Covered Policy was assumed from Citizens effective from July 1, ~~2014~~ 2015 through June 30, ~~2015~~ 2016, enter the Citizens policy number.

If a Covered Policy was not assumed from Citizens effective July 1, ~~2014~~ 2015 through June 30, ~~2015~~ 2016, enter zero.

Note that *WIRE* will not be able to detect if a company entered a Citizens Policy Number in this field, only that a number equal to or greater than zero was entered. Therefore, if a company is required to input a policy number in this field and opts instead to enter another number (e.g., zero), the error may be detected after the file is submitted through *WIRE* and a resubmission could be required.

Florida Hurricane Catastrophe Fund

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Attachments

- Article V - Definitions of Additional Living Expense, Covered Policy, Excess Insurance, and Residential Structures, as included in the Reimbursement Contract (page 17)
- Article VI - Excluded Exposures (pages 18-19)
- Reporting Clarifications (pages 20-23)
- Citizens Property Insurance Corporation Supplemental Reporting Requirement: Policies Written Under Section 627.351(6)(c)1.g., Florida Statutes (page 24)
- Citizens Property Insurance Corporation Takeouts Pursuant to Assumption Agreements (page 25)
- Citizens Property Insurance Corporation Coastal Account Quota Share Primary Insurance Reporting Requirements (page 26)
- Construction Codes (pages 27-28)
- Florida County Codes (page 29)
- Reference Guide (page 30)
- Construction Mapping Worksheet (page 31-32)
- Supplemental Instruction Sheet for New Participants (page 33)
(Sent only to new participants)

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Reimbursement Contract: Article V – Selected Definitions

(3) **Additional Living Expenses (ALE)**

ALE losses covered by the FHCF are not to exceed 40 percent of the insured value of a Residential Structure or its contents based on the coverage provided in the policy. Fair rental value, loss of rents, or business interruption losses are not covered by the FHCF.

(10) **Covered Policy or Covered Policies**

(a) Covered Policy, as defined in Section 215.555(2)(c), Florida Statutes, is further clarified to mean only that portion of a binder, policy or contract of insurance that insures real or personal property located in the State of Florida to the extent such policy insures a Residential Structure or the contents of a Residential Structure located in the State of Florida.

(b) Due to the specialized nature of the definition of Covered Policies, Covered Policies are not limited to only one line of business in the Company's annual statement required to be filed by Section 624.424, Florida Statutes. Instead, Covered Policies are found in several lines of business on the Company's annual statement. Covered Policies will at a minimum be reported in the Company's statutory annual statement as:

1. Fire
2. Allied Lines
3. Farmowners Multiple Peril
4. Homeowners Multiple Peril
5. Commercial Multiple Peril (non liability portion, covering condominiums and apartments)
6. Inland Marine

Note that where particular insurance exposures, e.g., mobile homes, are reported on an annual statement is not dispositive of whether or not the exposure is a Covered Policy.

(c) This definition applies only to the first-party property section of a policy pertaining strictly to the structure, its contents, appurtenant structures, or ALE coverage.

(d) Covered Policy also includes any collateral protection insurance policy covering personal residences which protects both the borrower's and the lender's financial interest, in an amount at least equal to the coverage for the dwelling in place under the lapsed homeowner's policy, if such policy can be accurately reported as required in Section 215.555(5), Florida Statutes. A Company will be deemed to be able to accurately report data if the required data, as specified in the Premium Formula adopted in Section 215.555(5), Florida Statutes, is available.

(e) See Article VI for specific exclusions.

(13) **Excess Policies**

This term, for the purposes of this Contract, means a policy that provides insurance protection for large commercial property risks and that provides a layer of coverage above a primary layer (which is insured by a different insurer) that acts much the same as a very large deductible.

(27) **Residential Structures**

This term means units or buildings used exclusively or predominantly for dwelling or habitational occupancies, including the primary structure and appurtenant structures insured under the same policy and any other structures covered under endorsements associated with a policy covering a residential structure. For the purpose of this Contract, a single structure which includes a mix of commercial habitational and commercial non-habitational occupancies, and which is insured under a commercial policy, is considered a Residential Structure if 50% or more of the total insured value of the structure is used for habitational purposes. Covered Residential Structures do not include any structures listed under Article VI ~~or structures used solely for non-residential purposes.~~

Florida Hurricane Catastrophe Fund

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Reimbursement Contract: Article VI – Exclusions

The following selected exclusions from Article VI of the Reimbursement Contract pertain to exposure that should not be reported under this Data Call.

- (2) Any policy which excludes wind or hurricane coverage.
- (3) Any Excess Policy or Deductible Buy-Back Policy that requires individual ratemaking, as determined by the FHCF.
- (4) (a) Any policy for Residential Structures that provides a layer of coverage underneath an Excess Policy issued by a different insurer;
(b) Any policy providing a layer of windstorm or hurricane coverage for a particular structure above or below a layer of windstorm or hurricane coverage under a separate policy issued by a different insurer, or any other circumstance in which two or more insurers provide primary windstorm or hurricane coverage for a single structure using separate policy forms; or
(c) Any other policy providing a layer of windstorm or hurricane coverage for a particular structure below a layer of self-insured windstorm or hurricane coverage for the same structure.
(d) The exclusions in this subsection do not apply to primary quota share policies written by Citizens Property Insurance Corporation under Section 627.351(6)(c)2., Florida Statutes.
- (5) Any liability of the Company attributable to losses for fair rental value, loss of rent or rental income, or business interruption.
- (6) Any collateral protection policy that does not meet the definition of Covered Policy as defined in Article V(10)(d).
- (7) Any reinsurance assumed by the Company.
- (8) Any exposure for hotels, motels, timeshares, shelters, camps, retreats, and any other rental property used solely for commercial purposes.
- (9) Any exposure for homeowner associations if no habitational structures are insured under the policy.
- (10) Any exposure for homes and condominium structures or units that are non-owner occupied and rented for ~~six (6)~~ or more rental periods by different parties during the course of a ~~twelve (12)~~ month period.
- (11) Commercial healthcare facilities and nursing homes; however, a nursing home which is an integral part of a retirement community consisting primarily of habitational structures that are not nursing homes will not be subject to this exclusion.
- (12) Any exposure under commercial policies covering only appurtenant structures or structures that do not function as a habitational structure (e.g., a policy covering only the pool of an apartment complex).
- (13) Policies covering only Additional Living Expense.
- (14) Any exposure for barns or barns with apartments or living quarters.
- (15) Any exposure for builders risk coverage or new Residential Structures still under construction.
- (16) Any exposure for recreational vehicles, golf carts or boats (including boat related equipment) requiring licensing and written on a separate policy or endorsement.
- (21) Any exposure for, or amounts paid to reimburse a policyholder for, condominium association loss assessments or under similar coverages for contractual liabilities.
- (23) Any liability assumed by the Company from Pools, Associations, and Syndicates. Exception: Covered Policies assumed from Citizens under the terms and conditions of an executed assumption agreement between the Authorized Insurer and Citizens are covered by this Contract.

- (27) Policies and endorsements predominantly covering Specialized Fine Arts Risks or collectible types of property meeting the following requirements:
- (a) A policy or endorsement covering Specialized Fine Arts Risks and not covering any Residential Structure and/or contents thereof (other than such specialized fine arts items covered in the Specialized Fine Arts policy or endorsement) if it meets the description in subparagraph 1 and if ~~all~~ the conditions in subparagraphs ~~2-through 4, immediately below~~ are met.
1. For purposes of this exemption, a Specialized Fine Arts Risk policy or endorsement is a policy or endorsement that:
 - a. Insures works of art, of rarity, or of historic value, such as paintings, works on paper, etchings, art glass windows, pictures, statuary, sculptures, tapestries, antique furniture, antique silver, antique rugs, rare books or manuscripts, jewelry, or other similar items;
 - b. Charges a minimum premium of \$500; and
 - c. Insures scheduled items valued, in the aggregate, at no less than \$100,000; ~~and~~
 - d. ~~Requires an investment by the insured in loss control measures to protect the Specialized Fine Arts Risks being insured.~~
 2. The insurer ~~must perform a periodic and thorough~~ offers specialized inspection and must provide a specialized loss prevention service or other collector services designed to prevent or minimize loss, or to value or inventory the Specialized Fine Arts for insurance purposes, such as:
 - a. Collection risk assessments;
 - b. Fire and security loss prevention;
 - c. Warehouse inspections to protect items stored off-site;
 - d. Assistance with collection inventory management; or
 - e. Collection valuation reviews.
 3. ~~The structure and its fine arts contents must be provided with satisfactory watchman or alarm service or its equivalent where necessary.~~
 4. ~~The insurer must maintain a force of trained and competent loss prevention specialists, who perform the following tasks:~~
 - a. ~~Make loss prevention surveys of each Specialized Fine Arts Risk;~~
 - b. ~~Make available a specialized loss prevention service for the purpose of providing consultation regarding hazards to the fine arts being insured;~~
 - c. ~~Confirm through periodic inspections that loss prevention devices are properly maintained;~~
 - d. ~~Investigate reported losses; and~~
 - e. ~~Confer with the policyholder and confirm through periodic and unannounced inspections that recommended safety and loss control improvements are actually made.~~
- (b) A policy form or endorsement ~~written to solely~~ generally used by the Company to cover personal property which could include property of a collectible nature, including fine arts, as further described in this paragraph, either on a scheduled basis or written under a blanket limit, and not covering anything other than personal property. All such policy forms or endorsements are subject to the exclusion provided in this paragraph when the ~~with a~~ policy or endorsement limit equals ~~to or exceeding~~ exceeds \$500,000 ~~and which predominantly covers one or more classes of collectible types of property shall be exempt from coverage under the Fund.~~ Generally such ~~classes of~~ collectible property ~~have~~ has unusually high values due to ~~their~~ its investible, artistic, or unique intrinsic nature. ~~Additionally, such exempt policy may also include coverage for incidental items of personal property that may also be scheduled although such property may not be considered as a collectible.~~ The ~~predominant~~ class of property covered under such ~~excluded a~~ policy or endorsement represents an unusually high exposure value and such policy is intended to provide coverage for a class or classes of property that is not typical for the contents coverage under residential property insurance policies. In many cases property may be located at various locations either in or outside the state of Florida or the location of the property may change from time to time. The investment nature of such property distinguishes this type of exposure from the typical contents associated with a Covered Policy.

- (29) Any exposure for a condominium structure insured on a commercial policy in which more than 50% of the individual units are non-owner occupied and rented out for 6 or more rental periods by different parties during the course of a 12-month period.
- (30) Any structure used exclusively or predominantly for non-dwelling or non-habitational occupancies.

Florida Hurricane Catastrophe Fund

~~2015~~ 2016 Data Call

Reporting Clarifications

General Clarifications

1. *Aggregate Policy Limits (not applicable to Commercial Residential Policies)*

For policies that provide an aggregate limit without stating a specific limit for buildings, appurtenant structures, contents, or ALE exposures, report the exposure to the FHCF by allocating the total policy limit to the building field if the policy fits the definition of FHCF types of business Residential or Mobile Home, or to the contents field if the policy fits the definition of FHCF types of business Tenants or Condominium Unit Owners.

2. *Farmowners*

The only exposure under a Farmowners policy that is reportable to the FHCF is exposure for the dwelling, other private structures appurtenant to dwellings, household personal property, and additional living expense coverage. FHCF commercial codes for type of business and deductible may not be used.

3. *Multiple Rating Factors (Construction and Deductible) within the Building, Appurtenant Structures, Contents (including scheduled personal property), and ALE Limits*

If, within a policy, the limits above have different FHCF rating factors, exposure may be reported under one record using the rating factors applicable to the most exposure (e.g., if 70% of the exposure under such a policy is for Building coverage, report the rating factors applicable to the Building coverage). If your company chooses to break such policies into multiple records for FHCF reporting, you must do so consistently across your non-commercial book of business.

This clarification is also applicable to the Year Built, Structure Opening Protection, and Roof Shape fields. For commercial policies covered by the FHCF, see Commercial-Habitational Clarification #1 below.

