FWCJUA

Florida Workers Compensation Joint Underwriting Association, Inc.

P.O. Box 48957, Sarasota, FL 34230-5957
• Tel (941) 378-7400 • Fax (941) 378-7405 • www.fwcjua.com

VIA EMAIL

BOARD OF GOVERNORS BULLETIN 07- 43

TO: Florida Workers' Compensation Joint Underwriting Association, Inc. Board of Governors

FROM: Laura S. Torrence, Executive Director

DATE: December 6, 2007

RE: **DECEMBER 11, 2007 ANNUAL MEMBERSHIP MEETING AND BOARD OF GOVERNORS MEETING AGENDAS**

Enclosed for your review are the agendas for the Annual Membership and the Board of Governors meetings scheduled for 8:30 a.m., Tuesday, December 11, 2007 at the FWCJUA's office located at 6003 Honore Avenue, Suite 204, Sarasota, FL. Dress for the meeting is business casual.

A dinner is planned for those Board members arriving Monday evening December 10, 2007. The reservations are for 7:00 p.m. at Cafe Baci located at 4001 S. Tamiami Trail, Sarasota, FL. For those staying at the Country Inn Suites, transportation will be provided to and from dinner. To take advantage of the group transportation, please meet in the hotel lobby at 6:40 p.m. Dress for dinner is business casual.

Enclosure

c: Tom Maida, General Counsel
Jim Watford, Florida Office of Insurance Regulation
FWCJUA Interested Parties

DRIVING DIRECTIONS TO COUNTRY INNS & SUITES
5730 GANTT ROAD, SARASOTA, FL 34233
(941) 925-0631

From I-75
Take Exit 205, SR72/Clark Road. Turn west onto Clark Road and get in the far right lane. Go approximately 0.8 of a mile through the light at Gantt Road and make a right immediately following the Exxon Station into the Pine Tree Plaza. The Country Inns & Suites will be on the left just behind the gas station.

DRIVING DIRECTIONS TO FWCJUA
6003 HONORE AVENUE, SUITE 204,
SARASOTA, FL 34238
(941) 378-7400

From I-75
Take Exit 205, SR72/Clark Road. Turn west onto Clark Road and get in the far left lane. Go approximately 1 mile and turn left at the light at Honore Avenue, staying in the left lane. Make the very first left onto Palmer Crossing Drive. The Boardwalk Office Building will be on your immediate right. The FWCJUA office is located in the Boardwalk Office Building on the second floor, Suite 204.

From Country Inns & Suites
Make a left out of the parking lot and turn right at Gantt Rd. At the light, turn right onto Clark Rd and get in the far left lane. Go to the next light and turn left at Honore Avenue, staying in the left lane. Make the very first left onto Palmer Crossing Drive. The Boardwalk Office Building will be on your immediate right. The FWCJUA office is located in the Boardwalk Office Building on the second floor, Suite 204.

DRIVING DIRECTIONS TO CAFÉ BACI
4001 S. TAMIAMI TRAIL, SARASOTA, FL
(941) 921-4848

From I-75
Take Exit 207, SR758/Bee Ridge Road. Turn west onto Bee Ridge Road. Go approximately 5 miles and turn left onto S. Tamiami Trail/US-41S, staying in the left lane. Go about 0.1 miles and turn left to arrive at Café Baci.

From Country Inns & Suites
Make a left out of the parking lot and turn right at Gantt Rd. At the light, turn right onto Clark Road. Go approximately 4.3 miles and turn right onto S. Tamiami Trail/US-41N. Go approximately 2.6 miles, and turn right to arrive at Café Baci.

DECEMBER 11, 2007

FWCJUA MEMBERSHIP MEETING AGENDA

FOR THE YEAR ENDED DECEMBER 31, 2006

AGENDA FOR THE MEMBERSHIP MEETING OF THE FLORIDA WORKERS' COMPENSATION JOINT UNDERWRITING ASSOCIATION, INC. TO BE HELD AT 8:30 A.M. ON TUESDAY, DECEMBER 11, 2007 AT THE FWCJUA OFFICE LOCATED AT 6003 HONORE AVENUE, SUITE 204, SARASOTA, FLORIDA

I.	CALL TO ORDER AND OPENING REMARKS	Charlie Clary
II.	ANTI-TRUST PREAMBLE (Attachment A)	Tom Maida
III.	2006 OVERVIEW (Attachment B)	Laura Torrence
IV.	QUESTION AND ANSWER SESSION	Laura Torrence
V.	ADJOURNMENT AND CLOSING REMARKS	Charlie Clary

ANTI-TRUST PREAMBLE

We are here to discuss and act on matters relating to the business of the Florida Workers' Compensation Joint Underwriting Association (FWCJUA) and not to discuss or pursue the business interests of our individual funds or companies.

We should proceed with caution and alertness towards the requirements and prohibitions of federal and state anti-trust laws.

We should not engage in discussions – either at this meeting or in private conversations – of our individual fund's or companies' plans or contemplated activities. We should concern ourselves only with the business of the Florida Workers' Compensation Joint Underwriting Association as set forth in the agenda for this meeting.

Only FWCJUA market matters may be discussed at the meeting and each fund's or company's voluntary market plans cannot be discussed.

2006 OVERVIEW

Following is a brief synopsis of FWCJUA operations in 2006:

1. As of December 31, 2006, the FWCJUA had 3,207 policies in-force with a corresponding written premium of $35,555,600 assigned as follows:

Tier	Policies	% of Policies	TEAP & Deposit	% of TEAP & Deposit
Tier 1	778	24.3%	$ 6,762,079	19.0%
Tier 2	1,844	57.5%	$14,016,942	39.4%
Tier 3	585	18.2%	$14,776,579	41.6%
Total	3,207	100.0%	$35,555,600	100.0%

2. In 2006, application processing time averaged 7.6 days.

3. The FWCJUA had 1446 authorized producers as of December 31, 2006.

4. In 2006, the FWCJUA book of business was comprised primarily of small contractors, small employers and those risks with poor loss histories – all high hazard risks.

Further, the FWCJUA recognized a $48,794,092 surplus in 2006. This surplus can be broken down by subplan and tier as follows:

SUBPLAN/TIER	EFFECTIVE DATE OF SUBPLAN/TIER	2006 TOTAL SURPLUS/(DEFICIT)
Subplans A, B & C	January 1, 1994	$39,890,318
Subplan D	July 26, 2003	($2,430,546)
Tier 1	July 1, 2004	$2,069,992
Tier 2	July 1, 2004	$2,432,075
Tier 3	July 1, 2004	$6,832,253

Given the FWCJUA was in a surplus position; it was not statutorily required pursuant to section 627.311(5)(g), Florida Statutes, to submit a deficit elimination plan to the Office of Insurance Regulation. However, with Subplan D posting a deficit, the FWCJUA updated its 2005 plan to eliminate this individual rating plan deficit and submitted said updated plan to the Office of Insurance Regulation on June 21, 2007.

The FWCJUA program to eliminate the 2005 Subplan D deficit relied on the use of monies from the contingency reserve and below-the-line assessments. The 2005 program relied on a cash flow model that was updated to recognize the 2006 Subplan D deficit and thus, was used again as the FWCJUA's program to eliminate the entire Subplan D deficit. Pursuant to Milliman's Subplan D cash flow model as of May 31, 2007, the total state funds needed to fund the Subplan D obligations through the contingency reserve are approximately $6.7 million. This is $1.2 million less than the $7.9 million already received; and thus, no additional cash needs are anticipated.

Attached for the membership's perusal is the following information regarding the FWCJUA:

1. FWCJUA Highlighted Summarized Financial Information for Years' End 1996 through 2006

2. FWCJUA Comparable Data to Florida Workers' Compensation Insurance Plan (FWCIP)

3. Management's Discussion and Analysis for 2006

4. Program to Eliminate Deficit, as of December 31, 2006

5. FWCJUA Summarized Financial Information by Subplan/Tier as of 9/30/2007

6. FWCJUA Organizational Structure as of 10/16/2007

No action is required on this item.

Florida Workers' Compensation Joint Underwriting Association, Inc.
Financial Information Summary
(From Annual and Quarterly Statutory Statements)

Florida Workers' Compensation Joint Underwriting Association, Inc.
Financial Information Summary for years ending December 31, 1996 - December 31, 2006

	12/31/2006	12/31/2005	12/31/2004	12/31/2003	12/31/2002	12/31/2001	12/31/2000	12/31/1999	12/31/1998	12/31/1997	12/31/1996
Operations											
PREMIUMS:											
Direct Written	42,057,673	77,504,132	62,036,074	64,462,672	25,645,248	6,696,022	5,035,549	6,431,378	14,182,389	13,862,990	27,748,666
Ceded Written	(8,049,351)	(11,665,391)	(11,209,814)	(7,262,080)	(3,647,133)	(1,171,148)	(420,219)	(708,856)	(1,731,780)	(1,334,026)	(3,042,486)
Net Written Premiums	34,008,322	65,838,741	50,826,260	57,200,592	21,998,115	5,524,874	4,615,330	5,722,522	12,450,609	12,528,964	24,706,180
Net Earned	44,111,669	65,708,268	51,308,819	39,260,405	15,218,231	4,981,868	3,781,293	7,438,919	14,552,076	18,208,854	35,170,675
LOSSES INCURRED:											
Direct Incurred	(32,729,283)	15,433,569	31,343,827	28,740,041	10,313,597	4,768,954	5,051,668	(11,875,295)	(8,903,481)	12,635,770	11,030,425
Ceded Incurred	7,596,416	(1,574,663)	(2,524,607)	(12,758,547)	(4,381,726)	(1,288,115)	(2,181,569)	2,879,471	701,165	(3,066,044)	(1,389,299)
Net Losses Incurred	(25,132,867)	13,858,906	28,819,220	15,981,494	5,931,871	3,480,839	2,870,099	(8,995,824)	(8,202,316)	9,569,726	9,641,126
Operating Expenses & Commissions	16,804,787	27,967,734	30,075,154	21,523,144	3,359,799	2,567,369	2,373,124	9,128,288	8,432,887	8,761,447	20,833,970
Taxes, Licenses and Fees	3,380	2,277	1,629,433	3,681,218	1,725,414	447,515	400,829	512,002	854,836	1,026,022	2,062,745
NET INCOME (LOSS)	37,535,019	16,534,401	(3,138,231)	(7,323,645)	(1,670,595)	(542,607)	6,161,890	7,804,545	12,890,263	1,011,822	4,746,539
Financial Position											
ASSETS:											
Bonds	69,552,329	57,261,089	30,508,817	28,848,638	16,339,293	10,928,572	11,338,965	36,003,256	44,007,892	44,545,853	39,511,148
Cash	32,730,725	37,920,089	30,794,731	19,857,337	11,972,028	3,327,033	884,621	2,622,189	1,992,908	360,592	768,877
Short-term Investments	5,825,425	5,917,953	9,184,246	4,484,064	4,300,252	3,134,174	2,471,625	1,778,750	1,956,377	8,871,308	15,803,732
Premium Receivables	17,550,978	27,365,290	20,711,382	22,153,136	4,918,814	2,952,867	1,060,773	2,229,047	4,212,881	3,584,654	11,746,958
Other Assets	6,297,147	8,814,467	1,393,167	2,073,572	1,835,742	1,466,044	1,935,601	1,066,101	1,705,882	1,834,063	899,255
Total Assets	131,956,604	137,278,888	92,592,343	77,416,747	39,366,129	21,808,691	17,691,584	43,699,343	53,875,942	59,196,470	68,729,970
LIABILITIES:											
Claim Reserves	44,652,068	80,581,245	72,624,558	51,548,280	36,618,077	31,997,470	32,624,368	35,525,145	49,329,331	69,446,869	74,358,537
Retroactive Reinsurance	(5,376,511)	(8,498,765)	(12,160,023)	(13,832,879)	(19,938,960)	(24,135,614)	(27,632,308)	0	0	0	0
Unearned Premiums	17,611,448	27,714,795	27,584,322	28,066,881	10,126,693	3,346,809	2,803,803	1,969,766	3,686,163	5,787,629	11,477,519
Deposit Premiums	5,337,830	6,392,142	5,937,012	4,337,034	1,647,025	1,321,769	1,018,705	978,436	2,016,629	3,784,338	18,586
Other Liabilities	20,937,678	22,717,073	7,943,074	11,814,298	4,418,571	1,749,390	1,556,216	3,946,752	6,828,061	2,255,579	5,885,224
Total Liabilities	83,162,513	128,906,490	101,928,943	81,933,614	32,871,406	14,279,823	10,370,784	42,420,099	61,860,184	81,274,415	91,739,866
Unassigned Surplus / (Deficit)	42,699,383	2,377,690	(15,431,307)	(10,611,576)	400,015	1,434,160	1,226,092	1,279,244	(7,984,242)	(22,077,945)	(23,009,896)
Assigned/Special Surplus	6,094,708	6,094,708	6,094,708	6,094,708	6,094,708	6,094,708	6,094,708	0	0	0	0
TOTAL SURPLUS / (DEFICIT)	48,794,091	8,472,398	(9,336,599)	(4,516,868)	6,494,723	7,528,868	7,320,800	1,279,244	(7,984,242)	(22,077,945)	(23,009,896)

FWCJUA **COMPARABLE DATA**	**2006** FWCJUA RESULTS 12/31/2006	**2005** FWCJUA RESULTS 12/31/2005	**2004** FWCJUA RESULTS 12/31/2004	**2003** FWCJUA RESULTS 12/31/2003	**2002** FWCJUA RESULTS 12/31/2002	**2001** FWCJUA RESULTS 12/31/2001	**2000** FWCJUA RESULTS 12/31/2000	**1999** FWCJUA RESULTS 12/31/1999	**1998** FWCJUA RESULTS * 12/31/1998	**1997** FWCJUA RESULTS 12/31/1997	**1996** FWCJUA RESULTS 12/31/1996	**1995** FWCJUA RESULTS 12/31/1995	**1994** FWCJUA RESULTS 12/31/1994	**1993** FWCIP RESULTS 12/31/1993
Written Premium (Calendar Year)	$42,057,673	$77,504,132	$62,036,074	$64,462,672	$25,645,248	$6,696,022	$5,035,549	$6,431,378	$14,182,389	$13,862,990	$27,748,666	$69,102,344	$73,305,743	$328,159,749
Rate Differential from 1993 Assigned Risk Rates	2.255	2.255	2.178	2.220	2.893	2.640	2.640	3.141	2.293	1.771	1.653	1.500	1.424	1.000
Premium Volume at 1993 Assigned Risk Rates	$18,650,853	$34,369,903	$28,483,046	$29,037,240	$8,864,586	$2,536,372	$1,907,405	$2,047,557	$6,185,080	$7,827,775	$16,786,852	$46,068,229	$51,478,752	$328,159,749
Annual Effective Premium Depopulation Rate	45.73%	-20.67%	1.91%	-227.56%	-249.50%	-32.98%	6.84%	66.90%	20.99%	53.37%	63.56%	10.51%	84.31%	N/A
Cumulative Effective Premium Depopulation	94.32%													
Residual Market Share (Calendar Year)	1.1%	2.1%	1.7%	2%	< 1%	< .3%	< .2%	< .2%	< .3%	< .7%	< 1.3%	2.6%	3.8%	12.7%
Net Underwriting Gain (Loss) (Calendar Year)	$52,337,081	$24,415,301	($5,935,254)	($2,663,285)	$850,874	($1,513,855)	($1,862,758)	$6,794,454	$13,466,653	($2,636,295)	($783,968)	($11,737,914)	($16,099,132)	($238,081,657)
Net Operating Gain (Loss) (Calendar Year)	$37,535,019	$16,534,402	($3,138,232)	($7,318,408)	($1,195,160)	($542,607)	$6,161,890	$9,850,630	$16,741,529	$1,087,022	$4,746,539	($8,938,682)	($15,294,615)	($131,860,000)
Surplus / (Deficit)	$48,794,091	$8,472,399	($9,336,599)	($4,516,868)	$6,494,724	$7,528,868	$7,320,800	$1,279,245	($7,984,241)	($22,077,945)	($23,009,896)	($32,882,286)	($22,073,372)	N/A
Policies Issued Effective that Year	3,875	4,991	5,434	4,178	1,140	662	522	623	1,427	3,171	6,654	10,339	13,933	48,430
Annual Effective Policy Depopulation Rate	22.36%	8.15%	-30.06%	-266.49%	-72.21%	-26.82%	16.21%	56.34%	55.00%	52.34%	35.64%	25.79%	71.23%	N/A
Cumulative Effective Policy Depopulation	92.00%													

* 1998 Written Premium includes $5.8M for 8 suspected fraud cases.

last revised: 3/23/2007

FWCJUA

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MANAGEMENT'S DISCUSSION AND ANALYSIS – 2006

1. OBJECTIVE & BACKGROUND

This discussion provides an assessment by management of the current financial position, results of operations, cash flow and liquidity, and changes in financial position for the Florida Workers' Compensation Joint Underwriting Association, Inc. (FWCJUA). Information presented in this discussion supplements the financial statements, schedules and exhibits in the 2006 Annual Statement.

The FWCJUA is a single-line insurer underwriting workers' compensation and employer's liability coverages in Florida with Net Premiums Earned of $ 44,111,668 for the year-end December 31, 2006.

In December 1993, the FWCJUA was formed as a Florida Corporation Not for Profit for the purpose of organizing, operating, and administering a workers' compensation joint underwriting plan, pursuant to section 627.311(4), Florida Statutes, as amended by Chapter 93-415, Laws of Florida, and as that section may be amended from time to time, and for such purposes as may be incidental thereto. On January 1, 1994, the FWCJUA began providing workers' compensation and employer's liability insurance to applicants who are required by law to maintain workers' compensation and employer's liability insurance and who are in good faith entitled to but who are unable to purchase such insurance through the voluntary market, and to collect premiums and assessments from its policyholders in order to satisfy the obligations of the Corporation. Further, the operation of the FWCJUA is subject to the supervision of a 9-member Board of Governors comprised of two domestic insurers, two foreign insurers, three members apppointed by the Financial Services Commission, the consumer advocate appointed under Florida Statute 627.0613 and one representative from the state's largest property and casualty agents' association.

2. FINANCIAL POSITION

The FWCJUA's statutory financial position at December 31 was as follows:

	2006	2005
ASSETS		
Bonds	69,552,329	57,261,089
Cash & Short Term Investments	38,556,150	43,838,042
Other Invested Assets	0	0
Premium Balances	17,550,978	27,365,290
Other Assets	6,297,147	8,814,467
Total Assets	131,956,604	137,278,888
LIABILITIES		
Unpaid Losses	41,952,068	75,281,244
Retroactive Reinsurance	(5,376,511)	(8,498,765)
Loss Adjustment Expenses	2,700,000	5,300,001
Premium Deficiency Reserve	0	0
Unearned Premium	17,611,448	27,714,795
Accured Commissions & SCF	3,492,342	6,857,213
Other Liabilites	12,318,069	13,771,237
Accrued Taxes & Assessment	10,465,096	8,380,765
Total Liabilities	83,162,512	128,806,490
SURPLUS	48,794,091	8,472,398

Assets:
Total Assets decreased by 3.88% from $137,278,888 in 2005 to $131,956,604 in 2006, a $5,322,284 change.

Cash and Invested Assets increased 6.93% from $101,099,130 in 2005 to $108,108,479 in 2006, a $7,009,349 change primarily attributable to cash flow from operations with improved premium collections and increased investment income. In 2006 and 2005, the FWCJUA reported cash balances of $37,920,089 in 2005 to $32,730,725 in 2006, a change of $5,189,364 or 13.7% decrease. Short-term Investments decreased by $92,528 from $5,917,953 in 2005 to $5,825,425 in 2006, a 1.56% decrease. Bonds were reported at $69,552,329 in 2006 and $57,261,089 in 2005, representing a 21.5% or $12,291,240 increase from 2005 to 2006; essentially the decrease of cash and short-term investments were invested in Bonds during 2006. Cash flow from operations is invested in high quality (A-rated investments or better) securities with a maximum maturity of fifteen years.

Premium Receivable Balances decreased 35.86% from $27,365,290 in 2005 to $17,550,978 in 2006, a $9,814,312 change. The decrease in Premium Receivables can be attributed to the decrease in premiums written during 2006 and is largely due to mild repopulation of the voluntary market along with depopulation incentives created by HB 1251. The FWCJUA does not anticipate any changes in collection activity with respect to the December 31, 2006 Premium Balances. It should be noted that as a percentage of premiums written, the net uncollectible premium has steadily improved from 24% in 1994 to 15.3% in 2006.

Non-Admitted Assets changed from $13,523,732 in 2005 to $6,011,374 in 2006, a decrease of $7,512,358 representing a 55.55% change. The 55.55% change is primarily a net result of: 1) a 62.7% decrease in Premium Receivables greater than ninety (90) days past due; and 2) a 46.1% decrease in the non-admitted portion of the Deferred Tax Asset as required by statutory Codification.

Liabilities:
Loss and Loss Adjustment Expense (LAE) Reserves are stated at the company's estimate of the ultimate cost of settling all unpaid incurred claims, net of ceded reinsurance. Loss and LAE Reserves are not discounted nor are subrogation recoveries anticipated when setting loss reserves.

Activity with respect to Unpaid Losses and LAE for the last two years is displayed below:

LOSS AND LAE RESERVE SUMMARY	2006	2005
Unpaid Losses and LAE at Beginning of Year	80,581,245	72,624,558
Losses and LAE Incurred In Current Year		
For current year Losses and LAE	19,812,992	47,374,154
For prior year Losses and ALAE	(40,332,000)	(25,036,000)
For prior year ULAE	(4,001,733)	(1,688,339)
Income statement amounts	(24,520,741)	20,649,815
Losses and LAE Paid in Current Year		
For current year Losses and LAE	5,069,995	8,331,911
For prior year Losses and LAE	6,338,439	4,361,218
Paid Losses and LAE at End of Year	11,408,434	12,693,129
Unpaid Losses and LAE at End of Year	44,652,070	80,581,244

Loss and LAE Reserves decreased by 44.6% or $35,929,174 from $80,581,244 in 2005 to $44,652,070 in 2006.

Loss Reserves have decreased by 44.3% or $33,329,173 from $75,281,244 in 2005 to $41,952,070 in 2006. The net decrease in loss reserves is the result of the favorable loss development in the prior years. A reduction in ultimate losses in the LPT years (1994 – 1999) of $3.13 million and a reduction in ultimate losses of the 2000-2005 accident years of $37.2 million is attributed to lower than expected loss development and a pattern of improving loss ratios during the past three years which was much more apparent with the FWCJUA's consulting actuary's incorporation of a new method called the Generalized Cape Cod method. This method is a Bornhuetter-Ferguson technique which provides a highly structured method for selecting the BF a priori loss ratios. This new method will allow the a priori loss ratios to adapt more quickly to the actual experience (either upwards or downwards) if the volume of the premium warrants it than the BF loss ratio selection method used previously. Previously the selected loss ratio selected for the three most recent and immature years was based on results prior to 1998 due to the premium volume, however the most recent years are now consistently showing lower loss ratios than the 2000 and prior period. In addition, the FWCJUA has exhibited unstable year-to-year loss ratios, has a constantly changing mix of business, and some very low premium years, therefore the FWCJUA's consulting actuary utilizes industry average experience to determine the trend factors.

Significant changes in the FWCJUA's mix of risks as well as a substantial variation in volume were immediately recognized as a direct result of the passage of Senate Bill 50A in 2003 and House Bill 1251 in 2004. Thus, with no observable history on which to rely, prudent caution was exercised in selecting the initial loss ratios for 2003 to 2006.

Loss Adjustment Expense Reserves decreased by 49.1% from $5,300,001 in 2005 to $2,700,000 in 2006, a $2,600,001 change due to both the change in premium and claim activity. The LAE Reserve methodology was changed in 1999. Prior to 1999, the FWCJUA used the unpaid amount of the claim management portion of the servicing carrier fee as our estimate of unpaid unallocated loss adjustment expenses. Based on discussions with the Florida Department of Insurance, we learned that the FWCJUA must report a liability for the estimated cost of managing claims to their ultimate resolution as if it had to pay those expenses as the services were performed.

Schedule F - Part 3 indicates that the FWCJUA has $848,534 in recoverables due from reinsurers for paid losses which have penetrated either the First or Second Excess Casualty layers to date. In addition, the FWCJUA has posted an estimated reinsurance recoverable of $16,486,292 (consisting of $1,745,279 from 1995; $2,593,518 from 1996; $320,372 from 1997; $200,000 from 1998; $3,650,837 from 1999; $18,337 from 2000, $100,000 from 2001; $300,000 from 2002; $900,000 from 2003; $1,999,920 from 2004; $4,995,099 from 2005 and $1,400,000 from 2006) based on payments made to reinsurers from 1995 to 2006 of $56,096,454 (consisting of $5,844,168 from 1995; $3,042,486 from 1996; $1,344,026 from 1997; $1,734,399 from 1998; $708,856 from 1999; $417,600 from 2000; $1,171,148 from 2001; $3,647,133 from 2002; $7,262,081 from 2003; $11,209,814 from 2004; $11,665,392 from 2005 and $8,049,351 from 2006).

Unearned Premium decreased by 36.5% from $27,714,795 in 2005 to $17,611,448 in 2005, a $10,103,347 change. Gross Written Premium decreased by 45.7% or $35,446,459 from $77,504,132 in 2005 to $42,057,673 in 2006 as a result of depopulation and a healthy voluntary market. As a result, the FWCJUA's market share is approximately 1.1%.

Accrued Commissions/Servicing Carrier Fees decreased by 49.1% from $6,857,213 in 2005 to $3,492,342 in 2006, a $3,364,871 change. This decrease is attributable to the decrease in premium receivable balances which is a direct result of the depopulation the FWCJUA is experiencing.

Other Liabilities decreased by $1,453,168 from $13,771,237 in 2005 to $12,318,069 in 2006, a 10.6% change. The decrease is primarily attributable to a smaller liability for reinsurance premium payable and deposit premiums due to the decrease in premiums.

Accrued Taxes and Assessments increased by 24.9% or $2,084,331 from $8,380,765 in 2005 to $10,465,096 in 2006 due to a Federal Tax liability as a result of the net income for 2006.

Surplus:
The FWCJUA is not subject to the minimum surplus requirements or the deposit requirements required by Florida Statutes 624.408 and 624.411. Capital requirements of the FWCJUA are to be met either by retaining any excess of income over expenses or by assessments against its policyholders or by OIR levying

a 'below-the-line assessment to employers' in the voluntary market. The FWCJUA may retain as surplus any excess of income over expenses in any given year and use that surplus to defray any deficits from subsequent years prior to assessing policyholders. However, this flexibility is only applicable by Subplan and/or Tier and does not allow mixing of Subplan and/or Tier business. Further, the FWCJUA is charged with maintaining rate adequacy through actuarially sound rates; however, there was a statutory cap on Subplan D premiums and there were statutory caps on premiums for Tiers 1 and 2 through December 31, 2006.

At year-end 2006 and 2005, Surplus/Deficit for the FWCJUA was $48,794,091 and $8,472,398, respectively, representing a 475.9% change attributable largely to favorable loss development primarily in the 2004 and 2005 years. Further, of the $48.8M in surplus, $3.3M is attributable to the Net Deferred Tax Asset. While this amount is mechanically possible to recover in the future, it is not actually owed to the FWCJUA at this time and may not be ultimately realized in cash. In addition, $6.1M of the surplus is restricted surplus as a result of the LPT transaction for accident years 1994 – 1999.

The Net Gain before Taxes of $54,125,115 for 2006 was a 106.4% or $27,905,295 change from the Net Gain Before Taxes of $26,219,820 for 2005. 2006 was the seventh year in which the FWCJUA, during its short thirteen-year existence, recognized a net income. The increase in Net Income can be attributed to the creation of the tier rating structure and the favorable loss development in recent years.

Net Investment Income favorably impacted the Statutory Net Income for 2006. Net Investment Income increased 60.7% or $1,656,491 from $2,728,918 in 2005 to $4,385,409 in 2006. The increase in investment income in 2006 is primarily attributable to the recent rise in interest rates, an increase in cash received by the FWCJUA from the implementation of the tier rating plan, improved overall collections and increased exposures identified and billed earlier in the underwriting process.

Non-Admitted Assets changed from $13,523,732 in 2005 to $6,011,374 in 2006, a decrease of $7,512,358 representing a 55.6% change. The 55.6% change is primarily a net result of: 1) a 168% decrease in Premium Receivables greater than ninety (90) days past due; and 2) a 46.1% decrease in the non-admitted portion of the Deferred Tax Asset as required by statutory Codification.

Given the FWCJUA is in a surplus position of $48,794,091 as of year-end December 31, 2006; it is not statutorily required pursuant to section 627.311(5)(g), Florida Statutes, to submit a deficit elimination plan to the Office of Insurance Regulation ("OIR"). However, since Subplan D is posting a deficit, the FWCJUA will develop a plan to eliminate the individual rating plan deficit and submit said plan to the Office of Insurance Regulation ("OIR").

By law, the plan to eliminate the Subplan D deficit may include (a) accessing the remainder of the $15 million contingency reserve established in the Workers' Compensation Administration Trust Fund ("WCATF") by Chapter 2004-266, Laws of Florida, and (b) requesting OIR to levy, by order, a deficit against premiums charged to insured for workers' compensation insurance by insurers as defined in s.6314.904(5), Florida Statutes ("below-the-line assessments").

The FWCJUA believes, and the data reflects, that the rates in effect for Subplan A, B and C were actuarially sound and the loss reserves carried for 1994 through 2005 make a reasonable provision for all unpaid loss obligations of those Subplans and therefore, no policyholder assessments will be required for Subplan C.

With regard to Subplan D, the FWCJUA has made a reasonable provision for all unpaid loss obligations of this subplan; however the rates for Subplan D were not actuarially sound as they were statutorily capped and the inadequate rates resulted in the FWCJUA recognizing a deficit as of December 31, 2006. At this time, it is projected that the Subplan D deficit shall be funded through transfers from a $15 million contingency reserve established within the Workers Compensation Administration Trust Fund (WCATF) by House Bill 1251 to provide funding for the Subplan D deficit on a "cash needs" basis through June 30, 2007. The current revised estimate for funding Subplan D obligations through the contingency reserve is approximately

$7.897 million. Thus, it appears that the contingency reserve already established will be sufficient to fund the Subplan D deficit.

Further, the FWCJUA has made a reasonable provision for all unpaid loss obligations of Tiers 1, 2 and 3. As of December 31, 2006, the loss reserves carried for 2004 through 2006 make a reasonable provision for all unpaid loss obligations of the Tiers and therefore, no policyholder or 'below-the-line' assessments will be required for Tiers 1, 2 and 3 as the tiers are currently operating in a surplus position.

3. RESULTS OF OPERATIONS

The FWCJUA's operating results for 2006 and 2005 and key financial ratios are presented in the following table:

	2006	2005
Premiums Written – Net	34,008,322	65,838,741
Change in Unearned Premium	10,103,347	(130,473)
Earned Premium - Net	44,111,669	65,708,268
Losses and LAE Incurred	(23,009,047)	19,316,012
Underwriting Expenses	14,783,635	23,063,985
Premium Deficiency Reserve	0	(1,087,030)
Underwriting Gain / (Loss)	52,337,081	24,415,301
Net Investment Income	4,385,409	2,728,918
Other Income	(2,597,374)	(924,400)
Commissions	439,906	1,880,875
General & Administrative Expenses	526,020	413,481
Taxes & Assessments	3,380	2,277
Net Income / (Loss)	37,535,019	16,534,402
Loss Ratio	(57.0)%	21.1%
LAE Ratio	4.8%	8.3%
Expense Ratio	33.5%	33.4%
Combined Ratio – Gross	(18.6)%	62.8%
Investment & Other Income Ratio	4.1%	2.7%
Combined Ratio - Net	(22.7)%	60.1%

The Combined Ratio expresses the sum of the costs for losses, LAE and underwriting expenses as a percentage of Earned Premiums. The ratio is a recognized industry measure of underwriting performance. The FWCJUA reported a Gross Combined Ratio of (18.6)% in 2006 and 62.8% in 2005 and a Net Combined Ratio of (22.7)% in 2006 and 60.1% in 2005. In prior years, the Gross Combined Ratios remained fairly steady from year to year due to the minimal changes made to ultimate losses and relatively consistent expenses. However, the Gross Combined Ratio decreased in 2006 due the reserve adjustment to the prior years as a result of very favorable loss development. The Net Combined Ratio decreased from 2005 to 2006, again due to both favorable loss development in earlier years and an increase in investment income due to rising interest rates. The LAE ratio also decreased in conjunction with the reserve reduction in prior years. The Expense Ratio remained consistent from 2005 to 2006. The Investment and Other Income Ratio increased due to the increase in investment income during 2006 as a result of rising interest rates.

4. CASH FLOW AND LIQUIDITY

Cash Flow:
Primary sources of Cash include cash flow from operations and cash provided from the sale or maturity of invested assets. Primary uses of Net Cash Flows include the payment of expenses in the normal course of business, the purchase of capital assets such as data processing equipment and purchase of long-term investments.

The Cash Flow of FWCJUA for 2006 and 2005 are summarized as follows:

	2006	2005
OPERATIONS		
Cash from Underwriting	17,457,618	28,843,756
Investment Income Received	4,327,058	2,597,426
Other – Net	(2,597,375)	(924,400)
Federal Income Taxes (Paid) Recovered	(14,505,765)	(1,277,385)
Cash Provided by Operations	4,681,536	29,239,397
INVESTMENT ACTIVITIES		
Proceeds from Sale or Maturity of Invested Assets	11,140,219	5,112,447
Cost of Invested Assets Acquired	(23,507,338)	(32,103,471)
Cash Provided by (Used in) Investment Activities	(12,367,119)	(26,991,024)
FINANCING ACTIVITIES		
Increase (Decrease) in Borrowed Money	0	0
Other – Net	2,403,691	1,610,693
Cash Provided by (Used in) Financing Activities	2,403,691	1,610,693
NET INCREASE (DECREASE IN CASH & SHORT TERM INVESTMENTS	(5,281,892)	3,859,065

The FWCJUA's Cash and Short-term Investments at year-end 2006 were $38,556,150 as compared to year-end 2005 of $43,838,042. The decrease in the Cash and Short-term Investments is attributed to the decrease in the 2006 premium volume resulting from depopulation as well as a move of some cash and short-term investments to longer term bonds as interest rates began to rise again during 2006.

Liquidity:
The FWCJUA invests policyholder premiums in assets whose maturities closely match the actuarial expected payout pattern of the related losses and LAE. The FWCJUA maintains a very liquid investment portfolio, as 63% of the balance sheet value of cash and invested assets as of December 31, 2006 will mature within one year. In regards to both the ability to generate adequate amounts of cash to meet current needs and solvency requirements normally quantified by risk based capital analysis, the FWCJUA has the statutory authority to assess its policyholders in Subplan C and Tier 3 and increase rates in all three rating tiers if it is unable to pay its obligations. For Subplan D, Tier 1 and Tier 2, the FWCJUA could request OIR to levy a 'below the line assessment' against premiums charged to insureds for workers' compensation insurance. Currently, the FWCJUA has sufficient cash resources available to meet its balance sheet liabilities as they become due. However, any change in our projections could cause this situation to change.

5. RESIDUAL MARKET PERFORMANCE

As the FWCJUA was designed to depopulate the Florida workers' compensation residual market and invigorate the competitive or voluntary market, it is appropriate to compare the FWCJUA's results to that of its predecessor, the Florida Workers' Compensation Insurance Plan (FWCIP).

COMPARABLE DATA *(in millions)*	**2006 FWCJUA** RESULTS	**2005 FWCJUA** RESULTS	**2004 FWCJUA** RESULTS	**2003 FWCJUA** RESULTS	**2002 FWCJUA** RESULTS	**2001 FWCJUA** RESULTS	**2000 FWCJUA** RESULTS
Written Premium (Calendar Year)	$42,058	$77,504	$62,036	$64,463	$25,645	$6,696	$5,036
Rate Differential from 1993 Assigned Risk Rates	2.255	2.255	2.178	2.220	2.893	2.640	2.640
Premium Volume at 1993 Assigned Risk Rates	$18,651	$34,370	$28,483	$29,037	$8,865	$2,536	$1,907
Annual Effective Premium Depopulation Rate	45.73%	-20.67%	1.91%	-227.56%	-249.50%	-32.98%	6.84%
Cumulative Effective Premium Depopulation	94.32%						
Residual Market Share (Calendar Year)	1.1%	2.1%	1.7%	2%	< 1%	< .3%	< .2%
Net Underwriting Gain (Loss) (Calendar Year)	$52,337	$24,415	($5,935)	($2,663)	$851	($1,514)	($1,863)
Net Operating Gain (Loss) (Calendar Year)	$37,535	$16,534	($3,138)	($7,318)	($1,195)	($543)	$6,162
Surplus / (Deficit)	$48,794	$8,472	($9,337)	($4,517)	$6,495	$7,529	$7,321
Policies Issued Effective that Year	3,875	4,991	5,434	4,178	1,140	662	522
Annual Effective Policy Depopulation Rate	22.36%	8.15%	-30.06%	-266.49%	-72.21%	-26.82%	16.21%
Cumulative Effective Policy Depopulation	92.00%						

COMPARABLE DATA *(in millions)*	**1999 FWCJUA** RESULTS	**1998 FWCJUA** RESULTS	**1997 FWCJUA** RESULTS	**1996 FWCJUA** RESULTS	**1995 FWCJUA** RESULTS	**1994 FWCJUA** RESULTS	**1993 FWCIP** RESULTS
Written Premium (Calendar Year)	$6,431	$14,182	$13,863	$27,749	$69,102	$73,306	$328,160
Rate Differential from 1993 Assigned Risk Rates	3.141	2.293	1.771	1.653	1.500	1.424	1.000
Premium Volume at 1993 Assigned Risk Rates	$2,048	$6,185	$7,828	$16,787	$46,068	$51,479	$328,160
Annual Effective Premium Depopulation Rate	66.90%	20.99%	53.37%	63.56%	10.51%	84.31%	N/A
Cumulative Effective Premium Depopulation							
Residual Market Share (Calendar Year)	< .2%	< .3%	< .7%	< 1.3%	2.6%	3.8%	12.7%
Net Underwriting Gain (Loss) (Calendar Year)	$6,794	$13,467	($2,636)	($784)	($11,738)	($16,099)	($238,082)
Net Operating Gain (Loss) (Calendar Year)	$9,851	$16,742	$1,087	$4,747	($8,939)	($15,295)	($131,860)
Surplus / (Deficit)	$1,279	($7,984)	($22,078)	($23,010)	($32,882)	($22,073)	N/A
Policies Issued Effective that Year	623	1,427	3,171	6,654	10,339	13,933	48,430
Annual Effective Policy Depopulation Rate	56.34%	55.00%	52.34%	35.64%	25.79%	71.23%	N/A
Cumulative Effective Policy Depopulation							

Since the inception of the FWCJUA, there continues to be substantial improvement in the financial bottom line of the Florida workers compensation residual market as well as an overall improvement in the Florida workers compensation system as the comparative results indicate:

- **92% policyholder depopulation**
- **94% premium depopulation**
- **91% favorable change in the residual market share**
- **137% favorable change in net operating results – from a 1993 net operating loss of ($131,860,000) to a cumulative 13 year net operating surplus of $48,794,091.**

Further, the Florida Office of Insurance Regulation concluded in its 2006 Workers' Compensation Annual Report released in January 2007 that based on the number of entities and market shares of actively writing companies in the market, the number of entities entering and exiting the market and the financial performance of the entities in the market, Florida's workers' compensation market can readily be characterized as a competitive market. The report also noted that the residual market is small, suggesting that the voluntary market is absorbing the vast majority of demand. This is a considerable improvement from 1993.

A major contributing factor to the remarkable increase in the availability of affordable, competitive voluntary market workers' compensation insurance coverage in Florida has arguably been the existence of a well managed, generally self-funded workers' compensation insurance residual market mechanism.

Respectfully submitted,

Florida Workers' Compensation Joint Underwriting Association, Inc.

Laura S. Torrence

Laura S. Torrence
Secretary & Executive Director

FWCJUA

Florida Workers Compensation Joint Underwriting Association, Inc.