Commercial-Habitational Clarifications

The only commercial policies covered by the FHCF are those covering habitational structures (e.g., apartments and condominiums).

1. *Multiple Rating Factors (Construction and Deductible) within the Building (dwelling), Non-Habitational Structures, Contents, and ALE Limits of a commercial policy*

One Occupied Dwelling Structure: If, within a commercial policy, the limits above have different rating factors (e.g., a superior masonry apartment building, a frame guardhouse, and a masonry pool), exposure may be reported under one record using the rating factors applicable to the dwelling structure. If your company chooses to break such policies into multiple records to report different constructions and deductibles to the FHCF, you must do so consistently across your commercial book of business.

Multiple Occupied Dwelling Structures: If, within a commercial policy, several occupied dwelling structures are insured and those structures are in multiple ZIP Codes, a separate record must be reported for each ZIP Code with the exposure applicable to that specific ZIP Code.

If multiple occupied dwelling structures insured under one policy are in the same ZIP Code and have shared non-habitational structures with different rating factors, your company may report the exposure for the non-habitational structures as appurtenant to the dwelling structure your company deems most appropriate.

This clarification, in its entirety, is also applicable to the Year Built, Structure Opening Protection, and Roof Shape fields.

2. *Commercial Policies Covering Farms*

For commercial farms with habitation exposure that is written on a commercial policy form, report the exposure as “Residential” type of business, with the exception of any mobile home related exposure. Dwelling mobile home exposure on the policy, including the contents therein and scheduled personal property, must be reported as “Mobile Home” type of business.

3. *Commercial Policies Covering a Variety of Risks (other than Farm coverage)*

For a commercial policy covering both commercial habitation exposures and incidental non-commercial habitation exposures (i.e., single-family homes, condominium unit owners, tenants coverage, and mobile homes) in the same ZIP Code, all non-mobile home related exposure may be reported under one record using FHCF type of business “Commercial.” The construction, deductible, Year Built, Structure Opening Protection, and Roof Shape codes applicable to the commercial habitation exposure should be reported for that record. ~~Non-commercial habitation exposure is considered incidental if such exposure accounts for less than 50% of the total reportable exposure under that policy.~~ Any mobile home exposure, regardless of the type of policy under which it is written, must be reported to the FHCF as type of business Mobile Home and with the applicable mobile home construction and deductible codes.

Should your company choose to report the exposure under such a policy as multiple records (e.g., an apartment building reported as Commercial, the CEO’s home reported as Residential, and the president’s condominium reported as Condominium Unit Owners), the decision to do so must be applied consistently to all such policies, and the Data Call codes applicable to each record/type of business must be reported.

Note that if the exposures are in different ZIP Codes, the exposures under the single commercial policy must be reported as separate records using the ZIP Code applicable to each exposure(s).

4. *Blanket Limits*

For a multiple location policy with a blanket limit, report the lesser of the full blanket limit or the full wind exposure value for each risk/building/exposure. The company must maintain a copy of the Statement of Values to support the policy exposure reported in order for the SBA to confirm correct reporting during examination.

5. *Blanket Deductibles*

For a policy covering multiple structures/contents under an indivisible aggregate deductible, report each risk/building/exposure with the full blanket deductible amount.

6. *Multiple Location Policy with Non-Florida Risk*

For a multiple location policy with non-Florida risk, report the lesser of the full policy limit or the full wind exposure value for each Florida risk/building/exposure. The company must maintain a copy of the Statement of Values to support the policy exposure reported in order for the SBA to confirm correct reporting during examination.

~~7. Single Structures with Mix of Commercial Habitational Occupancies and Commercial Non-Habitational or Business Occupancies Written on a Commercial Policy~~

~~**Important Note:** If this section is applicable to your company, it is necessary for you to review your executed 2015 FHCF Reimbursement Contract.~~

~~Exposure shall be reported under the Company's Data Call submission in accordance with the following:~~

~~A. If a single structure is used for both habitational and non-habitational purposes and the predominant use is dwelling or habitational occupancies, report the entire exposure for the structure to the FHCF. The FHCF will reimburse losses for the entire structure as well. **This requirement applies to all companies insuring such structures.**~~

~~B. If the structure is used for both habitational and non-habitational purposes and the predominant use is non-dwelling or non-habitational occupancies, report only the habitational portion of the policy.~~

~~In recognition of the unusual nature of commercial structures with incidental habitational exposure and the hardship some companies may face in having to carve out such incidental exposure, as well as the losses to such structures, the FHCF will accommodate these companies by allowing them to exclude the entire exposure from their Data Call submission, if all of the following three conditions are met:~~

- ~~(1) The decision to not carve out and report the incidental habitational exposure shall apply to all such structures insured by the company.~~
- ~~(2) The company should not report losses to this incidental habitational exposure and the FHCF will not reimburse the losses to this exposure.~~
- ~~(3) The company must have already indicated its decision to not carve out and report the incidental exposure in the annual Reimbursement Contract. Failure to disclose this decision at the time of the company's execution of the Reimbursement Contract shall be interpreted by the FHCF as the company's intent to carve out and report incidental habitational exposure, and the failure to do so will be considered a reporting error.~~

~~C. If a policy covers multiple structures that each have a mix of commercial habitational and commercial non-habitational or business exposure, apply the decision rules in A. and B. above separately to each structure. (This process must be consistent with requirement B.(1) above.)~~

~~For the purpose of determining the predominant use of mixed-use single structures under this Data Call (i.e., to determine whether exposure for such a structure is reportable to the FHCF), the FHCF considers predominant use to be greater than 50% of the total insured value of the structure as justified by the company on the basis of number of floors, square footage, or other reasonable methodology.~~

~~If your company writes policies for which this section is applicable, your company's proposed methodology for determining predominant use **must be provided to the Administrator on an annual basis prior to your company's Data Call submission.** The proposal must include:~~

- ~~(1) A list of your company's class codes and a description of the type of property assigned to each code.~~
- ~~(2) For each code, indicate whether your company considers the code predominantly habitational or predominantly non-habitational based on the FHCF's description of predominant use above.~~
- ~~(3) Summarize the basis for your methodology (e.g., number of floors, square footage, etc.) and include any rating/underwriting rules that may be helpful.~~

~~**Do not provide** the Administrator with a list of class codes that are not or could not be used to classify a single structure with a mix of exposure. This information will be used in the SBA examinations to confirm accurate reporting of exposure and losses, and if your company provides~~

~~incorrect/unreliable information, it could result in a resubmission of exposure data or impact your reimbursements for claims.~~

8.7. Policies with a Mix of Commercial Habitational & Non-Habitational Structures

Only report exposure which directly covers, or is used in relation to, covered habitational structures. “Used in relation to” is defined as any structure that is used solely by the occupants (or their guests) of the habitational structure. If you are unable to make this determination for a structure, do not report the exposure for that structure in your Data Call submission. Refer to the other clarifications herein with respect to blanket limits or blanket deductibles.

9.8. Multiple Family Dwellings on a Commercial Policy & FHCF Type of Business (TOB)

Two, three, and four-family dwellings should be reported with an FHCF TOB based on how your company rates the dwellings (either Residential or Commercial FHCF TOB). Dwellings housing more than four families should be reported as FHCF TOB Commercial. For a commercial policy covering exposure that falls under multiple FHCF types of business, see Commercial-Habitational Clarification #3 herein.

Florida Hurricane Catastrophe Fund

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Citizens Property Insurance Corporation Supplemental Reporting Requirement: Policies Written Under Section 627.351(6)(c)1.g., Florida Statutes

If Citizens Property Insurance Corporation (Citizens) has written policies under Section 627.351(6)(c)1.g., Florida Statutes, and permits a Citizens policyholder to select a building/Coverage A limit of liability less than 80% of the replacement cost, Citizens must include the additional three fields in the table below in its Data Call submission, even though the specific fields may not apply to every policy.

Additional Data Call File Layout

Field #	Description	Min Length	Max Length	Type	Notes
21	Full Replacement Cost - Building/Coverage A	1	12	Numeric	See description below this table. Enter zeros if none.
22	Building/Coverage A Limit as a Percentage of the Full Replacement Cost	1	3	Numeric	Report percentage (1% to 100%) in whole numbers. For example, 75% would be reported as 75 (see description below this table). Enter 100 if not applicable.
23	Application of Deductible	1	1	Alpha	Only the codes on this page (below) are acceptable.

Example

- Full building replacement cost: \$200,000.
- Policyholder selects a policy form/endorsement that allows the policyholder to select a building limit of liability that is 75% of the full replacement cost.
- As a result, the policyholder has purchased a building limit of \$150,000, which is the amount to be reported in Field #8 (Total Insured Value - Building) of this Data Call.

Description of Additional Fields

21. Full Replacement Cost - Building

This is the full replacement cost of the building for a policy or multiple policies with the same Data Call codes (\$200,000 for the example above).

22. Building Coverage Limit as a Percentage of the Full Replacement Cost

This is the percentage (in whole numbers, no decimals) of the selected limit of liability in comparison to the full replacement cost (75 for the example above).

23. Application of Deductible

This field indicates how a percentage deductible is applied. In other words, if the policy has a 2% deductible, is the 2% applied to the amount of selected building limit (2% of \$150,000 in the example above) or the replacement cost (2% of the \$200,000 in the example above)? Enter the appropriate code from the following table:

Application of Deductible	FHCF Code
Percentage of Selected Limit	L
Percentage of Replacement Cost	R
Dollar Deductible or Not Applicable	D

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Citizens Property Insurance Corporation Takeouts Pursuant to Assumption Agreements

For purposes of reporting exposure, calculating reimbursement premium, and determining retention, all FHCF exposure removed from Citizens Property Insurance Corporation Coastal Account and/or Citizens Property Insurance Corporation Personal Lines and Commercial Lines Accounts pursuant to an assumption agreement under Sections 627.351(6)(q)3. and 627.3511, Florida Statutes, shall be treated as the exposure of the assuming insurer.

Insurers engaged in assumption agreements from July 1, ~~2014-2015~~ through June 30, ~~2015-2016~~ with either Citizens entity shall submit **separate** data files to the FHCF in the format specified herein. If your company engaged in assumption agreements with both Citizens entities, three files would be submitted in response to this Data Call. One file must contain the insurer's FHCF exposure from direct written premiums. The exposure assumed from either Citizens entity which is renewed by June 30, ~~2015-2016~~ must be included (including the Citizens policy number in Field #20) with the direct portion. The other two file(s) must contain the FHCF exposure which was assumed from each Citizens entity (one file for each entity) and which was not renewed onto your company's book by June 30, ~~2015~~2016.

Note: All data for an individual company must be submitted using the FHCF WIRE system before the Administrator can calculate your company's premium.

For the purpose of this Data Call, each Citizens entity shall submit all of its FHCF exposure not subject to assumption agreements (including any assumed policies which the policyholders opted out of the assumption on or before June 30, ~~2015-2016~~ and those policies were not assumed by another company prior to June 30, ~~2015~~2016) in the format specified herein using the WIRE system. In addition, each Citizens entity shall report all FHCF exposure removed from the applicable Citizens entity which, as of June 30, ~~2015~~2016, had not been renewed onto the assuming insurer's policy forms. Such a file is required for each assumption company. Each file shall be uploaded through the WIRE system in the Data Call format specified herein.

The FHCF will compare the file(s) submitted by an assumption company against the file(s) submitted by Citizens and the assumption company will be required to explain discrepancies.

~~For purposes of reporting assumed policies to the FHCF, Citizens and the assuming company must track the date the policyholder signs the form opting out of the assumption.~~ Regarding opt outs, the assuming company must report all assumed policies under this Data Call unless Citizens has notified the assuming company on or prior to June 30, ~~2015-2016~~ that a policy is eligible for an opt out. In such cases, Citizens shall report those policies under its Data Call submission. Furthermore, any untagging or retroactive coverage changes subsequent to June 30th will not be considered by the FHCF and will not impact Data Call reporting for Citizens or the assuming insurer.

All exposure files requested from the two Citizens entities and insurers engaged in removing exposure from either Citizens entity pursuant to an assumption agreement are subject to examination by the SBA.