P.O. Box 48957, Sarasota, FL 34230-5957
• Tel (941) 378-7400 • Fax (941) 378-7405 • www.fwcjua.com

June 21, 2007

Mr. Kevin M. McCarty
Commissioner
Florida Office of Insurance Regulation
c/o Mr. James D. Watford, A.C.A.S, M.A.A.A.
200 East Gaines Street
Tallahassee, Florida 32399-0308

Re: FLORIDA WORKERS' COMPENSATION JOINT UNDERWRITING ASSOCIATION, INC. PROGRAM TO ELIMINATE THE 2006 SUBPLAN D DEFICIT

Dear Mr. McCarty:

At the direction of the Board of Governors of the Florida Workers' Compensation Joint Underwriting Association, Inc., I am submitting the FWCJUA's program to eliminate the 2006 Subplan D deficit.

The FWCJUA recognized a $48,794,092 surplus in 2006. This surplus can be broken down by subplan and tier as follows:

SUBPLAN/TIER	EFFECTIVE DATE OF SUBPLAN/TIER	2006 TOTAL SURPLUS/(DEFICIT)
Subplans A, B & C	January 1, 1994	$39,890,318
Subplan D	July 26, 2003	($2,430,546)
Tier 1	July 1, 2004	$2,069,992
Tier 2	July 1, 2004	$2,432,075
Tier 3	July 1, 2004	$6,832,253

Given the FWCJUA is in a surplus position; it is not statutorily required pursuant to section 627.311(5)(g), Florida Statutes, to submit a deficit elimination plan to the Office of Insurance Regulation ("OIR"). However, with Subplan D posting a deficit, the FWCJUA is updating its plan to eliminate this individual rating plan deficit and submitting said updated plan to the Office of Insurance Regulation ("OIR").

The FWCJUA currently has on file with the OIR a program to eliminate the 2005 Subplan D deficit that relies on the use of monies from the contingency reserve and below-the-line assessments. The 2005 program relied on a cash flow model that has already been updated to recognize the 2006 Subplan D deficit and thus, is used again as our program to eliminate the entire Subplan D deficit. Pursuant to Milliman's enclosed Subplan D cash flow model as of May 31, 2007, the total state funds needed to fund the Subplan D obligations through the contingency reserve are approximately $6.7 million. This is $1.2 million less than the $7.9 million already received; and thus, no additional cash needs are anticipated.

Please feel free to contact me should you have any questions regarding the foregoing program to eliminate the FWCJUA's 2006 Subplan D deficit.

Respectfully submitted,

Florida Workers' Compensation Joint Underwriting Association, Inc.

Laura S. Torrence

Laura S. Torrence
Executive Director

Enclosure

c: FWCJUA Board of Governors
Tom Maida, General Counsel

A MILLIMAN GLOBAL FIRM
Milliman
Consultants and Actuaries

1099 18th St. Suite 3100
Denver, CO 80202-1931
Tel (303) 299-9400 Fax (303) 299-9018
www.milliman.com

June 19, 2007

Laura Torrence
Florida Workers' Compensation
Joint Underwriting Association, Inc.
353 Interstate Boulevard
Sarasota, FL 34240

Re: Subplan D Cash Flow Model

Dear Laura:

This letter presents the cash flow discussion model intended to assist the JUA board in the evaluation of the amount and the timing of alternative funding strategies for the business written in Subplan D through June 2004. We have included the May 2007 actual results in this update.

The model indicates that no assessment is necessary and that as of May 31, 2007 the total state funds that are needed will be $6.7 million. This is $1.2 million less than the $7.9 million already received However, this amount could change if actual cash flows beyond May, 2007 differ from the expected amounts.

Exhibits

Exhibit I shows that at 7/31/03 the present value of the funding necessary to pay the expected losses and expenses associated with this business is approximately $7 million. The JUA provided the annual interest rate of 1.8% that we have used in the model. Premium is assumed to be collected evenly. We have assumed that 41% of premium deposits will be retained to cover audit premiums and 59% of deposits will be returned to insureds. The loss ratio of 51.8% is the 12-06 booked loss ratio for Subplan D. We have used our accident year payment pattern from the 12-06 reserve study adjusted to a monthly basis. Commissions and the service carrier fee are paid when the premium is collected. Reinsurance is paid quarterly in advance. We have used the actual amounts for each of these categories through May 2007. The amounts for the balance of the payout period are the expected amounts less the amounts paid to date spread over the remaining months. As the subplans no longer exist, no additional administrative expenses are allocated to the subplans after June. Effective July 1 the JUA is exempt from premium tax so there is no additional premium tax after June either.

The calculations in Exhibits I and II take into account the following parameters:

1. The interest earnings column is calculated on the "Balance After State Funding" column for a full month, plus the interest on the "Net Cash Flow". The model credits the interest expected to be earned over the next three periods to the state payment.

2. The State's contribution is assumed to be made at exactly the end of the month, consequently, it does not earn interest until the next month when it is included in prior month's "Balance After State Funding" amount.

3. The "Balance Before Funding" is the amount the JUA would have the instant before the check from the state is received, the "Balance After State Funding" is the amount the instant afterwards.

4. The State contribution amount of $6.7 million is the amount that is expected to result in a zero balance in the JUA account when all the losses are paid out (by 5/31/18).

5. The future payments that are shown are based on current expectations and could change as actual amounts are known and as future expectations are adjusted.

Exhibit III presents the monthly assumptions for Subplan D from July, 2003 through May 2007. The ratios to written premium have been provided by the JUA with an adjustment for uncollectible premium. The estimated ultimate amounts are calculated by the application of the ratios to the written premium. The policies written on or after May 28, 2004, the effective date of House Bill 1251, are written in Subplan D only for the portion before July 1, 2004.

We anticipate that the model will need to be updated on a periodic basis as the estimated ultimate amounts are changed and to true up the actual cash paid.

<u>Limitations</u>

Variability

The results presented herein are subject to significant variability. In all projections of future results, it is probable that the actual results will differ from those projected. The degree of such variability could be substantial and could be in either direction from the projections contained herein.

This variability is due to the random nature of insurance and the unpredictability of trends in the economic, social and judicial environments. For this analysis, these factors are exacerbated by the long period of time over which the projections have been made. As noted earlier, the findings regarding the fund balance of the FWCJUA when all claims are paid are very sensitive to the underlying assumptions.

Reinsurance

We have relied upon descriptions of the FWCJUA's reinsurance provided by its management. We have not reviewed the actual reinsurance contracts, which affect these reserves. Contingent liability exists with respect to ceded reinsurance. That is, the amounts by which losses have been reduced for anticipated reinsurance recoveries would become the liability of the FWCJUA in the event that the reinsurance companies do not meet their obligations to the FWCJUA in accordance with our understanding of the existing reinsurance agreements. We have not provided for any such contingent liability. We have not reviewed the FWCJUA's reinsurance contracts for possible contingent premium or commission arrangements. If these contracts contain such provisions, it is possible that the FWCJUA may have liabilities for additional payments to its reinsurers.

Data

In performing this analysis we have relied on data, assumptions and other information provided to us by you or at your direction. We have not audited, verified, or reviewed this data and other information for reasonableness and consistency. Such a review is beyond the scope of our assignment. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

Distribution

This letter and exhibits are prepared solely for the internal use of and only to be relied upon by FWCJUA to evaluate alternative funding scenarios for its Subplan D deficit. No portion of the report may be provided to any other party without Milliman's prior written consent. Milliman does not intend to benefit any third party recipient of its work product, even if Milliman consents to the release of its work product to such third party. We recommend that any such party have their own actuary review the report to ensure that the party understands the assumptions and uncertainties inherent in our estimates. This report may not be filed with the SEC or other securities regulatory bodies.

We refer readers of this letter to our report, “An Actuarial Analysis of the Loss and Loss Adjustment Expense Reserves of the Florida Workers’ Compensation Joint Underwriting Association, Inc. as of December 31, 2006” for additional information regarding the derivation of and limitations on the indicated loss and expense ratios.

We understand that the FWCJUA may need to distribute Milliman reports to the State of Florida for regulatory purposes and to its auditors in connection with the preparation of the FWCJUA financial statements. We consent to such distribution as long as each work product is distributed in its entirety. The State of Florida and its auditors may want to have their own actuaries review the work, In the event that any audit reveals any error or inaccuracy in the data underlying the reports, Milliman requests that the auditor notify Milliman as soon as possible.

Please give us a call with any questions you may have regarding this cash flow model and its findings.

Bonnie C. Shek

Bonnie C. Shek
Fellow, Casualty Actuarial Society
Member, American Academy of Actuaries

Exhibit I

FLORIDA WORKERS COMPENSATION JOINT UNDERWRITING ASSOCIATION
Cash Flows and Present Values - Business Written Through June 2004

Report Date: 6/19/2007

Annual Interest Rate: 1.8%

Period Ending Date	*Time Index*	*Premium Collected*	*Net Loss*	*Expense Commission*	*Servicing Carrier*	*Premium Tax*	*Administrative Expense*	*Reinsurance Premium Ceded*	*Net Cash*	*Upward Sum PV Future Outflow*
07/31/03	7	27	0	0	0	0	0	0	27	-7004
08/31/03	8	1087	0	0	0	0	0	0	1087	-8102
09/30/03	9	486	0	0	0	0	0	0	486	-8601
10/31/03	10	1971	0	37	593	85	218	30	1008	-9622
11/30/03	11	862	0	0	0	0	0	0	862	-10499
12/31/03	12	1637	9	113	1347	0	195	0	-27	-10487
01/31/04	13	1837	42	66	732	0	365	321	312	-10815
02/29/04	14	1326	24	57	712	0	109	0	424	-11256
03/31/04	15	2053	55	85	781	486	105	0	541	-11814
04/30/04	16	1869	112	79	872	524	172	0	108	-11940
05/31/04	17	1660	117	59	682	0	109	1128	-435	-11522
06/30/04	18	461	155	72	655	0	159	0	-580	-10959
07/31/04	19	1551	188	60	600	290	56	1383	-1026	-9948
08/31/04	20	1020	480	48	354	0	7	1050	-918	-9044
09/30/04	21	436	310	31	269	0	0	0	-174	-8883
10/31/04	22	674	776	-2	-34	0	0	1583	-1649	-7246
11/30/04	23	-82	478	-4	-16	0	0	0	-540	-6716
12/31/04	24	690	268	17	158	0	0	0	247	-6973
01/31/05	25	343	290	5	95	0	0	0	-47	-6936
02/28/05	26	164	136	1	21	0	196	651	-841	-6105
03/31/05	27	538	290	9	115	9	0	0	115	-6229
04/30/05	28	45	538	-7	3	0	0	541	-1030	-5208
05/31/05	29	105	252	-6	-11	0	24	0	-154	-5061
06/30/05	30	288	110	1	35	0	3	0	139	-5208
07/31/05	31	126	102	0	71	0	0	237	-284	-4932
08/31/05	32	298	144	5	84	0	0	0	65	-5004
09/30/05	33	295	189	2	46	0	0	0	58	-5070
10/31/05	34	295	209	5	44	0	0	293	-256	-4821
11/30/05	35	149	277	2	25	0	0	0	-155	-4673
12/31/05	36	93	102	3	6	0	0	0	-18	-4662
01/31/06	37	63	-424	2	6	0	0	0	479	-5148
02/28/06	38	42	0	0	0	0	0	0	42	-5198
03/31/06	39	81	232	0	-2	0	0	-166	17	-5223
04/30/06	40	77	241	0	2	0	0	0	-166	-5064
05/31/06	41	67	167	0	2	0	0	-358	256	-5328
06/30/06	42	104	281	2	3	0	0	0	-182	-5154
07/31/06	43	63	136	1	15	0	0	0	-89	-5072
08/31/06	44	43	40	0	2	0	0	124	-123	-4957
09/30/06	45	15	0	0	0	0	0	0	15	-4979
10/31/06	46	-6	192	0	-5	0	0	0	-193	-4793
11/30/06	47	18	73	-7	-1	0	0	0	-47	-4754
12/31/06	48	16	54	0	0	0	0	25	-63	-4698
01/31/07	49	6	30	2	0	0	0	0	-26	-4679
02/28/07	50	15	-10	0	0	0	0	0	25	-4711
03/31/07	51	113	234	3	28	0	0	0	-152	-4565
04/30/07	52	3	83	0	0	0	0	0	-80	-4492
05/31/07	53	68	86	0	-1	0	0	-15	-2	-4497
06/30/07	54	0	98	0	0	0	0	0	-98	-4405

Exhibit I

FLORIDA WORKERS COMPENSATION JOINT UNDERWRITING ASSOCIATION
Cash Flows and Present Values - Business Written Through June 2004

Report Date: 6/19/2007

Annual Interest Rate: 1.8%

Period Ending Date	*Time Index*	*Premium Collected*	*Net Loss*	*Expense Commission*	*Servicing Carrier*	*Premium Tax*	*Administrative Expense*	*Reinsurance Premium Ceded*	*Net Cash*	*Upward Sum PV Future Outflow*
07/31/07	55	0	98	0	0	0	0	0	-98	-4314
08/31/07	56	0	99	0	0	0	0	0	-99	-4222
09/30/07	57	0	99	0	0	0	0	0	-99	-4128
10/31/07	58	0	101	0	0	0	0	0	-101	-4034
11/30/07	59	0	103	0	0	0	0	0	-103	-3936
12/31/07	60	0	104	0	0	0	0	0	-104	-3838
01/31/08	61	0	106	0	0	0	0	0	-106	-3738
02/29/08	62	0	107	0	0	0	0	0	-107	-3636
03/31/08	63	0	108	0	0	0	0	0	-108	-3533
04/30/08	64	0	110	0	0	0	0	0	-110	-3429
05/31/08	65	0	111	0	0	0	0	0	-111	-3323
06/30/08	66	0	112	0	0	0	0	0	-112	-3216
07/31/08	67	0	112	0	0	0	0	0	-112	-3109
08/31/08	68	0	111	0	0	0	0	0	-111	-3003
09/30/08	69	0	109	0	0	0	0	0	-109	-2898
10/31/08	70	0	106	0	0	0	0	0	-106	-2796
11/30/08	71	0	102	0	0	0	0	0	-102	-2698
12/31/08	72	0	100	0	0	0	0	0	-100	-2602
01/31/09	73	0	97	0	0	0	0	0	-97	-2509
02/28/09	74	0	93	0	0	0	0	0	-93	-2419
03/31/09	75	0	91	0	0	0	0	0	-91	-2332
04/30/09	76	0	89	0	0	0	0	0	-89	-2246
05/31/09	77	0	87	0	0	0	0	0	-87	-2163
06/30/09	78	0	84	0	0	0	0	0	-84	-2082
07/31/09	79	0	84	0	0	0	0	0	-84	-2001
08/31/09	80	0	81	0	0	0	0	0	-81	-1923
09/30/09	81	0	78	0	0	0	0	0	-78	-1847
10/31/09	82	0	73	0	0	0	0	0	-73	-1777
11/30/09	83	0	63	0	0	0	0	0	-63	-1717
12/31/09	84	0	61	0	0	0	0	0	-61	-1658
01/31/10	85	0	54	0	0	0	0	0	-54	-1607
02/28/10	86	0	46	0	0	0	0	0	-46	-1563
03/31/10	87	0	42	0	0	0	0	0	-42	-1523
04/30/10	88	0	38	0	0	0	0	0	-38	-1488
05/31/10	89	0	34	0	0	0	0	0	-34	-1457
06/30/10	90	0	28	0	0	0	0	0	-28	-1431
07/31/10	91	0	28	0	0	0	0	0	-28	-1405
08/31/10	92	0	28	0	0	0	0	0	-28	-1379
09/30/10	93	0	27	0	0	0	0	0	-27	-1354
10/31/10	94	0	27	0	0	0	0	0	-27	-1329
11/30/10	95	0	25	0	0	0	0	0	-25	-1306
12/31/10	96	0	25	0	0	0	0	0	-25	-1283
01/31/11	97	0	24	0	0	0	0	0	-24	-1261
02/28/11	98	0	23	0	0	0	0	0	-23	-1239
03/31/11	99	0	23	0	0	0	0	0	-23	-1218
04/30/11	100	0	22	0	0	0	0	0	-22	-1198
05/31/11	101	0	22	0	0	0	0	0	-22	-1178
06/30/11	102	0	21	0	0	0	0	0	-21	-1159

Exhibit I

FLORIDA WORKERS COMPENSATION JOINT UNDERWRITING ASSOCIATION
Cash Flows and Present Values - Business Written Through June 2004

Report Date: 6/19/2007

Annual Interest Rate: 1.8%

Period Ending Date	*Time Index*	*Premium Collected*	*Net Loss*	*Expense Commission*	*Servicing Carrier*	*Premium Tax*	*Administrative Expense*	*Reinsurance Premium Ceded*	*Net Cash*	*Upward Sum PV Future Outflow*
07/31/11	103	0	21	0	0	0	0	0	-21	-1139
08/31/11	104	0	21	0	0	0	0	0	-21	-1120
09/30/11	105	0	21	0	0	0	0	0	-21	-1101
10/31/11	106	0	21	0	0	0	0	0	-21	-1081
11/30/11	107	0	21	0	0	0	0	0	-21	-1062
12/31/11	108	0	21	0	0	0	0	0	-21	-1042
01/31/12	109	0	21	0	0	0	0	0	-21	-1023
02/29/12	110	0	21	0	0	0	0	0	-21	-1003
03/31/12	111	0	21	0	0	0	0	0	-21	-984
04/30/12	112	0	21	0	0	0	0	0	-21	-964
05/31/12	113	0	21	0	0	0	0	0	-21	-945
06/30/12	114	0	21	0	0	0	0	0	-21	-925
07/31/12	115	0	21	0	0	0	0	0	-21	-906
08/31/12	116	0	21	0	0	0	0	0	-21	-886
09/30/12	117	0	20	0	0	0	0	0	-20	-867
10/31/12	118	0	20	0	0	0	0	0	-20	-849
11/30/12	119	0	18	0	0	0	0	0	-18	-832
12/31/12	120	0	18	0	0	0	0	0	-18	-815
01/31/13	121	0	17	0	0	0	0	0	-17	-799
02/28/13	122	0	16	0	0	0	0	0	-16	-784
03/31/13	123	0	16	0	0	0	0	0	-16	-769
04/30/13	124	0	15	0	0	0	0	0	-15	-755
05/31/13	125	0	15	0	0	0	0	0	-15	-741
06/30/13	126	0	14	0	0	0	0	0	-14	-729
07/31/13	127	0	14	0	0	0	0	0	-14	-716
08/31/13	128	0	14	0	0	0	0	0	-14	-703
09/30/13	129	0	14	0	0	0	0	0	-14	-690
10/31/13	130	0	14	0	0	0	0	0	-14	-677
11/30/13	131	0	14	0	0	0	0	0	-14	-664
12/31/13	132	0	14	0	0	0	0	0	-14	-651
01/31/14	133	0	14	0	0	0	0	0	-14	-638
02/28/14	134	0	14	0	0	0	0	0	-14	-625
03/31/14	135	0	14	0	0	0	0	0	-14	-612
04/30/14	136	0	14	0	0	0	0	0	-14	-598
05/31/14	137	0	14	0	0	0	0	0	-14	-585
06/30/14	138	0	14	0	0	0	0	0	-14	-572
07/31/14	139	0	14	0	0	0	0	0	-14	-559
08/31/14	140	0	14	0	0	0	0	0	-14	-546
09/30/14	141	0	14	0	0	0	0	0	-14	-533
10/31/14	142	0	14	0	0	0	0	0	-14	-519
11/30/14	143	0	14	0	0	0	0	0	-14	-506
12/31/14	144	0	14	0	0	0	0	0	-14	-493
01/31/15	145	0	14	0	0	0	0	0	-14	-480
02/28/15	146	0	14	0	0	0	0	0	-14	-466
03/31/15	147	0	14	0	0	0	0	0	-14	-453
04/30/15	148	0	14	0	0	0	0	0	-14	-440
05/31/15	149	0	14	0	0	0	0	0	-14	-426
06/30/15	150	0	14	0	0	0	0	0	-14	-413

Exhibit I

FLORIDA WORKERS COMPENSATION JOINT UNDERWRITING ASSOCIATION
Cash Flows and Present Values - Business Written Through June 2004

Report Date: 6/19/2007

Annual Interest Rate: 1.8%

Period Ending Date	*Time Index*	*Premium Collected*	*Net Loss*	*Expense Commission*	*Servicing Carrier*	*Premium Tax*	*Administrative Expense*	*Reinsurance Premium Ceded*	*Net Cash*	*Upward Sum PV Future Outflow*
07/31/15	151	0	14	0	0	0	0	0	-14	-400
08/31/15	152	0	14	0	0	0	0	0	-14	-386
09/30/15	153	0	14	0	0	0	0	0	-14	-373
10/31/15	154	0	14	0	0	0	0	0	-14	-359
11/30/15	155	0	14	0	0	0	0	0	-14	-346
12/31/15	156	0	14	0	0	0	0	0	-14	-332
01/31/16	157	0	14	0	0	0	0	0	-14	-319
02/29/16	158	0	14	0	0	0	0	0	-14	-305
03/31/16	159	0	14	0	0	0	0	0	-14	-292
04/30/16	160	0	14	0	0	0	0	0	-14	-278
05/31/16	161	0	14	0	0	0	0	0	-14	-264
06/30/16	162	0	14	0	0	0	0	0	-14	-251
07/31/16	163	0	14	0	0	0	0	0	-14	-237
08/31/16	164	0	14	0	0	0	0	0	-14	-224
09/30/16	165	0	14	0	0	0	0	0	-14	-210
10/31/16	166	0	14	0	0	0	0	0	-14	-196
11/30/16	167	0	14	0	0	0	0	0	-14	-182
12/31/16	168	0	14	0	0	0	0	0	-14	-169
01/31/17	169	0	14	0	0	0	0	0	-14	-155
02/28/17	170	0	14	0	0	0	0	0	-14	-141
03/31/17	171	0	14	0	0	0	0	0	-14	-127
04/30/17	172	0	14	0	0	0	0	0	-14	-114
05/31/17	173	0	14	0	0	0	0	0	-14	-100
06/30/17	174	0	14	0	0	0	0	0	-14	-86
07/31/17	175	0	14	0	0	0	0	0	-14	-72
08/31/17	176	0	13	0	0	0	0	0	-13	-59
09/30/17	177	0	13	0	0	0	0	0	-13	-46
10/31/17	178	0	11	0	0	0	0	0	-11	-35
11/30/17	179	0	9	0	0	0	0	0	-9	-26
12/31/17	180	0	8	0	0	0	0	0	-8	-18
01/31/18	181	0	6	0	0	0	0	0	-6	-12
02/28/18	182	0	5	0	0	0	0	0	-5	-7
03/31/18	183	0	4	0	0	0	0	0	-4	-4
04/30/18	184	0	2	0	0	0	0	0	-2	-1
05/31/18	185	0	1	0	0	0	0	0	-1	0
Sum:		23,091	11,804	741	8,287	1,395	1,718	6,827		

Exhibit II

FLORIDA WORKERS COMPENSATION JOINT UNDERWRITING ASSOCIATION
Demonstration of Funding Plan - Business Written Through June 2004

Report Date: 6/19/2007 *Annual Interest Rate:* 1.8%

Period Ending Date	*Time Index*	*Net Cash Flow*	*Interest Earnings*	*Sum*	*Balance Before Funding*	*State Funding*	*Balance After State Funding*	*Assessment*	*Interest on Assessment*	*Assessment Balance*	*Balance Including Assessment*
		Total Account									
		Primary Funding						*Secondary Funding*			
07/31/03	7	27	0	27	27		27				27
08/31/03	8	1087	0	1087	1114		1114				1,114
09/30/03	9	486	0	486	1600		1600				1,600
10/31/03	10	1008	0	1008	2608		2608				2,608
11/30/03	11	862	1	863	3471		3471				3,471
12/31/03	12	-27	1	-27	3445		3445				3,445
01/31/04	13	312	1	313	3757		3757				3,757
02/29/04	14	424	2	426	4183		4183				4,183
03/31/04	15	541	3	544	4727		4727				4,727
04/30/04	16	108	3	111	4839		4839				4,839
05/31/04	17	-435	3	-432	4406		4406				4,406
06/30/04	18	-580	4	-576	3830		3830				3,830
07/31/04	19	-1026	4	-1022	2808		2808				2,808
08/31/04	20	-918	3	-915	1893		1893				1,893
09/30/04	21	-174	3	-171	1721	574	2295				2,295
10/31/04	22	-1649	2	-1647	648		648				648
11/30/04	23	-540	1	-539	109		109				109
12/31/04	24	247	2	249	358	2,008	2366				2,366
01/31/05	25	-47	6	-41	2,325		2,325				2,325
02/28/05	26	-841	4	-837	1,488	2,950	4,438				4,438
03/31/05	27	115	11	126	4,564		4,564				4,564
04/30/05	28	-1,030	7	-1,023	3,541		3,541				3,541
05/31/05	29	-154	1	-153	**3,388**	1,142	4,530				4,530
06/30/05	30	139	15	154	4,684		4,684				4,684
07/31/05	31	-284	2	-282	4,402		4,402				4,402
08/31/05	32	65	12	77	**4,479**	1,223	5,702				5,702
09/30/05	33	58	18	76	5,778		5,778				5,778
10/31/05	34	-256	5	-251	5,527		5,527				5,527
11/30/05	35	-155	27	-128	5,399		5,399				5,399
12/31/05	36	-18	17	-1	5,398		5,398				5,398
01/31/06	37	479	8	487	5,885		5,885				5,885
02/28/06	38	42	28	70	5,955		5,955				5,955
03/31/06	39	17	17	34	**5,989**		5,989				5,989
04/30/06	40	-166	10	-156	5,833		5,833				5,833
05/31/06	41	256	36	292	6,125		6,125				6,125
06/30/06	42	-182	23	-159	**5,966**		5,966			0	5,966
07/31/06	43	-89	7	-82	5,884		5,884	0	0	0	5,884
08/31/06	44	-123	35	-88	5,796		5,796	0	0	0	5,796
09/30/06	45	15	33	48	**5,844**		5,844	0	0	0	5,844
10/31/06	46	-193	4	-189	5,655		5,655	0	0	0	5,655
11/30/06	47	-47	25	-22	5,633		5,633	0	0	0	5,633
12/31/06	48	-63	40	-23	**5,610**		5,610	0	0	0	5,610
01/31/07	49	-26	10	-16	5,594		5,594	0	0	0	5,594
02/28/07	50	25	44	69	5,663		5,663	0	0	0	5,663
03/31/07	51	-152	25	-127	**5,536**		5,536	0	0	0	5,536
04/30/07	52	-80	24	-56	5,480		5,480	0	0	0	5,480
05/31/07	53	-2	25	23	5,503		5,503	0	0	0	5,503
06/30/07	54	-98	8	-90	**5,413**		5,413	0	0	0	5,413

Exhibit II

FLORIDA WORKERS COMPENSATION JOINT UNDERWRITING ASSOCIATION
Demonstration of Funding Plan - Business Written Through June 2004

Report Date: 6/19/2007

		Annual Interest Rate: 1.8%									
		Total Account									
Period Ending Date	*Time Index*	*Net Cash Flow*	*Interest Earnings*	*Sum*	*Balance Before Funding*	*State Funding*	*Balance After State Funding*	*Assessment*	*Interest on Assessment*	*Assessment Balance*	*Balance Including Assessment*
		Primary Funding						Secondary Funding			
07/31/07	55	-98	8	-90	5,323		5,323		0	0	5,323
08/31/07	56	-99	8	-91	5,232		5,232		0	0	5,232
09/30/07	57	-99	8	-92	5,141		5,141		0	0	5,141
10/31/07	58	-101	8	-93	5,047		5,047		0	0	5,047
11/30/07	59	-103	7	-96	4,952		4,952		0	0	4,952
12/31/07	60	-104	7	-97	4,855		4,855		0	0	4,855
01/31/08	61	-106	7	-98	4,757		4,757		0	0	4,757
02/29/08	62	-107	7	-100	4,656		4,656		0	0	4,656
03/31/08	63	-108	7	-102	4,555		4,555		0	0	4,555
04/30/08	64	-110	7	-103	4,452		4,452		0	0	4,452
05/31/08	65	-111	7	-104	4,348		4,348		0	0	4,348
06/30/08	66	-112	6	-106	4,242		4,242		0	0	4,242
07/31/08	67	-112	6	-106	4,136		4,136		0	0	4,136
08/31/08	68	-111	6	-105	4,032		4,032		0	0	4,032
09/30/08	69	-109	6	-103	3,928		3,928		0	0	3,928
10/31/08	70	-106	6	-101	3,828		3,828		0	0	3,828
11/30/08	71	-102	6	-96	3,732		3,732		0	0	3,732
12/31/08	72	-100	5	-95	3,637		3,637		0	0	3,637
01/31/09	73	-97	5	-91	3,545		3,545		0	0	3,545
02/28/09	74	-93	5	-88	3,458		3,458		0	0	3,458
03/31/09	75	-91	5	-86	3,371		3,371		0	0	3,371
04/30/09	76	-89	5	-84	3,288		3,288		0	0	3,288
05/31/09	77	-87	5	-82	3,206		3,206		0	0	3,206
06/30/09	78	-84	5	-79	3,126		3,126		0	0	3,126
07/31/09	79	-84	5	-79	3,047		3,047		0	0	3,047
08/31/09	80	-81	4	-77	2,970		2,970		0	0	2,970
09/30/09	81	-78	4	-74	2,896		2,896		0	0	2,896
10/31/09	82	-73	4	-69	2,828		2,828		0	0	2,828
11/30/09	83	-63	4	-59	2,769		2,769		0	0	2,769
12/31/09	84	-61	4	-57	2,712		2,712		0	0	2,712
01/31/10	85	-54	4	-50	2,663		2,663		0	0	2,663
02/28/10	86	-46	4	-42	2,620		2,620		0	0	2,620
03/31/10	87	-42	4	-38	2,582		2,582		0	0	2,582
04/30/10	88	-38	4	-34	2,548		2,548		0	0	2,548
05/31/10	89	-34	4	-30	2,518		2,518		0	0	2,518
06/30/10	90	-28	4	-24	2,494		2,494		0	0	2,494
07/31/10	91	-28	4	-24	2,470		2,470		0	0	2,470
08/31/10	92	-28	4	-24	2,446		2,446		0	0	2,446
09/30/10	93	-27	4	-24	2,422		2,422		0	0	2,422
10/31/10	94	-27	4	-23	2,399		2,399		0	0	2,399
11/30/10	95	-25	4	-22	2,377		2,377		0	0	2,377
12/31/10	96	-25	4	-22	2,356		2,356		0	0	2,356
01/31/11	97	-24	3	-21	2,335		2,335		0	0	2,335
02/28/11	98	-23	3	-20	2,315		2,315		0	0	2,315
03/31/11	99	-23	3	-19	2,296		2,296		0	0	2,296
04/30/11	100	-22	3	-19	2,277		2,277		0	0	2,277
05/31/11	101	-22	3	-18	2,259		2,259		0	0	2,259
06/30/11	102	-21	3	-18	2,241		2,241		0	0	2,241

Exhibit II

FLORIDA WORKERS COMPENSATION JOINT UNDERWRITING ASSOCIATION
Demonstration of Funding Plan - Business Written Through June 2004

Report Date: 6/19/2007 | *Annual Interest Rate:* 1.8%

Period Ending Date	Time Index	Net Cash Flow	Interest Earnings	Sum	Balance Before Funding	State Funding	Balance After State Funding	Assessment	Interest on Assessment	Assessment Balance	Balance Including Assessment
		Total Account									
		Primary Funding						Secondary Funding			
07/31/11	103	-21	3	-18	2,223		2,223		0	0	2,223
08/31/11	104	-21	3	-18	2,206		2,206		0	0	2,206
09/30/11	105	-21	3	-18	2,188		2,188		0	0	2,188
10/31/11	106	-21	3	-18	2,170		2,170		0	0	2,170
11/30/11	107	-21	3	-18	2,152		2,152		0	0	2,152
12/31/11	108	-21	3	-18	2,135		2,135		0	0	2,135
01/31/12	109	-21	3	-18	2,117		2,117		0	0	2,117
02/29/12	110	-21	3	-18	2,099		2,099		0	0	2,099
03/31/12	111	-21	3	-18	2,081		2,081		0	0	2,081
04/30/12	112	-21	3	-18	2,063		2,063		0	0	2,063
05/31/12	113	-21	3	-18	2,045		2,045		0	0	2,045
06/30/12	114	-21	3	-18	2,027		2,027		0	0	2,027
07/31/12	115	-21	3	-18	2,009		2,009		0	0	2,009
08/31/12	116	-21	3	-18	1,991		1,991		0	0	1,991
09/30/12	117	-20	3	-17	1,974		1,974		0	0	1,974
10/31/12	118	-20	3	-17	1,957		1,957		0	0	1,957
11/30/12	119	-18	3	-15	1,942		1,942		0	0	1,942
12/31/12	120	-18	3	-15	1,927		1,927		0	0	1,927
01/31/13	121	-17	3	-14	1,912		1,912		0	0	1,912
02/28/13	122	-16	3	-13	1,899		1,899		0	0	1,899
03/31/13	123	-16	3	-13	1,886		1,886		0	0	1,886
04/30/13	124	-15	3	-12	1,874		1,874		0	0	1,874
05/31/13	125	-15	3	-12	1,862		1,862		0	0	1,862
06/30/13	126	-14	3	-11	1,850		1,850		0	0	1,850
07/31/13	127	-14	3	-11	1,839		1,839		0	0	1,839
08/31/13	128	-14	3	-11	1,828		1,828		0	0	1,828
09/30/13	129	-14	3	-11	1,817		1,817		0	0	1,817
10/31/13	130	-14	3	-11	1,805		1,805		0	0	1,805
11/30/13	131	-14	3	-11	1,794		1,794		0	0	1,794
12/31/13	132	-14	3	-11	1,783		1,783		0	0	1,783
01/31/14	133	-14	3	-11	1,771		1,771		0	0	1,771
02/28/14	134	-14	3	-11	1,760		1,760		0	0	1,760
03/31/14	135	-14	3	-11	1,748		1,748		0	0	1,748
04/30/14	136	-14	3	-11	1,737		1,737		0	0	1,737
05/31/14	137	-14	3	-11	1,726		1,726		0	0	1,726
06/30/14	138	-14	3	-11	1,714		1,714		0	0	1,714
07/31/14	139	-14	3	-11	1,703		1,703		0	0	1,703
08/31/14	140	-14	3	-11	1,691		1,691		0	0	1,691
09/30/14	141	-14	3	-11	1,680		1,680		0	0	1,680
10/31/14	142	-14	2	-12	1,668		1,668		0	0	1,668
11/30/14	143	-14	2	-12	1,657		1,657		0	0	1,657
12/31/14	144	-14	2	-12	1,645		1,645		0	0	1,645
01/31/15	145	-14	2	-12	1,634		1,634		0	0	1,634
02/28/15	146	-14	2	-12	1,622		1,622		0	0	1,622
03/31/15	147	-14	2	-12	1,610		1,610		0	0	1,610
04/30/15	148	-14	2	-12	1,599		1,599		0	0	1,599
05/31/15	149	-14	2	-12	1,587		1,587		0	0	1,587
06/30/15	150	-14	2	-12	1,575		1,575		0	0	1,575

Exhibit II

FLORIDA WORKERS COMPENSATION JOINT UNDERWRITING ASSOCIATION
Demonstration of Funding Plan - Business Written Through June 2004

Report Date: 6/19/2007

Annual Interest Rate: 1.8%

		Total Account									
Period Ending Date	*Time Index*	*Net Cash Flow*	*Interest Earnings*	*Sum*	*Balance Before Funding*	*State Funding*	*Balance After State Funding*	*Assessment*	*Interest on Assessment*	*Assessment Balance*	*Balance Including Assessment*
		Primary Funding						Secondary Funding			
07/31/15	151	-14	2	-12	1,564		1,564		0	0	1,564
08/31/15	152	-14	2	-12	1,552		1,552		0	0	1,552
09/30/15	153	-14	2	-12	1,540		1,540		0	0	1,540
10/31/15	154	-14	2	-12	1,529		1,529		0	0	1,529
11/30/15	155	-14	2	-12	1,517		1,517		0	0	1,517
12/31/15	156	-14	2	-12	1,505		1,505		0	0	1,505
01/31/16	157	-14	2	-12	1,493		1,493		0	0	1,493
02/29/16	158	-14	2	-12	1,482		1,482		0	0	1,482
03/31/16	159	-14	2	-12	1,470		1,470		0	0	1,470
04/30/16	160	-14	2	-12	1,458		1,458		0	0	1,458
05/31/16	161	-14	2	-12	1,446		1,446		0	0	1,446
06/30/16	162	-14	2	-12	1,434		1,434		0	0	1,434
07/31/16	163	-14	2	-12	1,422		1,422		0	0	1,422
08/31/16	164	-14	2	-12	1,411		1,411		0	0	1,411
09/30/16	165	-14	2	-12	1,399		1,399		0	0	1,399
10/31/16	166	-14	2	-12	1,387		1,387		0	0	1,387
11/30/16	167	-14	2	-12	1,375		1,375		0	0	1,375
12/31/16	168	-14	2	-12	1,363		1,363		0	0	1,363
01/31/17	169	-14	2	-12	1,351		1,351		0	0	1,351
02/28/17	170	-14	2	-12	1,339		1,339		0	0	1,339
03/31/17	171	-14	2	-12	1,327		1,327		0	0	1,327
04/30/17	172	-14	2	-12	1,315		1,315		0	0	1,315
05/31/17	173	-14	2	-12	1,303		1,303		0	0	1,303
06/30/17	174	-14	2	-12	1,291		1,291		0	0	1,291
07/31/17	175	-14	2	-12	1,278		1,278		0	0	1,278
08/31/17	176	-13	2	-11	1,267		1,267		0	0	1,267
09/30/17	177	-13	2	-11	1,256		1,256		0	0	1,256
10/31/17	178	-11	2	-9	1,247		1,247		0	0	1,247
11/30/17	179	-9	2	-7	1,240		1,240		0	0	1,240
12/31/17	180	-8	2	-6	1,234		1,234		0	0	1,234
01/31/18	181	-6	2	-5	1,229		1,229		0	0	1,229
02/28/18	182	-5	2	-3	1,226		1,226		0	0	1,226
03/31/18	183	-4	2	-2	1,225		1,225		0	0	1,225
04/30/18	184	-2	2	-1	1,224		1,224		0	0	1,224
05/31/18	185	-1	2	0	1,225	-1,225	0		0	0	0
					Sum:	6,672		0			

Exhibit III

FLORIDA WORKERS COMPENSATION JOINT UNDERWRITING ASSOCIATION

Projection of Cash Flows
Monthly Assumptions ($000)

6/19/2007

Time Index	7	8	9	10	11	12	13	14	15	16	17	18												
Month	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6
Year	2003	2003	2003	2003	2003	2003	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2005	2005	2005	2005	2005	2005
Expected Ratios to Written Premium																								
Percent Collectible	80.5%	80.5%	80.5%	80.5%	80.5%	80.5%	80.5%	80.5%	80.5%	80.5%	80.5%	80.5%	80.5%	80.5%	80.5%	80.5%	80.5%	85.9%	85.9%	85.9%	85.9%	85.9%	85.9%	85.9%
Net Incurred Loss Ratio	51.8%	51.8%	51.8%	51.8%	51.8%	51.8%	51.8%	51.8%	51.8%	51.8%	51.8%	51.8%	51.8%	51.8%	51.8%	51.8%	51.8%	51.8%	51.8%	51.8%	51.8%	51.8%	51.8%	51.8%
Commission	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
Servicing Carrier	30.6%	30.6%	30.6%	30.6%	30.6%	30.6%	30.6%	30.6%	30.6%	30.6%	30.6%	30.6%	30.6%	30.6%	30.6%	30.6%	30.6%	36.6%	36.6%	36.6%	36.6%	36.6%	36.6%	36.6%
Ceded Reinsurance Premium	26.4%	26.4%	26.4%	26.4%	26.4%	26.4%	26.4%	26.4%	26.4%	26.4%	26.4%	26.4%	26.4%	26.4%	26.4%	26.4%	26.4%	25.3%	25.3%	25.3%	25.3%	25.3%	25.3%	25.3%
Expected Amounts																								
Written Premium	10	1,532	1,689	2,962	5,402	1,291	3,903	4,028	2,275	2,605	2,212	1,710												
Collectible Premium	8	1,233	1,360	2,384	4,349	1,039	3,142	3,243	1,831	2,097	1,781	1,376	-752											
Net Loss Incurred	4	584	644	1,129	2,059	492	1,488	1,536	867	993	843	1,165												
Commission	0	42	46	81	149	35	107	111	63	72	61	47	-74											
Servicing Carrier	3	468	516	905	1,650	394	1,192	1,231	695	796	676	522	-762											
Ceded Reinsurance Premium	3	404	446	782	1,426	341	1,031	1,064	601	688	584	-541												
Actual Amounts to Date																								
Written Premium	6	1,288	1,426	2,457	4,688	1,013	3,288	3,422	1,878	2,144	1,838	3,951	-551	-602	-116	357	1,015	0	-395	377	1,661	365	337	486
Collected Premium	27	1,087	486	1,971	862	1,637	1,837	1,326	2,053	1,869	1,660	461	1,551	1,020	436	674	-82	690	343	164	538	45	105	288
Collected Deposits	8	176	181	422	267	324	433	377	346	413	305	254	-16	0	0	-302	-235	-309	-249	-302	-400	-311	-290	-306
Net Interest Income	0	0	0	0	1	1	1	2	3	3	3	4	4	3	3	2	1	2	6	4	11	7	1	15
Net Loss & ALAE Paid	0	0	0	0	0	9	42	24	55	112	117	155	188	480	310	776	478	268	290	136	290	538	252	110
Commission	0	0	0	37	0	113	66	57	85	79	59	72	60	48	31	-2	-4	17	5	1	9	-7	-6	1
Servicing Carrier Fee	0	0	0	593	0	1,347	732	712	781	872	682	655	600	354	269	-34	-16	158	95	21	115	3	-11	35
DOL/PremiumTax	0	0	0	85	0	0	0	0	486	524	0	0	290	0	0	0	0	0	0	0	9	0	0	0
Administrative Expense	0	0	0	218	0	195	365	109	105	172	109	159	56	7	0	0	0	0	0	196	0	0	24	3
Ceded Reinsurance Premium	0	0	0	30	0	0	321	0	0	0	1,128	0	1,383	1,050	0	1,583	0	0	0	651	0	541	0	0