Florida Hurricane Catastrophe Fund

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Citizens Property Insurance Corporation Coastal Account Quota Share Primary Insurance Reporting Requirements

Section 627.351(6)(c)2.f, Florida Statutes, requires that “For all eligible risks covered under quota share primary insurance agreements, the exposure and coverage levels for both the corporation and authorized insurers shall be reported by the corporation to the Florida Hurricane Catastrophe Fund. For all policies of eligible risks covered under such agreements, the corporation and the authorized insurer must maintain complete and accurate records for the purpose of exposure and loss reimbursement audits as required by fund rules. The corporation and the authorized insurer shall each maintain duplicate copies of policy declaration pages and supporting claims documents.”

Citizens Property Insurance Corporation Coastal Account (referred to hereafter on this page as Citizens) shall report, as part of its Data Call submission, the following quota share primary insurance exposure data for all insurers engaged in quota share primary insurance agreements with Citizens:

Additional Data Call File Layout

Field #	Description	Min Length	Max Length	Type	Notes
24	NAIC of Quota Share Insurer	5	5	Numeric	
25	Percentage of Hurricane Coverage Retained by Citizens	2	2	Numeric	Percentage of Citizens’ retained hurricane coverage as set forth in the quota share primary insurance agreement between Citizens and an insurer.

Individual insurers shall not report these additional fields to the FHCF.

Based on the data provided under these two fields, the FHCF shall:

- Calculate the aggregate FHCF premium, based on the Reimbursement Premium Formula as discussed on page 1 of this Data Call, by insurer;
- Based upon the specified Citizens’ percentage of hurricane coverage, allocate the applicable share of FHCF premium to Citizens and to each insurer;
- The allocated premium from above will be added to the FHCF premium calculated from non-quota share primary insurance for Citizens and for each insurer participating in a quota share primary insurance agreement(s) with Citizens; and
- This aggregate premium shall be used for the calculation of retentions and FHCF reimbursements.

When reporting loss information to the FHCF, Citizens and insurers will be required to report only their respective portion of losses under quota share primary insurance agreements.

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FHCF Construction Codes

The construction code identifies the material with which the building is constructed.

Construction Type/Definition	FHCF Code
<i>Frame</i> Buildings where the exterior walls are wood or other combustible materials, including wood iron-clad, stucco on wood, or plaster on combustible supports. Also includes aluminum or plastic siding over frame. If a company's definition of frame includes hardiboard, FHCF Frame construction should be used ¹ .	1
<i>Masonry</i> Buildings where the exterior walls are constructed of masonry, non-combustible, or fire resistive materials such as adobe, brick, concrete, gypsum block, hollow concrete block, stone, tile or other non-combustible materials.	2
<i>Masonry with Reinforced Concrete Roof</i> Construction meeting the definition of FHCF Masonry construction, as outlined above, and having a reinforced concrete roof.	15
<i>Superior</i> Masonry, non-combustible, or fire resistive construction where one of the following additional conditions exist: <ul style="list-style-type: none"> ▪ Roof deck has a minimum thickness of 2 inches with roof supports having a minimum dimension of 6 inches; or ▪ Floors and roof constructed of 2 inches of masonry on steel supports or documented to be constructed of 22 gauge metal or heavier on steel supports; or ▪ Roof assembly is documented to have a UL wind uplift classification of 90 or equivalent. Or A building of any construction which is 6 or more stories.	7
<i>Superior with Reinforced Concrete Roof</i> Construction meeting the definition of FHCF Superior construction, as outlined above, and having a reinforced concrete roof.	16
<i>Masonry Veneer</i> Buildings with exterior walls of combustible construction veneered with brick, masonry, or stone. If a company's definition of veneer includes hardiboard, FHCF Masonry Veneer construction should be used ¹ .	10
<i>Unknown</i> Construction information not collected for the policy or the reportable exposure. Not valid for mobile home or mobile home-related exposure.	11
<i>Mobile Home - Fully Tied Down, manufactured before 7/13/94²</i> Mobile/Manufactured Housing, manufactured before 7/13/94, which has anchors and tie-downs as required by Section 320.8325, Florida Statutes, and Florida Administrative Code rules promulgated thereunder.	21
<i>Mobile Home - Fully Tied Down, manufactured on or after 7/13/94²</i> Mobile/Manufactured Housing which has anchors and tie-downs as required by Section 320.8325, Florida Statutes, and Florida Administrative Code rules promulgated thereunder, and was manufactured on or after 7/13/94 or is documented to be in compliance with ANSI/ASCE 7-88.	22
<i>Mobile Home – Other than Fully Tied Down or Unknown</i> Mobile home is not fully tied down, the nature of any tie downs is unknown, or tie down information is not available.	25

¹If your company has a specific rate for hardiboard construction (i.e., a rate other than frame or veneer), a proposed mapping must be submitted to the FHCF Administrator as specified on page 9 herein.

²If you are uncertain whether a mobile home was manufactured on or after 7/13/94, use the manufactured before 7/13/94 code "21." If your company only tracks the year built and not the month, [and the year built is 1994](#), use code "21."

Florida Hurricane Catastrophe Fund

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Florida County Codes*

County Code	County Name	County Code	County Name	County Code	County Name
1	Alachua	49	Hardee	93	Okeechobee
3	Baker	51	Hendry	95	Orange
5	Bay	53	Hernando	97	Osceola
7	Bradford	55	Highlands	99	Palm Beach
9	Brevard	57	Hillsborough	101	Pasco
11	Broward	59	Holmes	103	Pinellas
13	Calhoun	61	Indian River	105	Polk
15	Charlotte	63	Jackson	107	Putnam
17	Citrus	65	Jefferson	109	St. Johns
19	Clay	67	Lafayette	111	St. Lucie
21	Collier	69	Lake	113	Santa Rosa
23	Columbia	71	Lee	115	Sarasota
27	De Soto	73	Leon	117	Seminole
29	Dixie	75	Levy	119	Sumter
31	Duval	77	Liberty	121	Suwannee
33	Escambia	79	Madison	123	Taylor
35	Flagler	81	Manatee	125	Union
37	Franklin	83	Marion	127	Volusia
39	Gadsden	85	Martin	129	Wakulla
41	Gilchrist	86	Miami-Dade	131	Walton
43	Glades	87	Monroe	133	Washington
45	Gulf	89	Nassau		
47	Hamilton	91	Okaloosa		

* Derived from the Federal Information Processing Standards (FIPS) Codes.

Florida Hurricane Catastrophe Fund

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Reference Guide

The FHCF is dedicated to making information pertaining to the FHCF as readily available as possible, and has posted a considerable amount of information on the Internet through both the FHCF (www.sbafla.com/fhcf/) and Paragon (<http://fhcf.paragon.aonbenfield.com>) web sites.

The following are sample documents/information available on-line:

- Bonding Estimates
- FHCF Calendar
- Company Contact Information Form (Insurer Contacts)
- Construction Mapping Worksheet
- Coverage Selections & Premium Calculations
- Data Call
- Examination Information
- Frequently Asked Questions
- Link: FEMA
- Link: Florida Administrative Register
- Link: Florida Department of Financial Services
- Link: Online Sunshine
- Loss Reimbursement Preparedness Program
- Loss Reports
- Member Handbook
- Projected Payout Multiple
- Ratemaking Formula Report and Addendum(s), as applicable
- Rates and Retention Multiples
- Reimbursement Contract and Addendum(s), as applicable
- Rule 19-8.010: Reimbursement Contract
- Rule 19-8.012: Ineligibility/Exemption from the FHCF
- Rule 19-8.013: Revenue Bonds
- Rule 19-8.028: Reimbursement Premium Formula
- Rule 19-8.029: Insurer Reporting Requirements
- Rule 19-8.030: Insurer Responsibilities
- Section 215.555, Florida Statutes

Florida Hurricane Catastrophe Fund
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Construction Mapping Worksheet

If your company's construction definitions do not closely match the FHCF's definitions, the company is required (per page 9 of the ~~2015~~-2016 Data Call) to complete and submit this construction mapping worksheet to the FHCF Administrator, Paragon Strategic Solutions Inc., and receive approval prior to initiating the Data Call submission process. An electronic version of the worksheet is available at <http://fhcf.paragon.aonbenfield.com> under the ~~2015/2016~~2016/2017 contract year documents section. Submit this completed worksheet to the Administrator at the following address:

Kathy Mackenthun, CPCU, ARe
 Director – FHCF Administration
 Paragon Strategic Solutions Inc.
 8200 Tower
 5600 West 83rd Street, Suite 1100
 Minneapolis, MN 55437
 OR
FHCFAdministrator@paragon.aonbenfield.com

Company Name: _____

SECTION I

QUESTIONS		ENTER Y OR N
1	If your company insures individual multi-story buildings, such as condominiums or apartments, does your company capture the number of stories?	
2	If your company insures individual condominium unit owners, does your company capture the number of stories of the building in which the unit is located?	

SECTION II

Instructions: Enter the company's construction types and definitions, as printed in the company's underwriting manual, and company construction codes if your company uses a coding system, into the table provided on the next page. Then enter the FHCF construction code proposed for reporting each of your company's construction types based on the FHCF construction definitions on pages 27-28 of the ~~2015~~-2016 Data Call. Indicate whether each definition and/or code is applicable to personal lines (P), commercial lines (C), or both (B) by entering a P, C, or B in the first column. Be sure to include all construction types for both personal and commercial lines of business that could be applicable to your company's Data Call submission.

Florida Hurricane Catastrophe Fund
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Construction Mapping Worksheet

ENTER P (PERSONAL), C (COMMERCIAL), OR B (BOTH)	COMPANY CONSTRUCTION TYPES (E.G. FRAME)	COMPANY CONSTRUCTION DEFINITIONS	COMPANY CONSTRUCTION CODE (E.G. F=FRAME)	MAPPED TO FHCF CODE

Florida Hurricane Catastrophe Fund

~~2015~~ 2016 Data Call

Supplemental Instruction Sheet for New Participants

As explained on page one of this Data Call, each authorized insurance company writing Covered Policies in the state of Florida is required to pay a reimbursement premium to the Florida Hurricane Catastrophe Fund (FHCF). This includes new participants to the FHCF. Rule 19-8.028, Reimbursement Premium Formula, Florida Administrative Code (F.A.C.), defines new participants as companies:

“which are granted a certificate of authority by the Department of Financial Services after the beginning of the FHCF’s Contract Year on June 1 and which write Covered Policies, or which already have a certificate of authority and begin writing Covered Policies on or after the beginning of the FHCF’s Contract Year on June 1 and did not or were not required to enter into a contract on June 1 of the Contract Year. A Company that enters into an assumption agreement with Citizens that includes Covered Policies and is effective on or after June 1 and had written no other Covered Policies on or before June 1 is also considered a New Participant.”

Rule 19-8.028, F.A.C., requires that a new participant report its insured values under Covered Policies **as of November 30, ~~2015~~ 2016** by February 1, ~~2016~~ 2017. To comply with this requirement, please use the ~~2015~~ 2016 Data Call instructions, keeping the following points in mind:

- All references to data as of June 30, ~~2015~~ 2016 should be as of November 30, ~~2015~~ 2016 for new participants.
- The Data Call submission for new participants is due by February 1, ~~2016~~ 2017. Extensions will not be granted.
- All references to exposure fluctuations from the prior year may be disregarded.

New participants that were engaged in assumption agreements with Citizens Property Insurance Corporation from June 1, ~~2015~~ 2016 through November 30, ~~2015~~ 2016, must also comply with the requirements under the Citizens Property Insurance Corporation Takeouts Pursuant to Assumption Agreements section on page 25 of this Data Call, and again, with the references to June 30, ~~2015~~ 2016 changed to November 30, ~~2015~~ 2016.

If you have any questions about the information to be supplied as a new participant, please do not hesitate to contact Holly Bertagnolli, Martin Helgestad, or Kathy Mackenthun of Paragon Strategic Solutions Inc. at 1-800-689-FUND (3863) or FHCFAdministrator@paragon.aonbenfield.com.