Exhibit III

FLORIDA WORKERS COMPENSATION JOINT UNDERWRITING ASSOCIATION

Projection of Cash Flows
Monthly Assumptions ($000)

6/19/2007

Time Index																								
Month	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	
Year	2005	2005	2005	2005	2005	2005	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2007	2007	2007	2007	2007	Total
Expected Ratios to Written Premiu																								
Percent Collectible	85.9%	85.9%	85.9%	85.9%	85.9%	85.9%	85.9%																	85.9%
Net Incurred Loss Ratio	51.8%	51.8%	51.8%	51.8%	51.8%	51.8%	51.8%																	51.8%
Commission	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%																	3.7%
Servicing Carrier	36.6%	36.6%	36.6%	36.6%	36.6%	36.6%	36.6%																	36.6%
Ceded Reinsurance Premium	25.3%	25.3%	25.3%	25.3%	25.3%	25.3%	25.3%																	25.3%
Expected Amounts																								
Written Premium																								29,619
Collectible Premium																								23,091
Net Loss Incurred																								11,804
Commission																								741
Servicing Carrier																								8,287
Ceded Reinsurance Premium																								6,827
Actual Amounts to Date																								
Written Premium	1,608	-605	921	-313	-348	-359	-37	-1,326	-959	-232	272	690	169	-3	-6	-131	65	-1	0	-76	-29	-1	-13	29,619
Collected Premium	126	298	295	295	149	93	63	42	81	77	67	104	63	43	15	-6	18	16	6	15	113	3	68	23,091
Collected Deposits	-159	-63	-29	-20	-2	-5	-3	-1	-4	-3	0	-1	-4	-2	0	-3	-1	0	0	0	0	0	0	487
Net Interest Income	2	12	18	5	27	17	8	28	17	10	36	23	7	35	33	4	25	40	10	44	25	24	25	552
Net Loss & ALAE Paid	102	144	189	209	277	102	-424	0	232	241	167	281	136	40	0	192	73	54	30	-10	234	83	86	7,069
Commission	0	5	2	5	2	3	2	0	0	0	0	2	1	0	0	0	-7	0	2	0	3	0	0	741
Servicing Carrier Fee	71	84	46	44	25	6	6	0	-2	2	2	3	15	2	0	-5	-1	0	0	0	28	0	-1	8,287
DOL/PremiumTax	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,395
Administrative Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,718
Ceded Reinsurance Premium	237	0	0	293	0	0	0	0	-166	0	-358	0	0	124	0	0	0	25	0	0	0	0	-15	6,827

FWCJUA
Statutory Financial Statements

BALANCE SHEET - as of September 30, 2007

	SubPlan A, B & C	SubPlan D	Tier 1	Tier 2	Tier 3	Consolidated FWCJUA
Assets:						
Bonds	30,812,623	2,423,341	5,474,364	17,134,099	16,636,946	72,481,373
Cash	4,598,272	1,160,315	1,199,722	1,970,706	3,358,328	12,287,343
Short-Term Investments	7,229,521	1,987,556	993,778	1,137,992	2,133,535	13,482,381
Premiums Receivable	175,949	0	2,070,400	5,242,643	4,619,187	12,108,105
Other Assets	2,147,759	20,233	711,435	1,348,045	1,218,472	3,208,036
Total Assets	**44,964,125**	**5,591,445**	**10,449,698**	**26,833,484**	**27,966,468**	**113,567,238**
Liabilities:						
Claim Reserves	9,375,407	4,610,498	1,797,448	11,342,654	10,056,530	37,182,537
Retroactive Reinsurance	(5,228,926)	0	0	0	0	(5,228,926)
Unearned Premium	0	0	2,943,992	4,051,100	4,631,083	10,588,460
Deposit Premiums	720,679	183,418	680,070	1,694,238	299,693	3,578,098
Other Liabilities	1,626,587	5,336,337	592,403	2,034,385	910,176	9,299,621
Total Liabilities	**6,493,747**	**10,130,253**	**6,013,912**	**19,122,377**	**15,897,482**	**55,419,789**
Surplus:						
Unassigned Surplus/(Deficit)	32,375,670	(4,538,808)	4,435,786	7,711,107	12,068,986	52,052,741
Restricted/Special Surplus	6,094,708	0	0	0	0	6,094,708
Total Surplus/(Deficit)	**38,470,378**	**(4,538,808)**	**4,435,786**	**7,711,107**	**12,068,986**	**58,147,449**
Total Liabilities/Surplus	**44,964,125**	**5,591,445**	**10,449,698**	**26,833,484**	**27,966,468**	**113,567,238**
	(0)	*0*	*0*	*0*	*0*	*(0)*

INCOME STATEMENT - through September 30, 2007

	SubPlan A, B & C	SubPlan D	Tier 1	Tier 2	Tier 3	Consolidated FWCJUA
Premiums:						
Premiums Written	(205,473)	(176,773)	4,778,529	4,247,948	5,125,125	13,769,356
Premiums Ceded	30,872	26,557	(713,494)	(1,225,586)	(1,231,494)	(3,113,145)
Change in Unearned Premium	0	0	(136,632)	3,410,919	2,710,985	5,985,272
Premiums Earned	**(174,601)**	**(150,216)**	**3,928,403**	**6,433,281**	**6,604,616**	**16,641,483**
Losses Incurred - Direct	(1,627,033)	1,802,357	215,691	(281,973)	1,158,181	1,267,223
Loses Incurred - Ceded	263,697	(2,116,688)	(338,590)	(1,629,641)	(1,607,386)	(5,428,608)
Net Losses Incurred	**(1,363,336)**	**(314,331)**	**(122,899)**	**(1,911,614)**	**(449,205)**	**(4,161,385)**
Loss Expenses Incurred	276,569	239,138	406,134	932,161	888,101	2,742,103
Other Underwriting Expenses	572,094	(202,701)	935,282	1,524,398	1,502,310	4,331,383
	(514,673)	(277,894)	1,218,517	544,945	1,941,206	2,912,101
Net Underwriting Gain / (Loss)	**340,072**	**127,678**	**2,709,886**	**5,888,336**	**4,663,410**	**13,729,382**
Net Investment Income	1,428,714	217,066	318,222	830,809	858,292	3,653,103
Net Realized Capital Gains/(Losses)	(40,211)	0	0	29	29	(40,153)
Net Investment Gain / (Loss)	**1,388,503**	**217,066**	**318,222**	**830,838**	**858,321**	**3,612,950**
Other Income	89,599	(2,462,000)	0	0	0	(2,372,401)
Federal Income Taxes	76,076	0	700,348	1,493,923	1,138,081	3,408,428
Net Income After Taxes	**1,742,098**	**(2,117,256)**	**2,327,760**	**5,225,251**	**4,383,650**	**11,561,503**

<u>FWCJUA ORGANIZATIONAL STRUCTURE</u>

(As of October 16, 2007)

The FWCJUA is currently organized as follows:

Board of Governors:

The operation of the FWCJUA is subject to the supervision of a 9-member Board of Governors. Eight board members are appointed by and serve at the pleasure of the Financial Services Commission (the "FSC") and the ninth board member is the consumer advocate appointed under section 627.0613, Florida Statutes. The FSC selects two board members from among five nominees for each seat submitted by the 20 largest domestic writers of workers' compensation insurance in Florida; two board members from among five nominees for each seat submitted by the 20 largest foreign writers of workers' compensation insurance in Florida; one board member from among five nominees submitted by the largest property and casualty insurance agents' association in Florida; and three additional board members. The FSC also selects one of the nine board members to serve as the board chair.

The current Board members are:

Commission Appointments: **Charlie Clary,** *Commission appointed Chair*
DAG Architects

Fred Bennett
Lykes Brothers Inc.

Dan Dannenhauer
Five County Insurance Agency, Inc.

Rick T. Hodges
Summit Consulting Inc.

Claude Revels
JM Family Enterprises, Inc.

Brett Stiegel
FRSA Self Insurance Fund

Beth Vecchioli
Carlton Fields

James Ward
The Hartford Insurance Company

Consumer Advocate: **Bob Milligan**
Florida Department of Financial Services

Executive Director, Staff and Service Providers:

The FWCJUA is directed, on a day to day basis by an Executive Director who implements the policies of the Board. The current Executive Director is Laura Torrence. Following is a list of the FWCJUA's principle service providers:

1.	General Counsel:	Tom Maida, Foley & Lardner (Tallahassee)
2.	Policy Administration/Managed Care:	St Paul Travelers
3.	Collections:	Revenue Systems, Inc.
4.	Actuarial Reserving:	Milliman
5.	Actuarial Ratemaking:	Milliman & NCCI, Inc.
6.	Financial Audit:	Thomas, Howell, Ferguson (THF)
7.	Investment Manager	Jeff Greenert, Evergreen Investment Mgmt Co.
8.	Statistical:	NCCI, Inc.

AGENDA FOR THE MEETING OF THE BOARD OF GOVERNORS OF THE FLORIDA WORKERS' COMPENSATION JOINT UNDERWRITING ASSOCIATION, INC. TO BE HELD AT 8:30 A.M. ON TUESDAY, DECEMBER 11, 2007 AT THE FWCJUA OFFICE LOCATED AT 6003 HONORE AVENUE, SUITE 204, SARASOTA, FLORIDA

I.	CALL TO ORDER AND OPENING REMARKS	Charlie Clary
II.	ANTI-TRUST PREAMBLE (Attachment A)	Tom Maida
III.	APPROVAL OF MINUTES (Attachment B)	Charlie Clary
IV.	RECOGNITION OF SERVICE OF PRIOR CHAIR (Attachment C)	Charlie Clary
V.	2008 MEETING SCHEDULE (Attachment D)	Laura Torrence
VI.	IMPACT OF SENATE BILL 1894 & HOUSE BILL 7169 (Attachment E)	Laura Torrence
VII.	ETHICS & SUNSHINE MATTERS (Attachment F)	Laura Torrence
VIII.	ELECTION OF VICE CHAIR & OFFICERS (Attachment G)	Laura Torrence
IX.	AUDIT COMMITTEE REPORT • Code of Business Conduct and Ethics (Attachment H) • Statement of Policy Regarding Potential Conflicts of Interest (Attachment I) • Procurement (Attachment J) • June 30, 2007 Financial Audit (Attachment K) • Federal Income Tax Exemption Filing Update (Attachment L) • 2006 Market Conduct Final Examination Report (Attachment M) • Audit Committee Charter Procedures Checklist (Attachment N)	Fred Bennett
X.	RATES & FORMS COMMMITTEE REPORT (Attachment O) • Selection of Actuary	Rick Hodges
XI.	REINSURANCE COMMITTEE REPORT (Attachment P) • 2008 Reinsurance Program	Beth Vecchioli
XII.	EXECUTIVE COMPENSATION COMMITTEE REPORT (Attachment Q) • 2008 Executive Compensation	Charlie Clary
XIII.	OPERATIONS COMMITTEE REPORT • 2008 Business Plan & Forecast (Attachment R) • Document Management & Retention (Attachment S) • Disaster Recover Matters (Attachment T) • Service Provider Audit Report (Attachment U)	Brett Stiegel
XIV.	PRODUCER APPEALS COMMITTEE REPORT (Attachment V) • Agency/Producer Request for Reinstatement of Privilege to Submit Business	Dan Dannenhauer
XV.	REPORT ON OPERATIONS • 2007 Business Plan Status Report (Report on Operations - 1) • Operations Analysis (Report on Operations - 2) • Loss Summary Report (Report on Operations – 3) • Collections Report (Report on Operation - 4)	Laura Torrence
XVI.	FINANCIAL REPORT • Comparative Statutory Financial Statements (Financial Report – 1) • Budget Variance (Financial Report - 2) • Cash Flow Analysis (Financial Report - 3) • Investment Portfolio (Financial Report - 4)	Laura Lopez
XVII.	GENERAL ANNOUNCEMENTS	Charlie Clary
XVIII.	ADJOURNMENT & CLOSING REMARKS	Charlie Clary

ANTI-TRUST PREAMBLE

We are here to discuss and act on matters relating to the business of the Florida Workers' Compensation Joint Underwriting Association (FWCJUA) and not to discuss or pursue the business interests of our individual funds or companies.

We should proceed with caution and alertness towards the requirements and prohibitions of federal and state anti-trust laws.

We should not engage in discussions – either at this meeting or in private conversations – of our individual fund's or companies' plans or contemplated activities. We should concern ourselves only with the business of the Florida Workers' Compensation Joint Underwriting Association as set forth in the agenda for this meeting.

Only FWCJUA market matters may be discussed at the meeting and each fund's or company's voluntary market plans cannot be discussed.

APPROVAL OF MINUTES

The Board and respective Committees shall consider approval of the attached minutes from the October 15, 2007 joint & concurrent meeting of the Board of Governors, Rates & Forms Committee, Reinsurance Committee and Producer Appeals Committee.

Additionally, the Board members who serve on the respective committees shall consider approval of the committee meeting minutes as listed below:

1. Minutes of the November 29, 2007 Reinsurance Committee meeting;
2. Minutes of the November 30, 2007 Audit Committee meeting; and
3. Minutes of the December 3, 2007 Joint & Concurrent Executive Compensation Committee, Rates & Forms Committee and Operations Committee meeting.

Attached for ease of reference are the committee appointments.

The Board and respective Committees shall determine whether to approve the above-referenced meeting minutes.

FWCJUA COMMITTEES & MEMBERS

(Effective November 6, 2007)

AUDIT COMMITTEE
Chair: Bennett
Milligan
Vecchioli

EXECUTIVE COMPENSATION COMMITTEE
Chair: Clary
Bennett
Hodges
Stiegel

INVESTMENT COMMITTEE
Chair: Milligan
Bennett
Revels

MAP COMMITTEE
Chair: Ward
Dannenhauer
Milligan

OPERATIONS COMMITTEE
Chair: Stiegel
Bennett
Hodges

PRODUCER COMMITTEE
Chair: Dannenhauer
Hodges
Vecchioli

PRODUCER APPEALS COMMITTEE
Chair: Dannenhauer
Clary
Vecchioli

RATES & FORMS COMMITTEE
Chair: Hodges
Stiegel
Clary

REINSURANCE COMMITTEE
Chair: Vecchioli
Revels
Ward

SAFETY COMMITTEE
Chair: Revels
Stiegel
Ward

FWCJUA COMMITTEES & MEMBERS

(Effective November 6, 2007)

BENNETT
(Chair) Audit
Executive Compensation
Investment
Operations

CLARY
(Chair) Executive Compensation
Producer Appeals
Rates & Forms

DANNENHAUER
(Chair) Producer Appeals
MAP
Producer

HODGES
(Chair) Rates & Forms
Executive Compensation
Operations
Producer

MILLIGAN
(Chair) Investment
Audit
MAP

REVELS
(Chair) Safety
Investment
Reinsurance

STIEGEL
(Chair) Operations
Executive Compensation
Rates & Forms
Safety

VECCHIOLI
(Chair) Reinsurance
Audit
Producer
Producer Appeals

WARD
(Chair) MAP
Reinsurance
Safety

DRAFT - MINUTES OF THE JOINT & CONCURRENT MEETING OF THE BOARD OF GOVERNORS, RATES & FORMS COMMITTEE, REINSURANCE COMMITTEE AND PRODUCER APPEALS COMMITTEE OF THE FLORIDA WORKERS' COMPENSATION JOINT UNDERWRITING ASSOCIATION, INC. HELD ON OCTOBER 15, 2007 AT 10:00 A.M. VIA TELECONFERENCE

PRESIDING:	Ray Neff, *Chair*
BOARD/COMMITTEE MEMBERS:	Dan Dannenhauer Bob Milligan Claude Revels, *not present* Beth Vecchioli
EXECUTIVE DIRECTOR:	Laura Torrence, *not present*
GENERAL COUNSEL:	Tom Maida
OFFICE OF INSURANCE REGULATION LIAISON:	Jim Watford
STAFF PRESENT:	Michael Cleary Laura Lopez
SERVICE PROVIDERS PRESENT:	Katie Black, *Benfield Group* Jeffrey Deaton, *Benfield Group* Bill Fleischhacker, *Benfield Group* Keith Thurman, *Benfield Group* Mark Mulvaney, *Milliman USA* Bonnie Shek, *Milliman USA* Arleen Desmond, *Travelers* John McLaughlin, *Travelers* Claudia Vicory, *Travelers*
OTHERS PRESENT:	Michelle Alvarez, *Colodny, Fass, Talenfeld, Karlinsky, Abate* Mike Whitely, *Work Comp Central*

I. CALL TO ORDER AND OPENING REMARKS: The Chair called the joint and concurrent Board of Governors, Rates & Forms Committee, Reinsurance Committee and Producer Appeals Committee meetings to order at 10:00 a.m. The roll was called and a quorum being established the meeting began.

II. ANTITRUST PREAMBLE: Prior to the consideration of any business, the Antitrust Preamble was read by Maida, a copy of which is attached hereto as Exhibit "A".

III. APPROVAL OF MINUTES: The minutes from the Joint & Concurrent Board of Governors and Rates & Forms Committee teleconference meetings held August 17, 2007, were submitted for approval.

MOTION by Dannenhauer, seconded by Vecchioli, to approve the meeting minutes as presented. PASSED.

IV. BOARD APPOINTMENT PROCESS: Maida reported that he has been advised by the Chief Financial Officer's office that it expects the FWCJUA Board appointments to be made at the October 16th Cabinet meeting. He indicated that he does not know the names of the proposed board members that might be voted on by the Financial Services Commission (FSC), but anticipates all eight appointments to be made this week.

V. SEVENTH-AMENDED BYLAWS: Maida then reported that following the enactment of legislation in 2007, the Board had adopted the Seventh Amended Bylaws to comport with the new statutes. He advised that on July 30, 2007, OIR had issued an order approving the Seventh Amended Bylaws with the exception of Section 9, Subsection P, which was disapproved, as it was not deemed to be in strict compliance with the requirements of Chapter 286, Florida Statutes. He explained that Section 9, Subsection P of the Bylaws relates to the method of recessing and reconvening a meeting, in particular, the manner in which a notice of reconvening a meeting should be given. Again, this section has been physically disapproved by the Office. Maida then stated that at some point in the future, when the new Board is seated we should revisit the issue working with OIR to develop language that might be acceptable. Meanwhile, no Board action is necessary, as we have Seventh Amended Bylaws in effect with that one exception.

VI. REINSURANCE COMMITTEE & BOARD:

2008 Reinsurance Program Goals & Market Strategy

Vecchioli referred to Attachment E and advised that this is the time of year when the FWCJUA firms up its goals to the Broker to purchase reinsurance. She explained that the reinsurance goals, as outlined by staff to the Broker, takes into consideration the FWCJUA's financial status, excellent past performance, and current book of business. She ran through the goals as well as the 2007 timetable for the consideration of the 2008 reinsurance program and then referred the Board to page 17 to show the 2007 structure of the FWCJUA's excess reinsurance program complete with pricing and reinsurers participation. Fleischhacker then advised that one of the most important things Benfield does in its role as broker is to orchestrate competition among the reinsurers, whether that be from active reinsurers or reinsurers who want to get on board and participate in the JUA program. He further stated that Benfield gets the quotes, looks at the quotes from an actuarial perspective and then recommends the optimal structure that meshes with the FWCJUA's budget and retention appetite.

MOTION by Vecchioli, seconded by Dannenhauer, to confirm the reinsurance goals, as outlined. PASSED.

VII. RATES & FORMS COMMITTEE & BOARD:

Review of Rates and Rating Plans

The Chair reported that the Rates & Forms Committee as well as the Board of Governors shall consider the attached exhibits prepared by Milliman to determine whether to effectuate a premium level change effective January 1, 2008 for new and renewal business to be adjusted to reflect any approved voluntary market rate level and class relativity changes that may become effective January 1, 2008. The Chair then asked Mulvaney to summarize his analysis, which was included within the agenda package.

Mulvaney began with Exhibit A, Sheet 1, and explained that this exhibit shows the indicated change, premium level and surcharge at the current reinsurance program. He then explained that he will walk the Board through three alternative indications that reveal significant differences in terms of the rate change with respect to potential alternatives for the upcoming reinsurance program. He indicated that the first alternative reflects the current retention level, which is a 50% share of the 650K xs 350K with an AAD of 1.285% SEP; the next alternative raises the retention to $1M, eliminating the $650K xs 350K layer; and the third and last alternative shows raising the retention to $2M.

He then referred to Exhibit A, Sheet 1 and explained that column (6) shows an overall premium level reduction of -1.4% with the current reinsurance retention level. He reminded the Board that at year end, it made an adjustment to FWCJUA rates based on the data ending 12/31/06 and this data was valued six months later through 6/30/07, which reflects a net indication of -1.4%. He then explained that NCCI's 1/1/08 rate filing at this point, would impact FWCJUA premiums for a reduction of 12.6% on average. Therefore, in order to hit the target premium changes, the FWCJUA would have to adjust its surcharges upwards, which are shown in Column (8) of Exhibit A, Sheet 1. He explained that the change in surcharge is the increase, which is shown in Column (9) and again, Column (11) is the resulting premium change which is the same as the target. He then stated that overall it reflects a -1.4% decrease. However, Tier 1 is a 3.6% increase, Tier 2 is a 1.7% increase and Tier 3 is a -10.1% decrease resulting in an indicated surcharge amount for Tier 1 at 35%, Tier 2 at 96%, and Tier 3 at 151%.

Mulvaney then proceeded to guide the Board through Exhibit A, Sheet 2 and Exhibit A, Sheet 3 and explained that if the FWCJUA raises its retention to $1M, it will produce an overall premium level change of a -7.1% decrease with an indicated surcharge amount for Tier 1 at 27%, Tier 2 at 85%, and Tier 3 to be at 136%. Further, if the FWCJUA increased its retention to $2M, it will result in an overall premium level change of a -8.8% decrease with an indicated surcharge amount for Tier 1 at 24%, Tier 2 at 81%, and Tier 3 to be at 133%.

He then referred to Exhibit B and pointed out that column (3) shows that no contingency and surplus factors were used, which is consistent with the current FWCJUA filed rates. He noted that it's a bit unusual not to include such factors, but it is consistent with the FWCJUA's goal to offer insurance at no profit. He then explained that when we propose rates, we discount the losses to present value and when one discounts the losses to present value, it essentially takes out any opportunity for profit due to investment income. Therefore, with no surplus and contingency factor being used, there is no profit provision built into the rates. Actuarially speaking, rates with no profit are less than economic value because any risk taken in, generally needs to be rewarded with profit. Nonetheless, he explained that he is not doing that here for the FWCJUA, which is consistent with the current filed rates. He then referred to column (4) and explained that this column reflects the reinsurance costs, based on proposed pricing received from staff. He indicated that higher retentions result in lower reinsurance costs, which is expected. Column (5) reflects the target premium level change, which summarizes information from previous exhibits. Column (6) reflects the changes due to NCCI's 1/1/08 rate filing and column (7) is basically the difference between columns (5) and columns (6). He then explained that the current retention level would reduce premiums by -1.4% and with the base rates from the NCCI filing go down 12.6%, the FWCJUA would need to make up an additional 11.2% of premium and that would be accomplished by changing the tier surcharges.

Mulvaney then proceeded to guide the Board through Exhibit C, which shows the calculation of the maximum minimum premium by retention level. He explained that under the current retention level the maximum minimum premium will be $2,600 and under a $1M and/or a $2M retention level the FWCJUA maximum minimum premium will be $2,400. He then referred to Exhibit II and explained that this exhibit shows the selection of the projected loss ratio, which is one of the key drivers of the premium change. He noted that he had restated all prior years premium using the latest data at current rates. He indicated that Milliman selected a value of 46% to represent the typical value and then, we adjusted upwards for the $1M and $2M retention levels, based on the NCCI ELPFs. He then referred to Exhibit III, Sheet 1, which shows the calculation of the expense allowances. He indicated that this in fact turns out to be very important, because there are certain fixed overhead expenses that the FWCJUA has and when the JUA's premium volume is projected to decrease, the expense percentage will increase. He noted that this is one of the key drivers underlying these rate indications.

Discussion ensued and the Chair asked if the retention goes up, does the level of rate come down and Mulvaney responded that yes it does. The Chair then asked why is that and Mulvaney explained that the cost of the low layers is comparatively high, which is higher than the cost of the losses in the layers. Therefore, it is at the FWCJUA's benefit ignoring risk to assume higher and higher retentions. The Chair then stated that there then is a profit assumption in there for the reinsurers and Mulvaney responded no, there is just the reinsurers' rates and explained that he is not analyzing the reinsurers' profit. Mulvaney then explained that he is assuming that the FWCJUA will pay additional losses and he has calculated the additional losses based on NCCI's ELPFs, which is consistent with the way he has looked at it in the past. He stated that the reinsurers may have a different view and may be charging more either because they believe the losses in the layer are higher or because they have expenses associated with that layer and want profit associated with the layer.

Discussion then led to the FWCJUA's past experience and its current surplus level. It was then decided to give serious consideration to the $1M and $2M retention levels. Mulvaney explained that when we view, using NCCI ELPFs, the expected losses in the $650K xs $350K and the $1M xs $1M layers, they are lower than the reinsurance premiums that the FWCJUA is paying, which causes the rate level change. After much discussion, it was agreed to direct staff to pursue a rate indication of at least -7.1% and pursue reinsurance retentions of at least $1M.

MOTION by Milligan, seconded by Dannenhauer, to direct staff to pursue an overall average premium level change of at least a -7.1% decrease and pursue a reinsurance retention level of at least $1M to include a maximum minimum premium of $2,400, to be effective January 1, 2008 for new and renewal business to be adjusted to reflect any approved voluntary market rate level and class relativity changes that may become effective January 1, 2008. PASSED.

VIII. PRODUCER APPEALS COMMITTEE & BOARD:

Agency/Producer Request for Reinstatement of Privileges to Submit Business to the FWCJUA

Cleary reported that the Producer Appeals Committee as well as the Board of Governors were to consider an Agency/Producer request for reinstatement of privileges to submit business to the FWCJUA; however, the Agency/Producer has requested a postponement. Accordingly, a meeting will be scheduled at a later date for the Producer Appeals Committee to consider the Agency/Producer request.

IX. GENERAL ANNOUNCEMENTS: Cleary reminded the Board that its next meeting is scheduled for Tuesday, December 11th, at 8:30 a.m., in Sarasota. He then expressed his appreciation to the Board for their support and assistance over the years.

X. ADJOURNMENT AND CLOSING REMARKS: There being no further business, the meeting was adjourned at 11:07 a.m.

Respectfully submitted,

Ray Neff, *Chair*

DRAFT-MINUTES OF THE MEETING OF THE REINSURANCE COMMITTEE OF THE FLORIDA WORKERS' COMPENSATION JOINT UNDERWRITING ASSOCIATION, INC. HELD ON NOVEMBER 29, 2007 AT 2:00 P.M. VIA TELECONFERENCE

PRESIDING:	Beth Vecchioli, *Chair*
COMMITTEE MEMBERS:	Claude Revels Jim Ward
BOARD MEMBERS PRESENT:	Bob Milligan
EXECUTIVE DIRECTOR:	Laura Torrence
GENERAL COUNSEL:	Tom Maida
OFFICE OF INSURANCE REGULATION LIAISON:	Jim Watford
STAFF PRESENT:	Michael Cleary Laura Lopez
SERVICE PROVIDERS PRESENT:	Katie Black, *Benfield Group* Philip Borgia, *Benfield Group* Jason Cook, *Benfield Group* Jeff Deaton, *Benfield Group* Bill Fleischhacker, *Benfield Group* Andy Rapoport, *Benfield Group* John McLaughlin, *Travelers*
OTHERS PRESENT:	Michelle Alvarez, *Colodny, Fass, Talenfeld, Karlinsky, Abate* Danny Kriss, *Axiom Re* Mike Whiteley, *Work Comp Central*

I. CALL TO ORDER AND OPENING REMARKS: The Chair called the meeting to order at 2:00 p.m. The roll was called and a quorum being established the meeting began.

II. ANTITRUST PREAMBLE: Prior to the consideration of any business, the Antitrust Preamble was read by Maida, a copy of which is attached hereto as Exhibit "A".

III. REINSURANCE COMMITTEE'S DUTIES: Torrence referred to Attachment B and ran through the Committee's responsibilities. She then advised the actions taken by the former Reinsurance Committee to date in 2007.

IV. 2008 REINSURANCE PROGRAM OPTIONS: The Chair explained that the purpose of today's meeting was to discuss the options for the 2008 reinsurance program. Fleischhacker then summarized the structure of the FWCJUA's 2007 reinsurance program, the prices and the reinsurers on each portion of the program and their ratings. He then reviewed the issues that would need to be resolved by the Committee when developing the 2008 program recommendations. Fleischhacker proceeded to summarize the current market conditions noting that reinsurers may perceive that the FWCJUA's significantly decreased premium level increases relative excess volatility as the depopulation will result in a greater proportion of the least desirable risks remaining in the FWCJUA. It was also noted that reinsurers are concerned that the voluntary market rate decreases of nearly 57% over the last 4 years may precede or overestimate actuarial recognition of the reform effect, and thus, actuarially sound pricing within the FWCJUA may be relatively more attractive to reinsurers. It was also noted, however, that reinsurers may be somewhat concerned with large loss development within the FWCJUA in recent years as it projects more loss in the reinsurance layers, although the development is primarily the result of setting actuarial reserves for one USL&H claim as part of the normal anticipated progression of this claim.

Deaton then summarized Exhibit II c which illustrates the change in excess claim data from 2006 to 2007, and shows an overall increase in the reserves in the excess layers. Corrections to the exhibit were identified and the impact of the one large USL&H claim adjustment on the development was demonstrated with the additional exhibit distributed under separate cover to the Committee earlier today. Deaton also reviewed the comparison of experience loss costs by reinsurance layer exhibit with the Committee.

Deaton went on to summarize the catastrophe layer quotations noting options for both a $5M MAOL and a $10M MAOL. While it was noted that the FWCJUA traditionally chose a $5M MAOL, the marginal additional cost to obtain a $10M MAOL of $40,000 might be a worthy consideration for the 2008 reinsurance program. He then summarized the working layer quotations noting that some of the quotations include an AAD as well as different reinstatement options. Deaton also discussed the different reinstatement options for the $4M xs $1M layer noting three reinstatement patterns and the costs associated with each reinstatement pattern.

The key drivers in the $4M xs $1M reinsurance layer and their impact on loss costs were also reviewed by Cook and Rapoport. Cook also explained the Dynamic Financial Analysis (DFA) that was performed and summarized Exhibit IVb. He reviewed the results of the DFA with the Committee noting possible economic advantages to purchasing certain reinsurance structure options.

The discussion then turned to the various layer options and associated structures and prices presented. Vecchioli noted that the FWCJUA had used a projected estimate of 10.8% for reinsurance cost within its 1/1/2008 rate indication. Therefore, earlier today, the Committee should have received additional structure options of 10.8% with varying MAOL options. She stated that it was the Committee's objective to give Benfield some guidance as to the characteristics of a structure the FWCJUA should pursue, spending a certain percentage of dollars to purchase that structure. It was then noted that if the Committee wanted to continue with the current program structure, excluding the lower layer, then it should consider Option 4, priced at 11.637%, with the $5M MAOL. It was noted, however, that this option provides less coverage, because there is an annual limit of $16M on the $4M excess of $1M layer versus the $24M limit offered in 2007. It was then suggested that if the Committee wanted to balance to the 10.8%, the option with the 2.28% AAD and a $5M MAOL would afford the FWCJUA with the most amount of coverage. Further, it was recognized that Benfield should, as in the past, aggressively negotiate lower minimum premiums and pursue the most advantageous coverage within the parameters of any "firm order" authorized by the Board.

Vecchioli asked for staff recommendations. Torrence recommended that the existing reinsurance coverages be terminated on a cut-off basis effective 12/31/2007 consistent with the FWCJUA's past practices; the FWCJUA purchase both catastrophe layers of $10M xs $20M and $10M xs $10M on a per occurrence basis with one reinstatement each at 100% with $5M MAOL's; the FWCJUA purchase the $5M xs $5M layer on a per occurrence basis with one reinstatement at 100%. The Committee agreed with these recommendations.

MOTION by Ward, seconded by Revels, to recommend that the Board terminate all existing reinsurance coverages on a cut-off basis effective 12/31/2007. PASSED.

MOTION by Ward, seconded by Revels to recommend that the Board purchase the $10M xs $20M catastrophe layer on a Per Occurrence basis with One Reinstatement at 100% and an MAOL of $5M. PASSED

MOTION by Ward, seconded by Revels, to recommend that the Board purchase the $10M xs $10M catastrophe layer on a Per Occurrence basis with One Reinstatement at 100% and an MAOL of $5M. PASSED.

MOTION by Ward, seconded by Revels to recommend that the Board purchase the $5M xs $5M layer on a Per Occurrence basis with One Reinstatement at 100%. PASSED

Torrence then suggested that the FWCJUA should purchase a $4M xs $1M layer either on a per occurrence basis or with a 2.28% AAD. Lopez commented that from an economic perspective, Option 6 with the $5M MAOL and a $1M AAD will cost the FWCJUA 9.8%. However, for an additional 1%, which is approximately $210,000, the FWCJUA could purchase the 2.28% AAD and reduce its cost in half. The FWCJUA will pay $210,000, reduce its AAD by approximately $525,000.and basically get $500,000 worth of additional coverage. It was the consensus of the Committee that purchasing a maximum AAD of 2.28% on this layer was advisable.

MOTION by Ward, seconded by Revels, to recommend that the Board purchase the $4M xs $1M layer with an AAD of no more than 2.28%. PASSED.

V. GENERAL ANNOUNCEMENTS: There were no announcements.

VI. ADJOURNMENT AND CLOSING REMARKS: There being no further business, the meeting was adjourned at 4:18 p.m.

Respectfully submitted,

Beth Vecchioli, *Chair*

DRAFT - MINUTES OF THE MEETING OF THE AUDIT COMMITTEE OF THE FLORIDA WORKERS' COMPENSATION JOINT UNDERWRITING ASSOCIATION, INC. HELD ON FRIDAY, NOVEMBER 30, 2007 AT 1:00 P.M. VIA TELECONFERENCE

PRESIDING:	Fred Bennett, *Chair*
COMMITTEE MEMBERS:	Bob Milligan Beth Vecchioli
EXECUTIVE DIRECTOR:	Laura Torrence
GENERAL COUNSEL:	Tom Maida *(present for a portion of the meeting)*
OFFICE OF INSURANCE REGULATION LIAISON:	Jim Watford
STAFF PRESENT:	Laura Lopez
SERVICE PROVIDERS PRESENT:	Michelle Alvarez, *Colodny, Fass* Andy Gray, *Thomas Howell Ferguson* Arleen Desmond, *Travelers* John McLaughlin, *Travelers* Lynn Rodkey, *Guarantee Insurance* Mike Whitely, *Work Comp Central*

I. CALL TO ORDER AND OPENING REMARKS: The Chair called the meeting to order at 1:00 p.m. The roll was called and a quorum being established the meeting began.

II. ANTI-TRUST PREAMBLE: Prior to the consideration of any business, the Antitrust Preamble was read by Maida. A copy of the preamble is attached hereto as Exhibit "A".

III. REVIEW OF AUDIT COMMITTEE DUTIES: Torrence referred to Attachment B and outlined the Committee's duties as set forth in the Seventh Amended Bylaws; summarized the Audit Committee Charter; and explained that a checklist was used to ensure the Committee met its Charter obligations. She also noted that the Audit Committee meets several times each year usually about 2 weeks before each Board meeting with the first meeting of the year scheduled to review the draft annual audit report. Lopez then provided a new member orientation discussing the FWCJUA's auditors and annual audit results over the years as well as a typical year's approximate annual audit timeline. No Committee action was required on this item.

IV. ETHICS AND SUNSHINE MATTERS:

Code of Conduct. Torrence advised that revisions were necessary to the FWCJUA's Code of Conduct as a result of the passage of SB 1894 effective July 1, 2007. She reviewed the new ethics provisions in the law and noted OIR's earlier 2005 directive to all jua's and quasi-governmental insurers to establish standards for the conduct of their directors, officers and senior management, and to provide for greater transparency and accountability. She explained that concerns regarding the conduct of such individuals within another regulated organization had arisen and as a result OIR and the legislature intended to address ethics matters over time within all similar organizations, including the FWCJUA. The Sixth Amended Bylaws were filed to address OIR's directive and the Seventh Amended Bylaws were filed to address the new law, to include the ethics, sunshine and public record provisions.

Maida then described that as part of SB 1894, the FWCJUA's organic law was changed to formally include both the Sunshine Law and Public Records Act. He advised that the FWCJUA has always followed these principles since 1994 in practice; however in 2007, they are now legally applicable to the FWCJUA. Maida also advised that more information regarding these laws will be discussed in further detail at the December Board meeting; however at this time, he cautioned Board members to be careful with their conversations with each other. Maida emphasized that Board members should avoid conversations with each other regarding FWCJUA business. He explained that Board members can have conversations with each other about other things; however, conversations about FWCJUA business are strictly prohibited. He then indicated that Board members may only discuss FWCJUA business with each other during properly noticed meetings.

Maida then directed attention to the proposed revised Code of Conduct and advised that the suggested revisions address various provisions in the new law, noting that most changes were self explanatory.

Bennett identified two typographical errors to be corrected on page 9 of the document, those being that the word “to” which is being deleted before the word “gender” in numbers 1 and 3 be added back. Discussion ensued regarding the first paragraph under the General Anti-Harassment Policy section on page 10. It was decided that the paragraph needed to be reworded to read, “The FWCJUA strictly prohibits all forms of physical, psychological, verbal and nonverbal harassment in the workplace. This policy applies to Employees, Board Members, vendors, customers and visitors.”

MOTION by Milligan, seconded by Vecchioli to recommend that the Board adopt the proposed Code of Business Conduct and Ethics with the discussed revisions. PASSED.

Torrence advised that General Counsel was reviewing several staff suggestions for clarifications and editorial revisions to the Code of Conduct. Bennett directed that any further changes deemed appropriate by staff and General Counsel be included for consideration by the Board at its December meeting.

Conflict of Interest. Maida advised that the same situation applies to the Conflict of Interest policy in that it was revised to address the new law and that the new verbiage has come right from the statute.

MOTION by Milligan, seconded by Vecchioli to recommend that the Board adopt the proposed Statement of Policy Regarding Potential Conflicts of Interest. PASSED.

V. 2006 MARKET CONDUCT EXAM: Torrence summarized the 2006 Market Conduct Final Examination Report with the Committee. Most importantly, she noted there were no compliance issues raised in the report. The exam was quite comprehensive and resulted in a favorable report on FWCJUA operations. The exam was an operational review and was conducted by OIR’s contracted outside audit firm of Buttner Hammock & Company (BHC). BHC reviewed four general areas of the FWCJUA’s operations, those being (1) organizational structure and administration; (2) financial performance; (3) payments, allocations, recoveries and financial auditing; and (4) IT systems operations and administration, disaster preparedness. The policyholder cost for the exam totaled $75,486.91. In conclusion, there were only ten relatively minor recommendations for the FWCJUA to consider, and OIR Market Investigations indicated that the FWCJUA was not obligated to implement any of the recommendations within the report.