Contract Year ~~2015~~ 2016 Interim Loss Report Florida Hurricane Catastrophe Fund (FHCF)

Company Name: _____ Co. NAIC No.: _____

Group NAIC No. (if applicable): _____ Losses as of (most current data available): _____

HURRICANE: _____ PCS CAT. NO.: _____ Report Due Date (see schedule below): _____

ESTIMATED ULTIMATE NET LOSSES ON COVERED POLICIES

	Commercial-Residential	Residential	Mobile Home	Tenants	Condominium Unit Owners	Total
Paid Loss*						
Outstanding Loss*						
IBNR (unknown losses)*						
TOTAL*						

SCHEDULE OF REPORT DUE DATES

If the FHCF determines that an Interim Loss Report is required due to the occurrence of a Covered Event, all participants in the FHCF shall be notified of the required filing and the applicable due date (not less than fourteen days from the notice date). The FHCF will notify participants if subsequent Interim Loss Reports are required or if a Detailed Claims Listing (refer to the Contract Year ~~2015~~ 2016 Form FHCF-DCL) must be provided to the FHCF.

SUBMISSION INSTRUCTIONS

The Interim Loss Report (and a Detailed Claims Listing if requested) must be submitted electronically through the FHCF Online Claims System at www.sbafla.com/fhcf, under Insurer Information, Online Claims. Users will input the required fields directly into the system. Advance registration is required for the Online Claims System; instructions are included on the system web site.

* Report Ultimate Net Losses only (report in whole dollars, rounded only to the nearest whole dollar, with the exception of IBNR). Do not include Loss Adjustment Expenses. If your company has negative IBNR numbers, report the negatives; do not net with the Outstanding Loss numbers. See Article V of the Reimbursement Contract for the definitions of Covered Event, Covered Policy, and Ultimate Net Loss. See Article VI of the Reimbursement Contract for specific coverage exclusions. Copies of this Interim Loss Report, the Reimbursement Contract, and additional information can be found on the Internet at www.sbafla.com/fhcf or <http://fhcf.paragon.aonbenfield.com>.

Signature: _____ Executive Title: _____ Date: _____

Printed or Typed Name of Executive: _____

Contract Year ~~2015~~ 2016 Proof of Loss Report Florida Hurricane Catastrophe Fund (FHCF)

Company Name: _____ Co. NAIC No.: _____

Group NAIC No. (if applicable): _____ Losses as of (most current data available): _____

HURRICANE: _____ PCS CAT. NO.: _____ Report Due Date: _____

SECTION I - MANDATORY**ULTIMATE NET LOSSES ON COVERED POLICIES**

	Commercial-Residential	Residential	Mobile Home	Tenants	Condominium Unit Owners	Total
A. Paid Loss*						
B. Outstanding Loss*						
C. IBNR (unknown losses)*						
D. TOTAL*						

* Report Ultimate Net Losses only (report in whole dollars, rounded only to the nearest whole dollar, with the exception of IBNR). Do not include Loss Adjustment Expenses. If your company has negative IBNR numbers, report the negatives; do not net with the Outstanding Loss numbers. See Article V of the Reimbursement Contract for the definitions of Covered Event, Covered Policy, and Ultimate Net Loss. See Article VI of the Reimbursement Contract for specific coverage exclusions. Copies of this Proof of Loss Report, the Reimbursement Contract, and additional information can be found on the Internet at www.sbafla.com/fhcf or <http://fhcf.paragon.aonbenfield.com>.

SECTION II - OPTIONAL**ESTIMATED RECOVERABLE FROM THE FHCF**

Section II is provided for your Company's use only. The FHCF will calculate loss reimbursements based on the information provided under Section I above.

	<u>Incurred Basis</u>
A. Incurred Ultimate Net Loss (Sec. I.D)	
B. Less Actual Retention	
C. Subtotal (minimum of -0-) (A - B)	
D. Elected Coverage Percentage	
E. Ultimate Net Loss Excess Retention (C x D)	
F. LAE (5% of Incurred Losses in Excess of Retention) (E x 5%)	
G. Estimated Recoverable from the FHCF on Incurred Basis** (E + F)	

**Estimated recoverables are limited by your Company's share of the claims-paying capacity of the FHCF, as limited pursuant to Section 215.555(4)(c), Florida Statutes.

	<u>Paid Basis</u>
A. Paid Ultimate Net Loss (Sec. I.A)	
B. Less Actual Retention	
C. Subtotal (minimum of -0-) (A - B)	
D. Elected Coverage Percentage	
E. Ultimate Net Loss Excess of Retention (C x D)	
F. LAE (5% of Paid Losses in Excess of Retention) (E x 5%)	
G. Total Estimated Recoverable (E + F)	
H. Previous Reimbursements	
I. <u>Estimated</u> Recoverable from the FHCF this request** (G - H)	

Company Name: _____

Hurricane: _____

SECTION III - MANDATORY

SIGNATURES

We, the undersigned, do state that, to the best of our knowledge, all data reported under Section I of this Proof of Loss Report is accurate and is for losses under FHCF Covered Policies incurred by the named Company (Company) for the named hurricane. All reported information is subject to examination by the State Board of Administration of Florida (SBA). We are each, respectively, executive officers of the Company, acting within our authority in making this declaration, and we have conducted, or have had conducted, a thorough review of the Company's records and systems to determine the truth of this statement.

Signature: _____ Executive Title: _____ Date: _____

Printed or Typed Name of Executive: _____

Signature: _____ Executive Title: _____ Date: _____

Printed or Typed Name of Executive: _____

RECORDS RETENTION REQUIREMENTS

Companies reporting losses and receiving reimbursements or advances from the FHCF for paid losses from Covered Events are subject to examination by the FHCF or its agents pursuant to the Reimbursement Contract entered into between the Company and the FHCF. Therefore, all Companies shall retain complete and accurate records of all losses paid by the FHCF until the FHCF has completed its examination of the Company and commutation for the Contract Year (if applicable) has been concluded. All records, correspondence, and supporting documentation, must be available with computer runs produced containing the information below. Upon notice of an examination, the Company will be required to provide a current Form FHCF-L1B (Proof of Loss Report) and the following information along with the information outlined in Form FHCF-LAP1 "Loss Reimbursement Examination Advance Preparation Instructions" for the applicable Contract Year.

1. Detailed Claims Listing (see Contract Year ~~2015~~ 2016 Form FHCF-DCL for file formatting requirements) which supports the losses reported on the Proof of Loss Report including:

- | | | | |
|-------------------------|-------------------------|-------------------------------------|---|
| • Claim number | • FHCF type of business | • ZIP code | • Paid loss – contents |
| • Date of loss | • County code | • Paid loss – habitational building | • Paid loss – additional living expense |
| • Policy number | • County name | • Paid loss – appurtenant structure | • Outstanding loss reserve |
| • Policy effective date | | | |

2. Claim files which include documentation of the following:

- | | | |
|---|--|--|
| • First notice of loss | • Payment history | • Evidence of salvage received |
| • Claim number | • Policy number and location of property | • Evidence of whether the deductible was applied |
| • Date of loss | • Amount of loss adjustment expense | • Receipts for any additional living expenses paid |
| • Amount of loss for each category of coverage (building, appurtenant structure, contents, and additional living expense) | • All adjuster estimates, including public adjuster estimates if provided to the Company | • Evidence to show the loss was a direct result of a hurricane |
| • Claim description | • Copies of checks for payment of losses | |
| • Documentation of policyholder's legal fees and/or public adjuster fees paid, if provided to the Company | | |

3. Additional detail on the loss examination requirements can be accessed on the Internet at www.sbafla.com/fhcf.

SUBMISSION INSTRUCTIONS

A Company must submit an initial Detailed Claims Listing to support the losses reported in the Proof of Loss Report at the same time it submits its first Proof of Loss Report for a specific Covered Event that qualifies the Company for reimbursement under that Covered Event, and should be prepared to supply a Detailed Claims Listing for any subsequent Proof of Loss Report as required by Rule 19-8.029, Florida Administrative Code, or upon the request of the FHCF. The Proof of Loss Report and Detailed Claims Listing must be submitted electronically through the FHCF Online Claims System at www.sbafla.com/fhcf, under Insurer Information, Online Claims. Users will input the required fields of Section I of the Proof of Loss Report directly into the system and will upload the associated Detailed Claims Listing. Advance registration is required for the Online Claims System; instructions are included on the system web site.

Florida Hurricane Catastrophe Fund

Contract Year ~~2015~~-2016 Detailed Claims Listing Instructions

~~Each~~ A company participating in the Florida Hurricane Catastrophe Fund (FHCF) ~~Company~~ must submit a Detailed Claims Listing (as described below) to support the losses reported in the Proof of Loss Report. If requested by the FHCF, a Detailed Claims Listing supporting the losses reported in the Interim Loss Report may be required. Note that Incurred But Not Reported (IBNR) losses are not to be included in the Detailed Claims Listing. A Detailed Claims Listing is required:

1. When the ~~C~~company submits its first Proof of Loss Report for a specific Covered Event that qualifies the ~~C~~company for reimbursement under that Covered Event;
2. Annually at each year-end until the earlier of completion of the FHCF commutation process or until all claims and losses resulting from the Covered Event are fully discharged, including any adjustments to such losses due to salvage or other recoveries;
3. Upon notice of a loss reimbursement examination by the FHCF;
4. Upon request of the FHCF in support of any other filed Proof of Loss Report; and
5. Upon request of the FHCF in support of an Interim Loss Report.

File Layout

The Detailed Claims Listing, which supports the losses reported in the Proof of Loss Report for a specific hurricane, must match the aggregate total amounts for paid losses and outstanding losses reported on page 1 of the Proof of Loss Report. The Detailed Claims Listing must be provided in a pipe delimited text file containing the following fields in the order listed. (For the pipe “|” symbol, press the *Shift* key and the \ key.) **Policy numbers in the Detailed Claims Listing must be in the same format as policy numbers provided in the FHCF Data Call submission.**

Field #	Description	Minimum Length	Maximum Length	Type	Notes
1	Claim Number	1	20	Special	Include characters A-Z, 0-9, and “-” only
2	Date of Loss	8	8	Numeric	Must use “yyyymmdd” format only (include leading zeros for single-digit months and days)
3	Policy Number	1	30	Special	Include characters A-Z, 0-9, and “-” only ; must match the policy numbers and format provided in the 2015 -2016 Data Call file for policies required to be reported at 6/30/ 15 16
4	Policy Effective Date	8	8	Numeric	Must use “yyyymmdd” format only (include leading zeros for single-digit months and days)
5	FHCF Type of Business Code	1	1	Numeric	Only use the codes on pg X of the Contract Year 2015 -2016 FHCF Data Call
6	County Code	1	3	Numeric	Only use the codes on pg X of the Contract Year 2015 -2016 FHCF Data Call
7	County Name	3	20	Special	Include characters A-Z and “-” only
8	ZIP Code	5	5	Numeric	
9	Paid Loss – Habitational Building*	1	12	Numeric	Report whole dollar amounts only (no decimals). If an amount is zero, then enter 0.
10	Paid Loss – Appurtenant Structures *	1	12	Numeric	
11	Paid Loss – Contents *	1	12	Numeric	
12	Paid Loss – Additional Living Expense *	1	12	Numeric	
13	Outstanding Loss Reserve	1	12	Numeric	

***Note: A breakdown of paid losses is required.**

Example: A record with the following information:

FIELD #	DESCRIPTION	TYPE	ENTRY
1	Claim Number		336733
2	Date of Loss		201560910
3	Policy Number		HCP5670996
4	Policy Effective Date		201560215
5	FHCF Type of Business Code	Residential	2
6	County Code		49
7	County Name		HARDEE
8	ZIP Code		33890
9	Paid Loss – Habitational Building		12100
10	Paid Loss – Appurtenant Structures		3600
11	Paid Loss – Contents		8000
12	Paid Loss – Additional Living Expense		1500
13	Outstanding Loss Reserve		5000

Sample record layout:

336733|201560910|HCP5670996|201560215|2|49|HARDEE|33890|12100|3600|8000|1500|5000

You must provide a separate Detailed Claims Listing to support the Proof of Loss Report(s) for each event.

Reporting Losses for policies assumed from Citizens Property Insurance Corporation (Citizens)

If your company receives reimbursement from the FHCF for losses on policies assumed from Citizens and the policies, subsequent to the reimbursement, revert back to Citizens, then your company must deduct those losses from all future Proof of Loss Reports submitted to the FHCF.

Remittance of Required Documents

The Detailed Claims Listing(s) must be submitted via the FHCF Online Claims System at the same time the associated Proof of Loss Report(s) is filed. The Online Claims System is available at www.sbafla.com/fhcf under Insurer Information, Online Claims.

Retention of Records

Your company is required to maintain records of all losses paid by the FHCF until the FHCF has completed its examination of the company and commutation for the Contract Year (if applicable) has been concluded. The records retention requirement, as stipulated in the Proof of Loss Report, page 2, requires the company to maintain all records, including the Detailed Claims Listing, correspondence, and supporting documentation to support each Proof of Loss Report submitted to the FHCF.

Rule 19-8.030, F.A.C., and Incorporated Forms
2016-2017 Contract Year
Summary of Changes as of December 18, 2015

Rule

19-8.030, Insurer Responsibilities

(4)(a) Paragraph 1, which applied only to the 2010-2011 contract year and earlier contract years, is deleted as obsolete material.

(5)(a) Language relating to the record-keeping duties of Citizens Property Insurance Corporation and quota share primary insurers is deleted as redundant. See subsection (8) of this Rule.

(5)(c) Paragraph 1, which applied only to the 2012-2013 contract year and earlier contract years, is deleted as obsolete material.

(5)(d) This paragraph, relating to resubmissions of data, is revised to clarify the deadlines for required resubmissions of data and circumstances for granting extensions.

Existing (8)(a)1, relating to exposure examination instructions and loss reimbursement examination instructions for the 2011-2012 contract year, is deleted as obsolete material and subsequent subparagraphs are renumbered. New subparagraph 5, adopting the exposure examination instructions and loss reimbursement examination instructions for the 2016-2017 contract year, is added.

(8)(d), relating to deadlines for resubmissions of data, is deleted as redundant. See paragraph (5)(d), above.

Incorporated Forms

FORM FHCF-EAP1 rev. XX/16, Exposure Examination—Contract Year 2016 Advance Preparation Instructions

The process for submitting information and records in preparation for an examiner's on-site review of a company currently requires submission online through FHCF *WIRE*. The Advance Preparation Instructions have been extensively revised to reflect the current process and to update references to reflect the 2016-2017 contract year.

The major provisions are:

Examination Location and Contacts. The insurer must submit the office location best suited for on-site review and the names and contact information for a company executive and the person who will serve as exam coordinator.

Advance Records.

- Advance records are required to be submitted via *WIRE*, and specific file formats are required at upload.
- The Required Records Checklist is no longer a separate document that must be submitted by the company. It is now a report automatically generated by *WIRE* for the company.
- Insurers may provide underwriting and rating manuals either by uploading them to *WIRE* or by providing them when the examiner is on-site, but uploading is preferred. The 2015-2016 contract year version of these instructions required uploading of the manuals.

On-site Requirements. On-site requirements are substantively the same as in the prior version of these instructions, except that the revised version specifies that a private workspace must be provided for the examiner and it deletes the requirement that the insurer provide a dedicated telephone line and telephone for the examiner.

Post-Exam Requirements. A paragraph requiring the insurer to retain certain records until after the FHCF has completed its examination or after the end of the commutation period applicable to the particular contract year, which previously appeared at the end of the instructions, is relocated to the Post-Exam Requirements section.

Special Exams Related to Citizens Property Insurance Corporation. Editorial changes made for clarity.

**FORM FHCF-LAP1 rev. XX/16, Loss Reimbursement Examination—Contract Year 2016
Advance Preparation Instructions**

References are changed throughout to apply to the 2016-2017 contract year.

The revised form deletes the requirement that the insurer provide a dedicated telephone line and telephone for the examiner.

19-8.030 Insurer Responsibilities.

(1) Section 215.555(10), F.S., provides that any violation of any provision of Section 215.555, F.S., or of any rule adopted under Section 215.555, F.S., constitutes a violation of the Florida Insurance Code.

(2) Purpose. The purpose of this rule is to clearly establish certain deadlines and other requirements for insurers required to participate in the Florida Hurricane Catastrophe Fund (Fund or FHCF). It is not the intent or purpose of this rule to address every requirement of Participating Insurers which could result in a referral to the Florida Department of Financial Services.

(3) Definitions. The terms defined below will be capitalized in this rule.

(a) Authorized Insurer means an insurer as defined in Section 624.09(1), F.S. and includes Citizens Property Insurance Corporation and any joint underwriting association or similar entity created pursuant to Section 627.351, F.S.

(b) Board or SBA means the State Board of Administration of Florida.

(c) Fund or FHCF means the Florida Hurricane Catastrophe Fund established pursuant to Section 215.555, F.S.

(d) Citizens Property Insurance Corporation or Citizens means the entity formed under Section 627.351(6), F.S., and refers to two accounts, the coastal account and the personal lines and commercial lines accounts. Each account is treated by the FHCF as if it were a separate participating insurer with its own reportable exposures, reimbursement premium, retention, and ultimate net loss.

(e) Contract Year means the time period which begins at 12:00:01 a.m., Eastern Time, on June 1 of each calendar year and ends at 12:00 midnight, Eastern Time, on May 31 of the following calendar year.

(f) A Covered Event or Event is a hurricane as defined in Section 215.555(2)(b), F.S., and in Article V of the Reimbursement Contract adopted and incorporated by reference in Rule 19-8.010, F.A.C.

(g) Covered Policy. This term is defined in Section 215.555(2)(c), F.S., and the Reimbursement Contract adopted by and incorporated into Rule 19-8.010, F.A.C.

(h) Department means the Florida Department of Financial Services.

(i) Data Call or Florida Hurricane Catastrophe Fund Data Call means the annual reporting of insured values Form FHCF-D1A as adopted and incorporated into Rule 19-8.029, F.A.C.

(j) Detailed Claims Listing means Form FHCF-DCL, as adopted and incorporated into Rule 19-8.029, F.A.C., outlining the file required to be created in support of losses reported to the FHCF in the Form FHCF-L1A, Interim Loss Report, or Form FHCF-L1B, Proof of Loss Report.

(k) Interim Loss Report means Form FHCF-L1A, as adopted and incorporated into Rule 19-8.029, F.A.C.

(l) Office of Insurance Regulation means that office within the Department and which was created in Section 20.121(3), F.S.

(m) Participating Insurer, Insurer or Company means an insurer which writes Covered Policies in this state and which has entered into a Reimbursement Contract with the Board, pursuant to Section 215.555(4)(a), F.S.

(n) Proof of Loss Report means Form FHCF-L1B, as adopted and incorporated into Rule 19-8.029, F.A.C.

(o) Reimbursement Contract or Contract means the statutorily required annual contract, adopted and incorporated into Rule 19-8.010, F.A.C., which provides coverage to Participating Insurers for losses to covered property during a Covered Event.

(p) Reimbursement Premium or Premium means the premium determined by multiplying each \$1,000 of insured value reported by the Company in accordance with Section 215.555(5), F.S., by the rate as derived from the premium formula as described in Rule 19-8.028, F.A.C.

(q) Quota Share Primary Insurance Arrangement is defined in Section 627.351(6)(c)2.a., F.S.

(r) WIRE means the Web Insurer Reporting Engine which is the secure web-based system used for the reporting of insurer exposure data under the Data Call beginning with the 2014/2015 Contract Year.

(4) Reimbursement Contract.

(a) Current Participants: The Reimbursement Contracts are annual contracts.

~~1. For the 2010/2011 Contract Year and earlier Contract Years, each Insurer required to participate in the FHCF must designate a coverage level in the annual Reimbursement Contract, make any required selections therein and execute the Reimbursement Contract and applicable Addenda so that the Contract, including the schedules and applicable Addenda, have been received by June 1 of each Contract Year.~~

~~2.~~ For the 2011/2012 Contract Year and subsequent Contract Years, each Insurer required to participate in the FHCF must designate a coverage level in the annual Reimbursement Contract, make any required selections therein and execute the Reimbursement Contract and applicable Addenda so that the Contract, including the schedules and applicable Addenda, have been received by March 1 prior to each Contract Year.

(b) New Participants during the period of June 1 through November 30: Those Insurers that first begin writing Covered Policies

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from June 1 through November 30 of a Contract Year are “New Participants.” New Participants must designate a coverage level in the annual Reimbursement Contract, make any required selections therein, and execute the Contract and applicable Addenda simultaneously with issuing the first Covered Policy. The completed and executed Reimbursement Contract, including all required selections, schedules and applicable Addenda, must be returned no later than 30 days after the effective date of the first Covered Policy.

(c) New Participants during the period of December 1 through May 31: Those Insurers that first begin writing Covered Policies from December 1 through May 31 of a Contract Year are also considered New Participants. However, these Insurers shall not complete and submit the Data Call but shall meet all other requirements for New Participants.

(5) Exposure Reporting Requirements.

(a) Quota Share Primary Insurance: Citizens and Authorized Insurers may enter into Quota Share Primary Insurance Arrangements with respect to the Coastal Account policies. The statute also provides, in Section 627.351(6)(c)2.f., F.S., that Citizens shall be responsible for the annual reporting of insured values to the FHCF for both Citizens and the Insurer participating with Citizens in the Quota Share Arrangement. Citizens shall report the insured values covered by the Quota Share Primary Insurance Arrangements in the same manner that all other current participants, as described in paragraph (b) below, report their insured values. ~~Please note that both Citizens and the Quota Share Primary Insurer must keep complete and accurate records, including copies of policy declaration pages and supporting claims documents, for the purpose of exposure and loss reimbursement examinations by the FHCF.~~

(b) Current Participants: Each Insurer, with Covered Policies as of June 1 of a Contract Year must participate in the FHCF and must complete and submit the Data Call online using *WIRE*, correctly completed, no later than September 1 of the Contract Year.

(c) New Participants: ~~during the period of June 1 through November 30:~~

~~1. For the 2012/2013 Contract Year and earlier Contract Years, those Insurers that first begin writing Covered Policies from June 1 through November 30 of a Contract Year must complete and submit the Data Call, correctly completed, by March 1 of the Contract Year. For the 2012/2013 Contract Year, such an Insurer had the option of reporting its actual exposure as of November 30 of the Contract Year on or before February 1 of the Contract Year.~~

~~2. For the 2013/2014 Contract Year and subsequent Contract Years, Insurers that first begin writing Covered Policies from June 1 through November 30 of a Contract Year must correctly complete and submit the Data Call by February 1 of the Contract Year.~~

(d) Resubmissions of Data: ~~With one exception noted below, Any Insurer which submits a Data Call, with incorrect data, incomplete data, or improperly formatted data in the wrong format and is required to resubmit will be given 30 days from the date on the letter from the FHCF notifying the Insurer of the need to resubmit (may be less than 30 days if the Insurer has been notified by the SBA for an examination). An extension of 30 days will may be granted if the Insurer can show that the need for the additional time is due to circumstances beyond the reasonable control of the Insurer. Exception: If the Insurer, at the time it receives notice of the need to resubmit, has already been issued a notice of examinations, the usual 30 day time limitation (measured from the date of the letter giving notice of the need to resubmit) does not apply. In this situation, the time period in which the Insurer must resubmit is measured by counting backwards 30 days from the date that the examinations are scheduled to begin as reflected on the notice of examinations letter. The FHCF needs the information prior to the examinations; thus, no extensions can be granted.~~

1. For the 2013/2014 Contract Year and earlier Contract Years, resubmissions must be submitted manually to the FHCF's Administrator in accordance with the specifications outlined in the Data Call for the applicable Contract Year.