Torrence then explained the action taken, thus far, regarding the exam recommendations. Milligan inquired about what the disaster recovery testing entailed. Torrence advised that all equipment was taken down throughout the office and secured in the safe room. Staff identified the time required to take all equipment down and time required to bring it all up again. A few recommendations resulted, but they were relatively minor. Milligan asked if similar testing of “sudden disaster” procedures had been conducted. Torrence advised that the FWCJUA now has its servers mirrored in Georgia at Sungard and that several tests to recover data had been conducted; however, she would ask the IS Manager to provide more information regarding the specific details at the next Audit Committee meeting.

The Audit Committee agreed that all the recommendations were being reasonably and adequately addressed.

VI. DRAFT JUNE 30, 2007 FINANCIAL AUDIT: Torrence advised that normally only an annual audit is required; however, with the tax exempt filing it was recommended that we consider completing an audit to ‘close’ the taxable entity of the organization since the organization writes assessable policies. Torrence advised that a ‘clean’ opinion was received.

Gray advised that the opinion letter has been issued as an unqualified opinion indicating that no material issues related to the financials were found. Since the audit is for six months, there are no comparable financials included in the report. Looking at the change of surplus, on page 173 the main changes noted are the net income of $8.7M but the substantial change is noted in the non-admitted assets. With the organization moving to a tax exempt status, the organization will no longer have deferred taxes. Also in regards to the financials, there is a review of the individual subplans and tiers to ensure proper accounting between the different groups.

Gray then reviewed the Required Communications to the Audit Committee. The majority of this report is standard language with no major deficiencies to report. There were audit adjustments due to a six month audit versus an annual audit that would not be applicable at year-end. In addition, these were recent changes in the rules regarding the reporting of reinsurance premiums so this was not considered a weakness as these adjustments occurred during the first year of the rule change as well as a the six month audit period. Milligan asked about the large impact on surplus. Gray advised that Lopez had non-admitted the reinsurance premium payment as was the non-official NAIC rule however the new rule effective this year changed this to an admitted asset. The FWCJUA was basically just more conservative than the industry.

Bennett asked about the comment that the Audit Committee may wish to monitor throughout the year the process used to compute and records these accounting estimates. Bennett asked what should be done. Torrence advised that a Loss Emergence model had been developed to assist the Board in monitoring the development of losses and reserves. This is normally discussed at the Rates & Forms Committee but any Audit Committee member can attend. Gray also advised that since the reserves affect the financials – it is recommended the Audit committee monitor it also but wanted to note that the FWCJUA has been monitoring and reporting on this estimate however as the estimate changed by $8M during this time period this is a required footnote.

Gray advised that it is easy to work with FWCJUA staff and that no difficulties were encountered. Also to inform you about why the FWCJUA does not usually have audit adjustments is that Lopez does her job well but also that when a situation is encountered, Lopez will call THF to discuss and determine the best way to handle the entries before booking to ensure the proper recording initially instead of waiting until it is time for the audit.

MOTION by Vecchioli, seconded by Milligan to direct the finalization of the audit report for presentation to the Board at its December 11th meeting. PASSED.

VII. FEDERAL INCOME TAX EXEMPTION FILING UPDATE: Torrence informed the Audit Committee that Andy Gray of Thomas Howell Ferguson had drafted the request for a private letter ruling from the IRS regarding the FWCJUA's federal income tax filing status. Gray indicated that the draft had already been reviewed by staff and was currently being reviewed by General Counsel. Further, Gray advised that he had initiated pre-filing discussions with the IRS to ensure that the private letter ruling request appropriately addressed all significant matters. He then indicated that the anticipated filing date for the request was on or before December 20, 2007. Further, the Committee was informed that the FWCJUA would recognize a 2007 out-of-budget expense of $10,000 for the filing fee. No Committee action was required on this item.

VIII. PROCUREMENT: Torrence outlined the procurement requirements that became effective July 1, 2007 as a result of the enactment of Senate Bill 1894. She also identified the services that are exempted from competitive-solicitation requirements under section 287.057(5)(f), Florida Statutes, of which auditing services is one. She then reviewed the Procurement Policy and Procedures that staff had developed and implemented in July to comply with the new law.

Milligan indicated that he had reviewed the procurement policy and found it to be reasonable. The other Committee members agreed. Recognizing the fact that auditing services were exempt from the competitive solicitation requirements of the procurement provisions of the law, the Committee also agreed it would be in the best interest of the FWCJUA to maintain its current auditor/tax adviser given both the recent Board transition as well as the on-going transition of the organization to a federal income tax exempt entity.

Torrence reported that the FWCJUA currently has a 3 year engagement with Thomas Howell Ferguson for auditing and tax services for the year-ends 2005 – 2007; however, the engagement requires an annual confirmation for continued services.

MOTION by Vecchioli, seconded by Milligan to recommend to the Board that it confirm the engagement of Thomas Howell Ferguson to perform the 2007 year-end audit in accordance with the existing engagement. PASSED.

Torrence then asked the Committee how it would like staff to proceed with regard to the 2008 year-end audit given work will begin on that audit sometime next fall. Again, given both the recent Board transition as well as the on-going transition of the organization to a federal income tax exempt entity, the Committee agreed it was prudent to retain the current auditor and tax advisor.

MOTION by Milligan, seconded by Vecchioli to recommend to the Board that it engage Thomas Howell Ferguson to perform the year-end 2008 financial audit. PASSED.

IX: AUDIT COMMITTEE CHARTER PROCEDURES CHECKLIST: Lopez referred the Committee to Attachment I, the Audit Committee Charter checklist, and highlighted the specific quarterly duties for discussion.

1) Provide orientation training for new committee members. *Discussed earlier in this meeting for the benefit of the new Committee members.*

2) Review the audit committee charter to determine whether its responsibilities are adequately described. *THF and Staff did not have any changes and the Audit Committee will review in 1st quarter after more familiar with their duties.*

3) Discuss the committee's communication and performance expectations with management and independent auditors. *Bennett discussed his expectation of open communication with Gray and Lopez as well as meeting and exceeding deadlines and the continued preview of the financial statements before they are filed.*

4) Discuss any significant risks faced by the Association in the current environment. Provide information to the Committee on the Association's structure, controls and types of transactions. *Lopez advised no significant risks at this time other than monitoring the voluntary market in regards to their reaction to the 1/1/08 rate decrease. Gray commented on the controls and transactions of the organization while discussing the audit results.*

5) Evaluate whether management exhibits and fosters a culture and environment that promotes high-quality financial reporting, including addressing adequacy and effectiveness of internal control issues as well as approval and monitoring of special or complex transactions. *Gray commented on the financial reporting of the organization while discussing the audit results.*

6) Receive update from management about reports received from regulators and their responses to those reports. *Discussed results of the market conduct exam earlier during this meeting.*

7) Review quality control procedures of the independent auditor over the audit function. Review planned scope of the independent auditors, results of their work, changes in the planned scope, the extent of control testing to be performed, and the extent and appropriateness of the coordination of their activities. *Gray discussed THF's qualify control procedures as well as advised that THF just completed their tri-annual exam which they received a 'clean' opinion. When the final audit report is received, it will be distributed to the Committee.*

8) Determine that the independent auditors are appropriately compensated to provide well-trained, highly experience personnel required to perform the necessary procedures for a high-quality audit. Establish a process for the appointment, compensation and oversight of the independent auditors. Also, establish a process for pre-approving the audit and non-audit services to be provided by the independent auditors. When warranted, termination and reappointment of a replacement auditor. *This was discussed earlier in the meeting with confirmation of THF for the year-end 2007 audit and engagement for 2008 year-end audit.*

9) Inquire about the independent auditors' quality control safeguards and independence. Inquire as to the results of the independent auditors' latest peer reviews, as well as the status of significant litigation or disciplinary actions by regulatory bodies. *Gray commented about THF's quality control safeguards and discussed their independence as well as commented on all work THF completes for the FWCJUA.*

10) Distribute and discuss the Association's financial results and the consistency of reported and planned results. Review significant balance sheet changes or changes in trends or important financial statement relationships. *Lopez commented that quarterly financial statements as well as the quarterly budget reports are distributed to the Board.*

11) Review Association's accounting principles and practices and compare to industry norms. Review any new or proposed accounting and auditing topics affecting the company. *Gray advised that there* *are changes on the horizon which we are monitoring and will implement when passed if relevant to the organization.*

12) Provide meaningful and focused updates to the Board of Governors after each committee meeting. Annual Report to the full Board of Governors on the audit committee functions during the year with their completion following the audit charter checklist. *Lopez advised that the completed audit charter checklist will be presented to the Board at their December 11, 2007 meeting.*

X. GENERAL ANNOUNCEMENTS: There were no general announcements made.

XI. ADJOURNMENT AND CLOSING REMARKS: There was no further business.

MOTION by Vecchioli, seconded by Milligan to adjourn. PASSED. The meeting adjourned at 2:47 p.m.

Respectfully submitted,

Fred Bennett, Chair

DRAFT - MINUTES OF THE JOINT & CONCURRENT MEETING OF THE EXECUTIVE COMPENSATION COMMITTEE, OPERATIONS COMMITTEE, AND RATES & FORMS COMMITTEE OF THE FLORIDA WORKERS' COMPENSATION JOINT UNDERWRITING ASSOCIATION, INC. HELD ON DECEMBER 3, 2007 AT 11:00 A.M. VIA TELECONFERENCE

PRESIDING:	Charlie Clary, *Chair*
COMMITTEE MEMBERS:	Fred Bennett Rick Hodges Brett Stiegel
BOARD MEMBERS PRESENT:	Bob Milligan
EXECUTIVE DIRECTOR:	Laura Torrence
GENERAL COUNSEL:	Tom Maida
OFFICE OF INSURANCE REGULATION LIAISON:	Jim Watford
STAFF PRESENT:	Marc Babin *(present for a portion of the meeting)* Michael Cleary *(present for a portion of the meeting)* Kathleen Coyne *(present for a portion of the meeting)* Laura Lopez *(present for a portion of the meeting)*
SERVICE PROVIDERS PRESENT:	Arleen Desmond, *Travelers (present for a portion of the meeting)* John McLaughlin, *Travelers (present for a portion of the meeting)*
OTHERS PRESENT:	Michelle Alvarez, *Colodny, Fass, Talenfeld, Karlinsky, Abate* Bob Milligan, *Insurance Consumer Advocates Office* Ray Neff, *Neff Consulting* Mike Whitely, *Work Comp Central*

I. CALL TO ORDER AND OPENING REMARKS: The Chair called the joint and concurrent Executive Compensation Committee, Operations Committee and Rates & Forms Committee meeting to order at 11:00 a.m. The roll was called and a quorum being established the meeting began.

II. ANTITRUST PREAMBLE: Prior to the consideration of any business, the Antitrust Preamble was read by Maida, a copy of which is attached hereto as Exhibit "A".

III. IMPLEMENTATION ISSUES RELATED TO SB 1894 & HB 7169 BECOMING LAW EFFECTIVE JULY 1, 2007: Torrence summarized the significant changes mandated by Senate Bill 1894 and House Bill 7169, which became effective July 1, 2007. She then provided a status report on the implementation of the bills. No action was required of the Committees on this item.

IV. EXECUTIVE COMPENSATION COMMITTEE:

Review of Committee Duties.

Torrence referred to Attachment C and outlined the Committee's duties as set forth in the Seventh Amended Bylaws; identified the executive staff positions as well as executive staff; and summarized the Revised Executive Staff Compensation Plan adopted by the Board of Governors on December 13, 2005 to be effective on January 1, 2006. She also noted that in developing its executive compensation practices, the FWCJUA has twice sought guidance from the Hay Group, compensation experts, regarding the relevant market compensation practices for the four executive staff positions. No Committee action was required on this item.

2008 Executive Compensation.

Torrence referred to Attachment D and advised the Committee that she had no recommendations for revisions to the current executive compensation plan or the job descriptions for the executive staff positions. The Committee agreed that the job descriptions appeared quite comprehensive and did not believe it was in a position at this time to recommend any changes to them absent a staff recommendation.

MOTION by Stiegel, seconded by Bennett to accept Torrence's recommendation that the current job descriptions for the executive staff be retained without revision. PASSED.

Torrence advised the Committee that the FWCJUA has a very competent, seasoned executive staff. She indicated that she has served as the FWCJUA's Executive Director since June 1994 and was the organization's first employee. Michael Cleary was hired in February 2005 and served as the Program Manager until January 2007 when he was promoted to Operations Manager. Laura Lopez was hired in January 1998 to serve as the FWCJUA's Controller.

Torrence then explained that the Board annually adopts a business plan and forecast. The executive staff then manages to the business plan and forecast and is responsible for its successful completion. As with any business, the executive staff is also expected to address extraordinary items that may develop during the course of the year that may not have been anticipated within the business plan. She advised the Committee that the FWCJUA is on target to meet and exceed its 2007 business plan objectives and key activities with the exception of those items that the Board specifically put on hold as a result of the law change. She noted that the implementation of the new law was an extraordinary item for the FWCJUA in 2007 and recalled her earlier status report on the implementation of the new law.

Torrence then noted another testament to the executive staff's performance was the 2006 Market Conduct Final Examination Report, received in August 2007. She explained that the exam was a quite comprehensive operational review of four general areas of the FWCJUA's operations, those being (1) organizational structure and administration; (2) financial performance; (3) payments, allocations, recoveries and financial auditing; and (4) IT systems operations and administration, disaster preparedness. She then advised that the exam resulted in a favorable report on FWCJUA operations with no compliance issues being identified. Further, there were only ten relatively minor recommendations for the FWCJUA to consider and the action taken on those recommendations were recently deemed adequate and reasonable by the Audit Committee.

Torrence then reviewed Michael Cleary's and Laura Lopez' performance with the Committee indicating that both had individually exceeded expectations in 2007. Noting that Cleary had received a promotional increase in 2007, Torrence recommended a 3.5% increase in the amount of Cleary's current fixed annual compensation effective January 1, 2008. She also recommended a 4.0% increase in the amount of Lopez' current fixed annual compensation effective January 1, 2008. In concluding her comments, Torrence suggested that the Committee consider a 3.5% increase in the amount of her current fixed annual compensation effective January 1, 2008.

The Chair then asked Ray Neff to provide his assessment of the executive staff. Neff assured the Committee that in the past Torrence has not hesitated to communicate everything that the Board needed to know about all issues including, on occasion, the challenges as they related to staff. He also assured the Committee that, based upon his own experience, it could assign a high degree of credibility to what Torrence says. He then suggested that all objectives have been accomplished on a timely and efficient manner during the year, to include the extra challenges related to the implementation of the new law. Further, he advised that Torrence's recommendations, including the suggestion related to her compensation, were very appropriate for the Committee to consider.

Clary questioned how the State was handling increases for its employees and whether there was policy or directive from the Governor or Legislature regarding compensation increases. Torrence indicated she was not aware of how the State was handling salary adjustments. Clary then questioned the historic FWCJUA compensation practices for executive staff and they were discussed, including salary adjustments, bonuses and "at risk" compensation.

Hodges questioned whether FWCJUA employees were State employees and whether they received State benefits. Torrence responded they were not; however, the FWCJUA did offer health, dental, life, disability and 401K benefits. Hodges also questioned whether there was any provision in the recent legislation that affects how the FWCJUA employees are viewed, as far as being public versus private. Torrence responded no. Maida agreed indicating that there was nothing in the legislation that changed the employment status of the FWCJUA's employees. They are not State employees and not subject to the State's benefit program. It was noted then that the FWCJUA has been comparing appropriate base salaries and annual adjustments and bonuses to the private sector versus the public sector, specifically within the workers' compensation industry.

Bennett indicated that he had recently conducted an extensive review of salary increases for his organization and the recommended percentages are in the range of what the general market is doing, that is between 3% and 4%. He also indicated that the recommended percentages are consistent with the average cost of living increases for the area.

Discussion ensued regarding the Board's responsibility to be sensitive to the State's policies with regard to hiring and salary increases. Milligan identified some of the State's current positions on hiring and salary adjustments indicating that they were not "across the board" policies. He then suggested that as the FWCJUA is not a State organization per se, the Committee should consider the fact that the FWCJUA has good people and part of keeping good people is trying to stay consistent with what's going on in the rest of that field. He then asked Torrence what the average increase for the rest of the staff was and she indicated 4%, with one staff member receiving a 13% promotional increase. She also indicated that the forecast for next year contemplates a 4% increase for staff.

Stiegel then asked if the Hay Group study compared the FWCJUA to other similar Florida entities, such as the Guaranty Fund or Citizens. Torrence indicated that it did not, but rather it compared the FWCJUA to residual market workers' compensation insurers in other states as it felt that to be a more reasonable comparison. Stiegel then questioned when the study was conducted and Torrence responded the last study done in 2005. She then advised that the 2005 study was used to create the current executive compensation plan.

Following discussion, it was the consensus of the Committee that salary adjustments were in order for the executive staff, recognizing the FWCJUA will meet and exceed its 2007 goals and taking into consideration the prior Chair's assessment of the executive staff.

MOTION by Hodges, seconded by Bennett to recommend to the Board that Laura Torrence and Laura Lopez receive a 4.0% increase in the amount of their current fixed annual compensation effective January 1, 2008; and further, that Michael Cleary receive a 3.5% increase in the amount of his current fixed annual compensation effective January 1, 2008. PASSED.

V. RATES & FORM COMMITTEE:

Review of Committee Duties.

Torrence referred to Attachment E and outlined the Committee's duties as set forth in the Seventh Amended Bylaws. She also advised of the 2007 actions taken by the Rates & Forms Committee, to date.

Milligan commented that he would like to ensure that the matter of a return of premium dividend continued to be reviewed on a regular basis. Torrence indicated that it would be reconsidered following the year-end reserve analysis.

Selection of Actuary.

Torrence reported that the Rates & Forms Committee shall consider whether to engage Milliman to perform the 2007 year-end actuarial reserve analysis with opinion and whether to endorse an RFP process for future actuarial services.

Torrence then advised that at its August 17th joint and concurrent meeting, the Board and the Rates & Forms Committee authorized staff to conduct an informal quotation process for the 12/31/07 reserve study with opinion recognizing an anticipated cost of $25,000 or less from Milliman. She then reviewed the three quotations that were received. Milliman's proposal for the services was quoted at flat fee of $25,000. Towers Perrin/Tillinghast proposed a time and expense basis fee which it estimated would come to $75,000. Actuarial & Technical Solutions, Inc. proposed a fee of $25,000. Given Milliman's satisfactory performance, Torrence recommended that Milliman be contracted to provide the 2007 year-end reserve analysis with opinion.

MOTION by Stiegel, seconded by Hodges to recommend that the Board retain Milliman for the 2007 year-end actuarial reserve study analysis with opinion. PASSED.

Clary questioned how long Milliman had been retained by the FWCJUA and Torrence responded since 1995. Torrence then indicated that she was recommending that the FWCJUA issue an RFP to procure future actuarial services. She also expressed concern that other actuarial firms may not be competitive with Milliman if we bid future services with the 1/1/2009 rate indication. Clary asked Torrence to look into this matter further and report back to the Board at the December 11th meeting.

MOTION by Hodges, seconded by Stiegel to recommend that the Board go forward with an RFP for actuarial services in 2008 with the parameters yet to be established. PASSED.

VI. OPERATIONS COMMITTEE:

Review of Committee Duties.
Torrence referred to Attachment G and outlined the Committee's duties as set forth in the Seventh Amended Bylaws. She then briefed the Committee on the typical actions taken by the Operations Committee. No Committee action was required on this item

2008 Business Plan & Forecast Preliminary Outline.
Torrence reported that the Committee would consider a preliminary outline of the proposed 2008 Business Plan & Forecast.

Torrence then indicated that she would suggest the following additions to the key activities as the result of her further review of the draft and recent Committee action:

Objective 1:

- Update the Subplan "D" actuarial cash flow model with quarterly results, to include any changes to the Subplan D loss ratio, to identify potential deficiencies and recommend courses of action to the Board.