2. For the 2014/2015 Contract Year and subsequent Contract Years, resubmissions must be submitted online using *WIRE*.

(6) Loss Reporting Requirements. Participating Insurers must report loss data in accordance with the requirements outlined in Article X of the Reimbursement Contract adopted by, and incorporated into, Rule 19-8.010, F.A.C., and outlined in Rule 19-8.029, F.A.C. Insurers are required to file Interim Loss Reports, Proof of Loss Reports, and Detailed Claims Listings through the FHCF Online Claims System available at www.sbafla.com/fhcf under Insurer Information, Online Claims. These forms may be obtained from the FHCF's Administrator, Paragon Strategic Solutions Inc., 8200 Tower, 5600 West 83rd Street, Suite 1100, Minneapolis, Minnesota 55437.

(7) Premiums.

(a) Current Participants: Premium installments for Current Participants are due on August 1, October 1, and December 1. Premium adjustments are due as indicated on the invoice sent to the Insurer. Premiums paid to the FHCF with reference to property covered by Quota Share Primary Insurance Arrangements, as authorized and defined in Section 627.351(6)(c)2.a., F.S., will be allocated by the FHCF between the Insurer and Citizens in accordance with the percentages specified in the Quota Share Primary Insurance Arrangement.

(b) New Participants during the period of June 1 through November 30: Those Insurers that first begin writing Covered Policies from June 1 through November 30 of a Contract Year must submit a payment of \$1,000 on or before the date indicated on the invoice. Once a New Participant's Data Call has been reviewed by the Administrator and the Company's actual Reimbursement Premium has been determined on its actual exposure, an invoice with the additional amount due, if any, will be sent to the Company by the Administrator. Payment, if any amounts are shown as due on the invoice, is due within 30 days from the date on the invoice. In no event will the Premium be less than the \$1,000.

(c) New Participants during the period of December 1 through May 31: Those Insurers that first begin writing Covered Policies from December 1 through May 31 of a Contract Year shall pay a \$1,000 Premium within 30 days from the date on the invoice sent to the Insurer by the FHCF.

(8) Examination Requirements. A Company is required to retain its Data Call submission file in accordance with the specifications outlined in the Data Call instructions and a Detailed Claims Listing to support losses reported on the Proof of Loss Report, or on an Interim Loss Report if requested by the FHCF. Such records must be retained until the FHCF has completed its examination of a Company's exposure submission and any loss reports applicable to the Data Call Contract Year and commutation for the Contract Year (if applicable) has been concluded. Note that both Citizens and Insurers participating in Quota Share Primary Insurance Arrangements must keep complete and accurate records, including copies of policy declaration pages and supporting claims documents, for the purpose of exposure and loss reimbursement examinations by the FHCF.

(a) Advance Examination Record Requirements: Within 30 days from the date on the letter from the FHCF, Companies are required to provide the FHCF with the records indicated in the applicable Contract Year's "Exposure Examination Advance Preparation Instructions" or in the applicable Contract Year's "Loss Reimbursement Examination Advance Preparation Instructions." An extension of 30 days may be granted if the Insurer can show that the need for the additional time is due to circumstances beyond the reasonable control of the Insurer.

~~1. For the 2011/2012 Contract Year, the applicable exposure examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2011 Advance Preparation Instructions," FHCF-EAP1, rev. 01/11, <http://www.flrules.org/Gateway/reference.asp?No=Ref-00416>. The applicable loss examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Loss Reimbursement Examination – Contract Year 2011 Advance Preparation Instructions," FHCF-LAP1, rev. 01/11, <http://www.flrules.org/Gateway/reference.asp?No=Ref-00417>.~~

~~1.2.~~ For the 2012/2013 Contract Year, the applicable exposure examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2012 Advance Preparation Instructions," FHCF-EAP1, rev. 01/12, <http://www.flrules.org/Gateway/reference.asp?No=Ref-01191>. The applicable loss examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Loss Reimbursement Examination – Contract Year 2012 Advance Preparation Instructions," FHCF-LAP1, rev. 01/12, <http://www.flrules.org/Gateway/reference.asp?No=Ref-01192>.

~~2.3.~~ For the 2013/2014 Contract Year, the applicable exposure examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2013 Advance Preparation Instructions," FHCF-EAP1, rev. 02/13, <http://www.flrules.org/Gateway/reference.asp?No=Ref-02337>. The applicable loss examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Loss Reimbursement Examination – Contract Year 2013 Advance Preparation Instructions," FHCF-LAP1, rev. 02/13, <http://www.flrules.org/Gateway/reference.asp?No=Ref-02336>.

~~3.4.~~ For the 2014/2015 Contract Year, the applicable exposure examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2014 Advance Preparation Instructions," FHCF-EAP1, rev. 04/14, <http://www.flrules.org/Gateway/reference.asp?No=Ref-03973>. The applicable loss examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Loss Reimbursement Examination – Contract Year 2014 Advance Preparation Instructions," FHCF-LAP1, rev. 04/14, <http://www.flrules.org/Gateway/reference.asp?No=Ref-03975>.

~~4.5.~~ For the 2015/2016 Contract Year, the applicable exposure examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2015 Advance Preparation Instructions," FHCF-EAP1, rev. 05/15, <http://www.flrules.org/Gateway/reference.asp?No=Ref-05326>. The applicable loss examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Loss Reimbursement Examination – Contract Year 2015 Advance Preparation Instructions," FHCF-LAP1, rev. 05/15, <http://www.flrules.org/Gateway/reference.asp?No=Ref-05327>.

5. For the 2016/2017 Contract Year, the applicable exposure examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2016 Advance Preparation Instructions," FHCF-EAP1, rev. XX/16, <http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX>. The applicable loss examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Loss Reimbursement Examination – Contract Year 2016 Advance Preparation

Instructions,” FHCF-LAP1, rev. XX/16, <http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX>.

6. These forms are hereby adopted and incorporated by reference into this rule. Copies of these forms may be obtained from the FHCF website: www.sbafla.com/fhcf or by contacting the State Board of Administration. The mailing address is P. O. Box 13300, Tallahassee, Florida 32317-3300. The street address is 1801 Hermitage Blvd., Tallahassee, Florida 32308.

(b) On-site Examination Record Requirements: The FHCF-EAP1, “Exposure Examination Advance Preparation Instructions” and the FHCF-LAP1, “Loss Reimbursement Examination Advance Preparation Instructions” each contain a list of the information that the Companies must have available, on-site, on the date the exposure or loss examination is to begin. These records must be made available to the FHCF examiner upon request.

(c) Response to the FHCF Examination Report: Within 30 days from the date of the letter accompanying the examination report, a Company must provide a written response to the FHCF. The response must indicate whether the Company agrees with the recommendation of the examination report. If the Company disagrees with the examination findings, the reason for the disagreement will be outlined in the response and the Company will provide supporting information to support its objection. An extension of 30 days may be granted if the Company can show that the need for additional time is due to circumstances beyond the reasonable control of the Company.

~~(d) Resubmissions as a Result of a Completed Examination: A Company required to resubmit exposure data as a result of the examination must do so within 30 days of the date on the letter from the FHCF notifying the Company of the need to resubmit. An extension of 30 days may be granted if the Company can show that the need for additional time is due to circumstances beyond the reasonable control of the Company.~~

(9) Penalties and Additional Charges. The Participating Insurers’ responsibilities outlined in this rule are not an exhaustive list and Section 215.555, F.S., and other rules promulgated under that section may outline additional responsibilities or deadlines. The failure by a Participating Insurer to meet any of the deadlines or responsibilities outlined in this rule, Section 215.555, F.S., or any other rule applicable to the FHCF constitute a violation of the Florida Insurance Code. In the event of a violation, in addition to the consequences outlined below, the FHCF may notify the Office of Insurance Regulation of the violation. The Office of Insurance Regulation may take whatever action it deems appropriate in addressing the violation.

(a) Resubmissions of Data: A \$1,000 resubmission fee (for resubmissions that are not the result of an examination by the SBA) will be invoiced by the FHCF for each resubmission. If a resubmission is necessary as a result of an examination report issued by the SBA, the resubmission fee will be \$2,000. If a Company’s examination-required resubmission is inadequate and the SBA requires an additional resubmission(s), the resubmission fee for each subsequent resubmission shall be \$2,000.

(b) Premiums and Other Payments: All late payments of Premium, including Premium adjustments, due to the FHCF from an Insurer are subject to interest.

(c) Consequences for Failure to meet the requirements contained in the FHCF-EAP1, “Exposure Examination Advance Preparation Instructions,” the FHCF-LAP1, “Loss Reimbursement Examination Advance Preparation Instructions,” or the on-site examination record requirements in a timely manner: In addition to other penalties or consequences, the FHCF has the authority, pursuant to Section 215.555(4)(f), F.S., to require that the Insurer pay for the following services under the circumstances outlined below:

1. If an examination is delayed, cannot be conducted as scheduled or cannot be completed and the Insurer is responsible for such, the Insurer shall be required to reimburse the FHCF for all the usual and customary expenses connected to such delay, cancellation or incompleteness.

2. If the FHCF finds any Insurer’s records or other necessary information to be inadequate or inadequately posted, recorded, or maintained, the FHCF may employ experts to reconstruct, rewrite, record, post, or maintain such records or information, at the expense of the Insurer being examined.

3. An Insurer required to reimburse the FHCF for costs as outlined in subparagraphs 1. and 2. immediately above, will owe interest on the amount owed to the FHCF from the date the FHCF pays such expenses until the date payment from the Insurer is received. The applicable interest rate will be the average rate earned by the SBA for the FHCF for the first four months of the current Contract Year plus 5%. Also, the payment of reimbursements or refunds by the FHCF to any Insurer will be offset by any amounts owed by that Insurer to the FHCF.

(10) Time Deadlines: If any deadline provided for herein falls on a Saturday, Sunday or on a legal holiday, then the applicable due date will be the first business day immediately following the Saturday, Sunday or legal holiday.

(11) Company Contact Information: Companies must submit Form FHCF C-1, Company Contact Information, as adopted and incorporated into Rule 19-8.029, F.A.C., by March 1 preceding each Contract Year to the FHCF Administrator, Paragon Strategic

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Solutions Inc., 8200 Tower, 5600 West 83rd Street, Suite 1100, Minneapolis, Minnesota 55437. A New Participant must submit Form FHCF C-1 within 30 calendar days of writing its first Covered Policy. This form must be updated by the Company as the information provided thereon changes. The FHCF shall have the right to rely upon the information provided by the Company to the FHCF on this form until receipt by the FHCF of a new properly completed and notarized Form FHCF C-1 from the Company.

Rulemaking Authority 215.555(3) FS. Law Implemented 215.555, 627.351(6), FS. History--New 5-13-03, Amended 5-19-04, 5-29-05, 5-10-06, 5-8-07, 8-13-07, 6-8-08, 3-30-09, 3-29-10, 8-8-10, 7-20-11, 5-22-12, 3-17-13, 4-24-14, 5-12-15, X-XX-16.

FLORIDA HURRICANE CATASTROPHE FUND (FHCF)
EXPOSURE EXAMINATION – CONTRACT YEAR ~~2015~~2016
ADVANCE PREPARATION INSTRUCTIONS

~~Company: _____~~

~~Date of Examination: _____~~

~~Advance Records Due:~~

The following instructions are provided to help your ~~C~~company prepare for the FHCF's examination. ~~If you have questions pertaining to the preparation and submission of required records, or about the activities or work processes of the examiner which cannot be adequately answered by the examiner, please call Gina T. Wilson, Director of Examinations, at (850) 413-1348.~~

~~Please note: If your Company participated in a takeout pursuant to an assumption agreement with Citizens Property Insurance Corporation or the examination is for Citizens Property Insurance Corporation Coastal Account with quota share primary insurance data, additional instructions apply (see pages 25 and 26 of the 2015 Data Call).~~

ADVANCE RECORDS

Your ~~C~~company is required to submit information and records ~~to the FHCF~~ in advance ~~of the examiner's on-site review~~ to allow the examiner to ~~fully~~ prepare for the on-site review and to ensure the examination begins as scheduled. A checklist has been set up in the company's WIRE account. All a advance information and records must be submitted~~provided electronically via FHCF using the WIRE checklist in the format/file type specified in the instructions that follow. To access the checklist: log in to WIRE (https://www.sbafla.com/fhcfwire/), click the 'Exposure Exams' navigation tab, and select the applicable contract year and the company name/exam type from the drop-down menus. Be certain the records submitted are prepared using the form specified in the instructions that follow and are in the same format and file type as it was sent to your Company (e.g., the Operations Questionnaire should be uploaded as a Microsoft Excel document.)~~

There are two parts of the checklist which must be completed before the entire records package can be submitted to the FHCF: 1) Exam Location and Contacts, and 2) Upload Advance Records. Detailed instructions for each part are provided below. After all of the required components have been entered/uploaded, open PART 2 of the checklist and click the 'Submit' button beside the 'Required Records Checklist Report' to send the records to the FHCF. The records package must be submitted to the FHCF on or before the deadline specified in the notice letter.

PART 1: EXAMINATION LOCATION AND CONTACTS

The examiner will travel to one location to conduct the examination. In the entry fields provided, enter the street address of the office location best suited for the on-site review. Next, enter the name and contact information of the person who will serve as the exam coordinator and the name and contact information of a company executive. All examination correspondence, including the examination findings and report will be directed to the designated coordinator. You must complete ALL required fields before saving and closing the section.

~~A cover letter is not required; however, if there is any information related to the documents or the exam that you would like the examiner to know, it can be noted in a cover letter. If more than one company is under examination, preparation and submission of separate documents for each company is necessary.~~

1. ~~REQUIRED RECORDS CHECKLIST~~

~~The Checklist, provided as an attachment in the Notice email, should be completed by the Company to ensure that all advance records are submitted to the FHCF and should be returned to the FHCF in electronic form with the remainder of the required advance records. Do not use versions from a prior examination. Using the check boxes located to the right of the list of required records, the Company should indicate whether each of the records is included or not included. The Company should also designate the office location where the on-site examination should take place and provide complete contact information for the Exam Coordinator and Executive Contact. All examination correspondence will be directed through the Exam Coordinator you have designated, including the Examination Report, unless otherwise noted on the checklist. The Exam Coordinator will be contacted periodically by the examiner to help facilitate the preparation of information needed for the examination.~~

PART 2: UPLOAD ADVANCE RECORDS

Prepare the records and applicable attachments that follow according to the file types and specifications outlined below and upload them in PART 2 of the WIRE checklist. A description of allowable file types and an indicator on whether the item is required is included in the checklist next to the title for each advance record. You will not be allowed to submit the records unless all required items are uploaded in the correct file format. Once required/applicable records are uploaded, click the title 'Required Records Checklist Report' to print a copy of the completed checklist for your records. To submit the uploaded records, click the 'Submit' button beside the 'Required Records Checklist Report'. Once the records package has been submitted, additional uploads are prohibited.

2.1. OPERATIONS QUESTIONNAIRE

~~Download the~~The electronic questionnaire worksheet form from the WIRE checklist. Answer all questions should be completed in its entirety and submitted to the FHCF as an Excel file. Questions should be answered based on covered policies in force for the Contract Year being examined and save the completed questionnaire in its original Excel format (xls orxlsx) before uploading it to the WIRE checklist. The individual(s) responsible for preparing the questionnaire should be available to answer questions once the examiner arrives on-site.

Attachments for Operations Questionnaire

Based on your response to some questions, you may be required to provide additional information in a separate file, or attachment. If so, save each attachment as a separate file, then combine all attachment files into a single zip file to upload it to the WIRE checklist.

3.2. CONSTRUCTION MAPPING WORKSHEET

A completed construction mapping worksheet must be uploaded to the WIRE checklist. If your company submitted a construction mapping worksheet to Paragon for approval prior to the Data Call submission, you must upload the approved worksheet. If not, download the worksheet from the WIRE checklist. Complete it in its entirety and upload it as a doc, docx or pdf file to the checklist. If your company's construction definitions do not match those of the FHCF, you are required to submit a Construction Mapping Worksheet to Paragon for review and approval (per page 9 of the 2015 FHCF Data Call instructions) prior to your company's Data Call submission. A copy of the worksheet and Paragon's approval letter must be submitted with your advance records for this examination. If your company was not required to submit the worksheet to Paragon in advance of your Data Call submission, your company must complete the worksheet at this time for the examination. Complete the worksheet in its entirety and return it with your advance records.

Construction Mapping Approval Letter from Paragon

If your company received an approval letter from Paragon for its construction mapping worksheet, upload a pdf file of the approval to the WIRE checklist.

4.3. FORMS AND ENDORSEMENTS

~~Provide a list of Your Company must provide an Excel file listing~~ all forms and endorsements used (as of the Data Call date) for all covered policies ~~and a specimen copy of each form~~. The list must include the form and endorsement numbers and titles, and must be saved as an Excel file (xls or xlsx) and uploaded to the WIRE checklist.

Forms and Endorsements Specimen Copies

Save each form and/or endorsement specimen as a separate file, then combine all into a single zip file to upload to the WIRE checklist. If possible, limit specimen file names to 50 characters or less. DO NOT scan all forms and endorsements into one multi-page pdf file.

5.4. ~~DEFINITION OF~~ WINDSTORM MITIGATION FEATURES MAPPING

~~Your Company must p~~Provide a list of windstorm mitigation features for structure opening protection and roof shape, the definition of each feature, and the applicable FHCF code used to report each feature. The list must be saved as xls, xlsx, doc, docx, or pdf and uploaded to the WIRE checklist.

5. STATUTORY PAGE 14 (FLORIDA DWP)

Provide a copy of the annual statement page with the direct written premiums for Florida for the period ending December 31, 2015. Save as a single pdf file and upload it to the WIRE checklist.

6. DIRECT WRITTEN PREMIUM REPORT

~~Your Company must p~~Provide (1) ~~a copy of the annual statement page with the direct written premiums for Florida and~~ (2) a report for the period ending December 31, 2015, which supports your company's total direct written premium for all lines where any policy or coverage subject to the FHCF may be written. ~~Both documents must be provided for the period ending December 31, 2014.~~ Lines of business that should always be included in this report are Fire, Allied Lines, Farmowners Multiple Peril, Homeowners Multiple Peril, Commercial Multiple Peril (non-liability portion) and Inland Marine. If your company writes inland marine endorsements and the premium is included under a line of business other than Line 9 for Inland Marine, identify these policies separately in the report by using FHCF line of business code 6 or provide a notation in field 9 of the report designating that the policy has an endorsement. For lines of business that include premium for both commercial and residential policies (e.g., Fire and Allied Lines), distinguish between the different policies using the FHCF type of business/line of business codes. Although the direct written premiums for a line of business may include policies covered and policies not covered by the FHCF, tThe Direct Written Premium Report must include all policies needed to reconcile to the line item total on the annual statement regardless of whether the policies are covered by the FHCF. It would be helpful to include a notation on the report, which distinguishes ex wind policies from wind policies. Also, if there are differences between the premiums listed on Statutory Page 14 and the Direct Written Premium Report, ~~any reconciling entries made to the annual statement, enclose~~ provide a schedule detailing the reconciling items in the section titled 'Cover Letter and Other Support Files' on the WIRE checklist.

The Direct Written Premium Report must be by individual policy, sorted by type and line of business, must be provided in a pipe delimited text file (txt), and must contain the fields in the order listed in the table below. **Policy numbers in the Data Call File and Direct Written Premium Report must be formatted alike. If not, an explanation on how to match the policies is required.**

#	DESCRIPTION	TYPE	NOTES
1	Type of Business	Numeric	Only use the codes on pgs. x and x of the 2015-2016 FHCF Data Call
2	Line of Business	Numeric	Only use the codes on pg x of the 2015-2016 FHCF Data Call
3	Policy Effective Date	Numeric or Date/Time	Numeric Format: yyyyymmdd Date/Time Format: month/day/year Effective Date must be in one field and the numeric format must

			have 8 characters
4	Policy Expiration Date	Numeric or Date/Time	Numeric Format: yyyyymmdd Date/Time Format: month/day/year Expiration Date must be in one field and the numeric format must have 8 characters
5	Direct Written Premium	Numeric	
6	Policy Number	Special	Use the same policy number and format as used in the Data Call File; include characters A-Z, 0-9, and "-" only.
7	Notation Designating FHCF Covered Policies	Text	If available
8	Notation Designating Policy Written with Ex-wind Endorsement	Text	If available
9	Notation Designating Policy has Endorsement for Scheduled Personal Property	Text	If applicable
10	Class Code	Numeric	If applicable (typically applies to Commercial policies only)

~~For Commercial Multiple Peril, only include policies with premium reported under line 5.1. DO NOT INCLUDE POLICIES REPORTED UNDER LINE 5.2.~~

~~If your Company writes Inland Marine endorsements to covered policies and the premium from these policies is included under a line of business other than Line 9 for Inland Marine, provide a separate listing for this premium. Also, be sure to provide separate listings for lines of business that include premiums for both commercial and residential policies.~~

7. UNDERWRITING AND RATING MANUALS

The examiner will need to review ~~A~~ a copy of your ~~C~~ company's underwriting manual and rating manual for policies covered by the FHCF effective June 30, 2016. Your company is required to have this available when the examiner is on-site; however, we would prefer that it be provided in advance. You may save a copy as a pdf to upload to the WIRE checklist, or if there are two separate files, you may combine them both into a single zip file to upload. Your company should provide ~~and~~ the name of a contact that is familiar with these manuals.

8. COVER LETTER AND OTHER SUPPORT FILES

A cover letter is not required; however, if there is any additional information related to the advance records or the examination that your company wishes to bring to the attention of the examiner, it may be noted in a cover letter, saved as a doc, docx, or pdf and uploaded to the WIRE checklist. If you wish to provide additional support files, combine all files (including the cover letter) into a single zip file before uploading.

ON-SITE REQUIREMENTS

In order for the examiner to properly conduct and expedite an early conclusion of the Exposure Examination, the ~~Exam~~exam ~~Coordinator~~coordinator should ensure that the examiner has access to items 1-4 below on the first day and throughout the duration of the on-site visit.

1. EQUIPMENT AND SPACE

The examiner will need a private working space, ~~dedicated telephone line and telephone~~, and an internet connection.

2. COMPANY PERSONNEL

The ~~Exam~~exam ~~Coordinator~~coordinator may wish to provide names of persons whom the examiner can contact directly for answers to the many questions the examination generates. ~~In addition, the individual(s) responsible for preparing the Operations Questionnaire should be available to answer questions once the examiner arrives on-site.~~

3. REQUIRED RECORDS TO HAVE AVAILABLE ON-SITE

The examiner will request applications and declaration pages to be available for review on-site. If policy files are in more than one location, your ~~C~~company is responsible for coordinating the retrieval of the files to one central location. The files must contain at least the following information:

- a. Insured's Name
- b. Address and ZIP Code for location of property insured
- c. Policy Number
- d. Policy Period
- e. Construction Type
- f. Deductible Group
- g. County Code
- h. Total Insured Values
- i. Year Built
- j. Evidence to support the reported roof shape code
- k. Evidence to support a reinforced concrete roof, if applicable
- l. Evidence to show a credit is given to the policyholder for structure opening protection
- m. A copy of the Residential Property Insurance Checklist required by the Office of Insurance Regulation Rule 69O-167.013, F.A.C. (This requirement applies to homeowners', mobile homeowners', dwelling or condominium unit owners' policies)
- n. All applicable endorsements and policy changes
- o. Underwriting manual and rating manual for policies covered by the FHCF, if not already provided in advance through WIRE.

Online policy files may be acceptable for the review of residential lines of business if the items listed above are viewable on the online system, if the system is the same system that produces the ~~C~~company's dec pages, and if the examiner determines the system information is reliable. If the examiner determines the online system cannot be used for policy review, then your ~~c~~Company must provide the physical policy files including the applications and underwriting files.

For review of commercial policies, the complete policy files, including underwriting files, applications, commercial class codes, and statement of values are required.

4. ADDITIONAL ON-SITE REQUIREMENTS

- a. ~~If your Companies~~ writes commercial policies covering single structures that contain a mix of both commercial-habitation ~~occupancies~~ and commercial non-habitation or business occupancies, ~~are your Company is~~ required to submit ~~its a~~ proposed methodology for determining predominant use, as defined in the Data Call, to the FHCF Administrator on an annual basis before the September 1st deadline. ~~Be certain an individual familiar with your Company's class codes and underwriting guidelines is available to answer questions before and during the examination. Also, y~~ Your ~~C~~company must be able to identify these types of policies insuring single structures that contain a mix of both commercial-habitation and commercial non-habitation or business occupancies for examination purposes and individuals familiar with your company's class codes and underwriting guidelines must be available to answer questions during the examination.
- b. If your ~~C~~company's reported exposure includes collateral protection policies covered by the FHCF, a copy of the lapsed homeowner's policy or the equivalent of a dec page must be available for the examiner's review in addition to the dec page for the policy in force at June 30, ~~2015~~ 2016.

POST-EXAM REQUIREMENTS

The examiner or the FHCF may request additional information and/or documentation following the completion of the on-site review. All records, including exposure filings (Data Call submission), policy

files, and supporting documentation must be retained until the FHCF has completed its examination of your company's exposure submission and loss reports (applicable to the Data Call Contract Year) and commutation for the Contract Year (if applicable) has been concluded.

SPECIAL EXAMS RELATED TO CITIZENS PROPERTY INSURANCE CORPORATION (CITIZENS)

1. REQUIREMENT FOR EACH CITIZENS ENTITY ENGAGED IN TAKEOUTS PURSUANT TO ASSUMPTION AGREEMENTS

In addition to the Data Call file for FHCF exposure from direct written premiums and the separate Data Call files for FHCF exposure assumed from Citizens pursuant to an assumption agreement which, as of June 30, ~~2015~~2016, had not renewed onto the assuming insurers' policy forms, the following information must be provided for each assumption occurring July 1, ~~2014-2015~~ through June 30, ~~2015~~2016:

- a. A separate file that includes a list of all policies that were assumed by each company on the date of the assumption. This file must include the policy number, contract number/company identifier, assumption date, total insured value, indicator for policies insuring short-term rentals as defined in exclusion (10) in Article VI of the FHCF Reimbursement Contract, indicator for policies written without wind coverage, indicator for policies cancelled on or before June 30, ~~2015~~2016, date untaged by Citizens and policy effective/expiration date.
- b. For each individual assumption, provide a list of all policies untaged by Citizens after the assumption date up to, and including, June 30, ~~2015~~2016. The file must include the policy number, the assumption date, and the date the policy was untaged.
- c. A copy of the assumption agreement between Citizens and the assuming ~~C~~company along with copies of exhibits to show the number of policies assumed.

~~All records, including exposure filings (Data Call submission), policy files, and supporting documentation must be retained along with any information produced to support the Data Call submission. Such records must be retained until the FHCF has completed its examination of your Company's exposure submission and loss reports (applicable to the Data Call Contract Year) and commutation for the Contract Year (if applicable) has been concluded.~~

FLORIDA HURRICANE CATASTROPHE FUND (FHCF)
LOSS REIMBURSEMENT EXAMINATION – CONTRACT YEAR ~~2015~~2016
ADVANCE PREPARATION INSTRUCTIONS

Company:

Date of Examination:

Advance Records Due:

Events: (Event Name)
 (Event Name)
 (Event Name)

The following instructions are provided to help your Ecompany prepare for the FHCF's examination. If you have questions pertaining to the preparation and submission of required records, or about the activities or work processes of the examiner which cannot be adequately answered by the examiner, please call Gina Wilson, Director of Examinations, at (850) 413-1348.

ADVANCE RECORDS

Your Ecompany is required to submit records in advance of the examiner's on-site review to allow the examiner to fully prepare and to ensure the examination begins as scheduled. Your company is required to upload all advance records to the FHCF Online Claims System (www.sbafla.com/fhcf, Insurer Information, Online Claims) no later than (insert date). Be certain the records submitted are prepared using the specific form or file format given in the instructions below. The FHCF will send your Ecompany a Required Records Checklist and an Operations Questionnaire. Be sure to submit these records in the same file format and file type as it was sent to your Ecompany (e.g., the Operations Questionnaire should be uploaded as a Microsoft Excel document).

1. REQUIRED RECORDS CHECKLIST

The Checklist, provided as an attachment in the Notice email, should be completed by the Ecompany to ensure that all advance records are submitted and should be uploaded to the FHCF Online Claims System with the remainder of the required advance records. Using the drop-down options located to the right of the list of required records, the Ecompany should indicate whether each of the records is included or not included. The Ecompany should also designate the office location where the on-site examination should take place and provide complete contact information for the Exam Coordinator, Executive Contact, Claims Contact, and Actuarial Contact. All examination correspondence will be directed through the Exam Coordinator you have designated, including the Examination Report, unless otherwise noted on the checklist. The Exam Coordinator will be contacted periodically by the examiner to help facilitate the preparation of information needed for the examination.

2. OPERATIONS QUESTIONNAIRE

The electronic questionnaire form should be completed in its entirety. The individual(s) responsible for preparing the questionnaire should be available to answer questions once the examiner arrives on-site.

3. PROOF OF LOSS REPORT

Submit a separate Proof of Loss Report using Form FHCF-L1B for each event listed above. The report must include your company's most recent loss information.

4. DETAILED CLAIMS LISTING

Provide a separate Detailed Claims Listing to support each Proof of Loss Report submitted. The Detailed Claims Listing, which supports the losses reported in the Proof of Loss Report(s), by hurricane, must match the aggregate total amounts for paid losses and outstanding losses reported on page 1 of the Proof of Loss Report. The Detailed Claims Listing must be prepared using the instructions in the [2015-2016](#) Detailed Claims Listing Instructions (Form FHCF-DCL).

5. CLAIMS PROCESS MEMO

Provide a written narrative of your company's hurricane claims paying process. The narrative should start with how a claim is originated to the time a claim is paid. Please indicate the name and title of primary employees with responsibilities in the process.

6. INCURRED BUT NOT REPORTED (IBNR)

Provide documentation to support the amount of IBNR reported in each Proof of Loss Report.

7. LIST OF CLAIMS WITH SALVAGE

Provide a listing of all FHCF covered claims where salvage was received. This listing must be provided in a pipe delimited text file containing the following fields in the order listed. (For the pipe “|” symbol, press the *Shift* key and the \ key.)

Field #	Description	Minimum Length	Maximum Length	Type	Notes
1	Claim Number	1	20	Special	Include characters A-Z, 0-9, and “-” only; the formatting must match the claim numbers provided in the Detailed Claims Listing
2	Policy Number	1	30	Special	Include characters A-Z, 0-9, and “-” only; the formatting must match the policy numbers provided in the 2015-2016 Data Call File
3	Salvage Received	1	12	Numeric	

8. MULTI-STATE POLICY LISTING

Provide a listing of all FHCF covered commercial policies in effect during the [2015-2016](#) hurricane season that have exposures written with Florida and non-Florida locations on the same policy. This list includes all policies regardless of whether or not a claim was reported to the FHCF for the policy and must be provided in a pipe delimited text file containing the following fields in the order listed.

Field #	Description	Minimum Length	Maximum Length	Type	Notes
1	Policy Number	1	30	Special	Include characters A-Z, 0-9, and “-” only; the formatting must match the policy numbers provided in the 2015-2016 Data Call File
2	FHCF Type of Business Code	1	1	Numeric	Only use the codes on pg x of the 2015-2016 FHCF Data Call

9. MULTI-RISK POLICY LISTING

Provide a listing of all FHCF covered commercial policies in effect during the ~~2015-2016~~ hurricane season that have both covered and non-covered risks written on the same policy. This list includes all policies regardless of whether or not a claim was reported for the policy and must be provided in a pipe delimited text file containing the following fields in the order listed.

Field #	Description	Minimum Length	Maximum Length	Type	Notes
1	Policy Number	1	30	Special	Include characters A-Z, 0-9, and "-" only; the formatting must match the policy numbers provided in the 2015-2016 Data Call File
2	FHCF Type of Business Code	1	1	Numeric	Only use the codes on pg x of the 2015-2016 FHCF Data Call

10. SINGLE STRUCTURES POLICY LISTING

Provide a listing of all FHCF covered policies in effect during the ~~2015-2016~~ hurricane season that insure single structure(s) that are used for both habitational and non-habitational purposes. This listing includes all policies regardless of whether or not a claim was reported for the policy and must be provided in a pipe delimited text file containing the following fields in the order listed.

Field #	Description	Minimum Length	Maximum Length	Type	Notes
1	Policy Number	1	30	Special	Include characters A-Z, 0-9, and "-" only; the formatting must match the policy numbers provided in the 2015-2016 Data Call File
2	FHCF Type of Business Code	1	1	Numeric	Only use the codes on pg x of the 2015-2016 FHCF Data Call
3	Class Code	1	10	Alpha-Numeric	Only numbers and letters are acceptable

ON-SITE REQUIREMENTS

In order for the examiner to properly conduct and expedite an early conclusion of the Loss Reimbursement Examination, the Exam Coordinator should ensure that the examiner has access to the following items on the first day and throughout the duration of the on-site visit.

1. EQUIPMENT AND SPACE

The examiner will need a private working space, ~~dedicated telephone line and telephone~~, and an internet connection.

2. COMPANY PERSONNEL

The Exam Coordinator may wish to provide names of persons whom the examiner can contact directly for answers to the many questions the examination generates.

3. REQUIRED RECORDS TO HAVE AVAILABLE ON-SITE

The examiner will also be requesting claims and policy files to be available once the examiner arrives on-site. If the files are in more than one location, your ~~C~~company is responsible for coordinating the retrieval of the files to one central location. The files should be made available upon request and should contain at least the following information:

Claim File (the complete file)

- First notice of loss
- Claim number
- Date of loss
- Amount of loss for each category of coverage (building, appurtenant structure, contents, and additional living expense)

- e. Claim description
- f. Policy number and location of property
- g. Amount of loss adjustment expense
- h. Copies of checks for payment of losses
- i. All adjuster's estimates, including Public Adjuster estimates if provided to the Ecompany
- j. Payment history
- k. Evidence of salvage received, if any
- l. Evidence of whether the deductible was applied
- m. Receipts for any additional living expenses paid
- n. Evidence to show the loss was a direct result of a hurricane
- o. Documentation of policyholder's legal fees and/or Public Adjuster fees paid, if provided to the Ecompany

Policy File (the complete file in effect at the time of loss)

- a. Policy Declarations
- b. Insured's Name
- c. Address and ZIP Code for location of property insured
- d. Policy Number
- e. Policy Period
- f. Construction Type
- g. Deductible Group
- h. County Code
- i. County Name
- j. Total Insured Values
- k. Evidence to support occupancy is owner occupied or non-owner occupied
- l. All applicable forms, endorsements, and policy changes/transactional history

If your Ecompany retains claims and/or policy files on an online system, this will be acceptable for the review of residential lines of business as long as the items listed above are available on that system and the examiner determines the system information can be relied upon. If the examiner determines the online system cannot be used for the review, then the examiner will need claims and/or policy files including the application and underwriting files for the specific policies being reviewed. Also, if the Ecompany's online system is not the same system that produces the Ecompany's dec pages, then the actual policy files will need to be provided to the examiner.

For any commercial policies reviewed, you are required to provide the complete policy file, underwriting file, application, commercial class codes, and statement of values.

4. ADDITIONAL ON-SITE REQUIREMENTS

The Ecompany may be required to provide a walkthrough of the claims process once the examiner arrives on-site. The examiner will coordinate with the Ecompany prior to arriving on-site and provide directions on performing the walkthrough. The Ecompany should make prior arrangements for the examiner to conduct this walkthrough with the necessary personnel. Be certain an individual familiar with the Ecompany's claims process is available to answer questions before and during the examination.

Also, provide the examiner with a copy of the claims manual for claims covered by the FHCF and the name of a contact familiar with this manual. It is preferable that the claims manual be provided in electronic format.