Objective 7:

- Issue an RFP to procure actuarial services for the next three to five years, beginning with the premium indication for January 1, 2009, as appropriate..
- Engage Thomas Howell Ferguson as the financial auditor for the year ending December 31, 2008.
- Develop a "constitution" to replace the Operations Manual as part of the FWCJUA Plan of Operation to ensure that Manual revisions approved by OIR may be timely distributed.
- Develop a formal telecommuting policy for Board consideration.
- Prepare and submit, at least quarterly, to the Commission on Ethics a list of names of the senior managers, officers, and members of the Board who are subject to the public disclosure requirements under section 112.3145, Florida Statutes, with the first list submitted no later than March 31, 2008.
- Explore additional options for document management data redundancy and make appropriate recommendations to the Operations Committee.
- Explore options for the audio recording of exempt portions of meetings and make appropriate recommendations to the Operations Committee.

Torrence also advised that the 2006 Market Conduct Exam recommended that the FWCJUA should consider the need to develop a formal documented Succession Plan and thus, the Committee may want to include such a key activity in the business plan. Bennett questioned whether there was the ability for the organization to function short-term if a key employee were unavailable. Torrence indicated that there were back up plans for all key positions, explaining the cross training that occurs in the organization and the availability of vendors to provide assistance. Additionally, she noted that remote access is available to the management team which permits working from home at any time.

Torrence indicated that the preliminary outline of the business plan and forecast contemplates that legal services will continue to be provided by contracted attorneys in lieu of in-house attorneys. The FWCJUA currently contracts with only two attorneys directly. Tom Maida, of Foley & Lardner, has been the FWCJUA's General Counsel since 1994 and Steve Coonrod, of McConnaughhay, Duffy, Coonrod, Pope & Weaver, provides claims litigation management services. The General Counsel has provided assistance through his firm on a multitude of issues such as office leases, reinsurance commutation agreements, settlement agreements, service provider contracts, antitrust matters, ethics matters, insurance matters, tax matters, constitutional law matters, regulatory matters, legislative matters, corporate matters, etc. The forecast contemplates a fee of $150,000 for the General Counsel plus $5,000 for his expenses. Given the wide range of expertise at the General Counsel's firm, the FWCJUA would not be able to cost effectively hire an in-house attorney to perform these services let alone keep the individual busy on a full-time basis. With regard to claims litigation management, again it would not be cost effective to hire an in-house attorney to provide these services because of the very limited time we anticipate utilizing the services.

Bennett asked for clarification regarding the projected G&A legal fees in the budget, noting that the costs were expected to go from $85,000 to $155,000. He also questioned the decrease in legislative initiative costs, noting the change from $175,000 to $0. Torrence explained that last year, as in the past several years, the FWCJUA has hired lobbyists to help with the Board's legislative initiatives, but in 2008 the staff is not anticipating the need to hire any lobbyists as the Board's legislative initiatives were all addressed in 2007. She explained that the proposed General Counsel engagement for 2008 does include legislative monitoring to ensure that the Board is kept informed on the legislative process. Further, Torrence reported that the FWCJUA's engagements for General Counsel services in 2007 contemplated fees of $150,000 plus expenses. The 2007 budget variance is reflecting this expense as over budget, but when combined with legal special projects it is within the total legal budget.

The Committee was also advised that several of the 2008 forecast amounts are estimates that will be updated in the forecast when the contract terms are known. These items are highlighted in the forecast with the significant items being the health insurance premium, reinsurance premium, D&O insurance premiums, and office space CAM adjustment.

Upon discussing Torrence's recommendations regarding the business plan, it was the consensus of the Operations Committee that the suggested additional key activities should be presented to the Board for consideration. Further, it was the consensus of the Operations Committee that the FWCJUA had adequate procedures in place to minimize business interruption should a key employee become unwilling or unable to perform his or her duties and therefore, agreed not to recommend the development of a formal documented Succession Plan as part of the 2008 Business Plan. The Committee also agreed that the services for General Counsel and claims litigation management should continued to be performed by contracted attorneys rather than in-house attorneys, and also endorsed continuing the relationship with both of our current outside attorneys.

MOTION by Bennett, seconded by Hodges to recommend that the Board adopt the proposed 2008 Business Plan & Forecast with the referenced additions. PASSED.

<u>Service Provider Audit Report</u>.
Torrence reported on the results of the FWCJUA's audit of the policy administration and managed care service provider, Travelers.

The staff audit report found that Travelers is fulfilling its obligations as a service provider for the FWCJUA. This is based on an overall rating of 92.9% that the service provider received for its compliance with established FWCJUA performance standards. The Travelers' dedicated units for the FWCJUA continue to be well run, and perform well in all aspects of policy administration, loss prevention and claims handling. There continues to be a positive working relationship between the FWCJUA and the Travelers' management team as well as the Travelers' front line personnel. Further, the report found the Travelers Anti-Fraud and Disaster Recovery Plans to be comprehensive and adequate.

<u>Disaster Recovery Matters</u>.
The Operations Committee reviewed the Executive Director's modifications to the Disaster Recovery & Emergency Preparedness Plan (DR&EP Plan) which primarily incorporated Board decisions made in June and addressed market conduct exam recommendations.

MOTION by Bennett, seconded by Hodges to confirm the Executive Director's revisions to the DR&EP Plan. PASSED.

<u>Document Management and & Retention</u>.
Torrence reviewed the proposed Records Management and Retention Policy which was developed to comply with the Public Records Rule 119.01 effective July 1, 2007 and also considered recommendations made in the 2006 Market Conduct Final Examination Report issued in August 2007.

Torrence noted that an inventory of records maintained by the FWCJUA was performed to identify the record retention schedules. The State of Florida's General Records Schedule GS1-SL was used in preparing the majority of the FWCJUA's Record Retention schedule. The retention periods for FWCJUA specific records not on the State of Florida's General Records Schedule GS1-SL were established based on the insurance company record retention requirements of the National Association of Insurance Commissioners' ("NAIC") Market Conduct Record Retention Model Regulation (the "Record Retention Model Regulation"); and a review of Florida's insurance statutes and regulations.

Torrence further noted that the FWCJUA specific records with proposed retention schedules will be submitted to the Department of State, Division of Library and Information Services on the appropriate Records Retention Form. She also noted that it was her intention to name Kathy Coyne as the Records Management liaison with state.

MOTION by Bennett, seconded by Hodges to recommend that the Board adopt the proposed FWCJUA Records Management and Retention Policy. PASSED.

<u>Report On Operations</u>.
Torrence referred the Committee to Attachment L and briefly summarized FWCJUA operations. Most importantly, she noted that as of October 31, 2007, the FWCJUA had 2,292 policies in-force with a corresponding written premium of $20,677,638.

VII. GENERAL ANNOUNCEMENTS: There were no general announcements.

VIII. ADJOURNMENT AND CLOSING REMARKS: There being no further business, the meeting was adjourned at 1:07 p.m.

MOTION by Bennett, seconded by Hodges, to adjourn the meeting. PASSED.

Respectfully submitted,

Charlie Clary, *Chair*

RECOGNITION OF SERVICE OF PRIOR CHAIR

Given the recent transition of the Board, attached is a suggested resolution that the Board may wish to entertain to recognize the invaluable service of the prior Board chair, Ray Neff.

The Board shall take action to recognize Ray Neff's service to the FWCJUA.

RESOLUTION OF THE BOARD OF GOVERNORS OF THE FLORIDA WORKERS' COMPENSATION JOINT UNDERWRITING ASSOCIATION, INC.

DECEMBER 11, 2007

WHEREAS, for nearly all of his professional life, Ray Neff has devoted his considerable talents to serving the property and casualty insurance industry; having earned the distinctions of Member of the American Academy of Actuaries and Associate Society of Actuaries, and having earned the recognition of his peers as one of the foremost authorities in the United States in the field of workers' compensation insurance;

WHEREAS, Ray Neff was instrumental in the founding and organization of the Florida Workers' Compensation Joint Underwriting Association, serving as the Chair of the Board of Governors and as a member of many of its most important committees; guiding the deliberations of the Board of Governors and representing the Board and the Association before the public and its elected officials;

WHEREAS, Ray Neff has well and truly served the Board, the Association, and its policyholders with honor and distinction**;** guiding the Association through one of the more challenging periods in its history; serving the Association with integrity; and lending his great intellect, instinctive leadership, and timely sense of humor to the work of the Board.

THEREFORE, BE IT RESOLVED by the Board of Governors of the Florida Workers' Compensation Joint Underwriting Association, Inc. that Ray Neff be recognized and honored for his exceptional service to the Board, the Association, and to the insurance consumers of the state of Florida, and for the legacy of exemplary leadership and integrity he leaves to the Board and this Association.

IN WITNESS WHEREOF, this Resolution was duly adopted by unanimous vote of the Board of Governors, at Sarasota, Florida, this 11th day of December, 2007.

____
Charlie Clary
Chair

____
Laura Torrence
Executive Director

____
Thomas J. Maida
General Counsel

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2008 MEETING SCHEDULE

The following 2008 FWCJUA Board of Governors “quarterly” meeting schedule is submitted for the Board’s consideration. Please note that unscheduled meetings may be required, however, such meetings would be coordinated with the Board members and then appropriately noticed.

DATE	TIME	FORMAT	LOCATION
Tuesday, March 11, 2008	8:30 a.m. – 12:00 p.m.	Quarterly Meeting	Sarasota
Tuesday, June 10, 2008	8:30 a.m. – 12:00 p.m.	Quarterly Meeting	Sarasota
Tuesday, September 09, 2008	8:30 a.m. – 12:00 p.m.	Quarterly Meeting	Sarasota
Tuesday, December 09, 2008	8:30 a.m. – 12:00 p.m.	Quarterly Meeting	Sarasota

The Board shall adopt its “quarterly” meeting schedule for 2008.

IMPACT OF SENATE BILL 1894 & HOUSE BILL 7169

Summarized below for the Board's information are the significant changes mandated by Senate Bill 1894 and House Bill 7169, which became effective July 1, 2007, along with a status report on the implementation of the bills.

Perhaps the most significant effect of Senate Bill 1894 is that it mandates changes in the board appointment process and the disposition of FWCJUA funds on dissolution. We believe these changes will enable the association to finally achieve a federal income tax exempt status under the Internal Revenue Code. The bill accomplishes more than that, however. The following is a summary of key provisions of the bill.

1. Board Appointment Process. The FWCJUA continues to be governed by a nine-member board. Under the new law, all of the members, except for the Consumer Advocate, are appointed by the Financial Services Commission (the "FSC"). The Consumer Advocate continues to be a member of the board with no appointment action required by the FSC. Two board members are selected from among five nominees for each seat submitted by the 20 largest domestic writers of workers' compensation insurance in Florida. Two board members are selected from among five nominees for each seat submitted by the 20 largest foreign writers of workers' compensation insurance in Florida. One member is selected from among five nominees submitted by the largest property and casualty insurance agents' association in Florida. The FSC selects three additional members of the board, and the FSC selects one of the nine members to serve as the board chair. All members, except the Consumer Advocate, serve at the pleasure of the FSC.
2. Disposition of Surplus on Dissolution. Upon dissolution of the association, after payment of all claims, expenses, and other obligations, any remaining surplus is to be deposited into the Workers' Compensation Administration Trust Fund.
3. Application for Tax-Exempt Status. By January 1, 2008, the association is required to apply to the IRS for a determination of its eligibility as a tax-exempt entity.
4. OIR Review of Plan of Operation. The association's plan of operation is subject to continuous review by the OIR, which may withdraw approval of the plan if there is a change in conditions and the purposes of the plan require that the plan be changed.
5. MAP Plan. The MAP plan must be reviewed and updated periodically.
6. Procurement of Goods and Services. Purchases of most goods and services valued at between $2,500 and $25,000 must be made pursuant to an informal quotation process. Purchases of most goods and services valued in excess of $25,000 must be subject to a competitive solicitation process. The board must approve all purchases valued at or more than $100,000. The goods and services provided by a sole source (e.g., local electrical power service) and services exempted by other provisions of Florida law are exempted from the procurement requirement. In addition, the board is required to make a determination as to whether it is in the association's best interests to hire in-house counsel or engage outside counsel.
7. Use of Subplan C Surplus. Subplan C surplus must be used to fund any deficits in other former subplans, as well as Tier One or Tier Two deficits, before the OIR can levy below-the-line assessments.
8. Subplan C Policyholder Assessment Liability. Policyholders in former Subplan C are no longer subject to assessment liability.
9. Extension of Assessment Authority. The OIR authority to levy below-the-line assessments was extended from July 1, 2007 to July 1, 2012.
10. Contingency Reserve. The $15 million contingency reserve created by the legislature was allowed to sunset on July 1, 2007.
11. Rates and Rating Plans. The association retains its authority to "use and file rates," subject to OIR disapproval. If, however, the OIR disapproves a rate filing, the association is now, for the first time, required to return the disapproved portion of the rates to its policyholders.
12. Ethics Requirements. The FWCJUA's senior managers, officers, and board members are now subject to certain of the financial disclosure requirements, conflict of interest limitations, and gift restrictions currently imposed on many public officials. The FWCJUA's board has already adopted

significant conflict of interest and gift limitations, so the major effect of the new law is that statements of financial interests have to be filed.

13. Market Conduct Examinations. The OIR is now specifically required to conduct periodic market conduct examinations of the FWCJUA.

Passage of Senate Bill 1894, which expressly made the FWCJUA subject to the Public Records Act and the Sunshine Law, made it essential from our standpoint that the legislature also enact House Bill 7169, which grants public records and public meetings exemptions to the association. Without attempting here to provide a comprehensive summary of the exemptions, the following is a list of some of the more significant types of records that will be exempted from public disclosure:

1. Underwriting files.
2. Claims files until termination of litigation.
3. Records obtained during the course of a payroll audit until after the audit is concluded.
4. All medical records.
5. Records relating to an employee's participation in an employee assistance plan.
6. Records related to negotiations for reinsurance, reinsurance commutation agreements, and contractual services.
7. Reports provided to or submitted by the association regarding suspected fraud, criminal activity or other wrongdoing until after the conclusion of the investigation.
8. Attorney-client communications between the FWCJUA and its counsel.

In addition to the public records exemptions contained in House Bill 7169, the new law also exempts from the open meeting requirements of the Sunshine Law portions of any meetings at which confidential records are discussed. Exempt portions of meetings have to be recorded and transcribed, however, and under certain circumstances the recordings and transcripts may be subject to future release; e.g., claims files after the termination of all litigation in connection with the claim.

The FWCJUA obviously faced many implementation challenges. Most immediately, the FWCJUA had to develop an understanding of the financial disclosure requirements and the applicability of the Public Records Act and Sunshine Law. Although the FWCJUA's board had long operated "in the sunshine" and had imposed conflict of interest and gift restrictions on itself and senior staff, strict adherence to the new laws is required.

Following is a brief status on the implementation of the two bills.

Plan of Operations:

1. Seventh Amended Bylaws: adopted June 12th, filed June 13th, revised June 29th, refiled July 2nd, and approved by OIR order to become effective July 30, 2007
2. Operations Manual revisions, to include two form revisions: adopted June 12th, filed June 13th, and approved by OIR to become effective July 1, 2007

Board Appointment Process:

1. Letters to Insurers regarding Board nominations issued on August 3rd following the approval of the Seventh Amended Bylaws
2. Insurers nominations submitted to OIR on August 20th
3. FAIA nominations submitted to OIR on August 21st
4. Financial Services makes Board appointments October 16th

Financial Disclosures:

1. Form distributed with instruction for informational purposes to current Board on June 12th
2. OIR provides its filing contact for financial disclosure on June 25th
3. Forms and instructions distributed to the "Hold Over" Board members July 11th
4. Form distributed with instructions to new Board on October 24th
5. Provided the Commissions on Ethics with a list of the Senior Managers, Officers and Board members who are subject to the public disclosure requirements on October 25th

Ethics:

1. Code of Conduct revisions have been recommended for Board consideration by the Audit Committee.
2. Conflict of Interest revisions have been recommended for Board consideration by the Audit Committee.

Public Records:

1. Storage of increased records addressed by Board on June 12th with staff given authorization to purchase iSCSI SAN unit from Dell with an approximate cost of $47,000.
2. Increased scanning capacity and efficient archiving needs addressed by the Board on June 12th with staff given authorization to purchase a new scanning workstation valued at $15,000 as well as archiving

software and consulting expertise from the ISYNERGY vendor, iDatix, to ensure that the FWCJUA creates the proper and efficient process changes needed for a total approximate cost of $31,000.

3. Remote hosting needs due to the volume of data and new processes was addressed by the Board on June 12th with staff given authorization to purchase the remote hosting with Sungard with local hardware at an approximate cost of $25,000, plus shipping to Atlanta and $2,800 monthly for a three year term. Further, to continue the contract with Agility for the mobile recovery unit at a cost of $345 monthly.
4. Effective July 1, 2007, the FWCJUA implemented procedures to ensure all incoming and outgoing "public records" were being scanned into the document management system.
5. The Board shall consider the Operations Committee's recommended 2008 Business Plan which contemplates the exploration of options for the audio recording of exempt portions of meetings with appropriate recommendations.
6. A proposed FWCJUA Records Management and Retention Policy developed to comply with the Public Records Rule 119.01 effective July 1, 2007 has been recommended for Board consideration by the Operations Committee.

Federal Income Tax Exemption Filing:

1. Engaged THF on June 12th, subject to SB 1894 becoming law, to pursue the tax exemption filing and to perform the audit of period ending June 30, 2007. At the direction of the Audit Committee, the financial audit report for the period ending June 30, 2007 will be presented to the Board on December 11th. Additionally, there will be a $10,000 out-of-budget expense incurred for the filing fee to request the IRS private letter ruling regarding the FWCJUA's tax status.
2. Engaged Milliman on June 12th, subject to SB 1894 becoming law, to perform a reserve study for the period ending June 30, 2007. Delayed 2nd quarter financial filing to incorporate the results of the study. Study delivered to the Rates & Forms Committee and the Board jointly and concurrently on August 17th. Reserves were adjusted downward and 2nd quarter financial was filed August 31st.
3. At their August 17th joint and concurrent meeting, the Board and Rates & Forms Committee, being sensitive to the tax filing, authorized staff to conduct an informal quotation process for the 12/31/07 reserve study with opinion recognizing an anticipated cost of $25,000 or less from Milliman and a competitive selection process for the other anticipated 2008 actuarial activities as well as those anticipated for a reasonable period into the future. Upon review of the informal quotes received, the Rates & Forms Committee has recommended that the Board engage Milliman for the 2007 year end reserve analysis with opinion.
4. Request for private letter ruling currently being developed to be filed no later than December 31, 2007.

Procurement:

1. A procurement policy was developed and implemented to comply with the provisions of the new law.
2. The procurement of legal services and services that are exempted from competitive-solicitation requirements under section 287.057(5)(f), Florida Statutes, were considered by various committees in November and December with recommendations made for Board consideration.

Note: Underlined items will be considered by the Board under separate agenda items within the December 11th meeting agenda..

No Board action is required on this item.

ETHICS & SUNSHINE MATTERS

The Board shall be briefed by General Counsel on the Sunshine Law and ethics matters, to include public records.

ELECTION OF VICE CHAIR & OFFICERS

The Board shall consider nominations and elect the FWCJUA's Vice Chair and corporate officers.

The FWCJUA Seventh Amended ByLaws indicate that the FWCJUA shall have the following officers:

A. A President, who shall be the Chair;
B. A Vice President, who shall be elected by the Board and shall serve at the pleasure of the Board, and who shall serve as Vice Chair;
C. A Secretary, who shall be elected by the Board and shall serve at the pleasure of the Board;
D. A Treasurer, who shall be elected by the Board and shall serve at the pleasure of the Board; and
E. Such other officers as the Board may from time to time elect.

The current corporate officers of the FWCJUA are as follows with the elected positions having been filled by the Board at its September 12, 2006 meeting:

1. President: Charlie Clary (Chair) *non-elected position; appointed by FSC on 10/16/07*
2. Vice President: Vacant (to be the Vice Chair)
3. Secretary: Laura Torrence (Executive Director)
4. Assistant Secretary: Michael Cleary (Operations Manager)
5. Treasurer: Laura Lopez (Controller)

The Board shall elect the Vice Chair and corporate officers and shall authorize staff to update the FWCJUA banking records accordingly.

AUDIT COMMITTEE REPORT

Code of Business Conduct and Ethics

The Board shall consider the Audit Committee recommendation that it adopt proposed revisions to the FWCJUA's Code of Business Conduct and Ethics policy that incorporate provisions of Senate Bill 1894, which became law effective July 1, 2007.

Attached for the Board's review is a copy of the proposed revised policy.

The Board shall determine whether to adopt the Audit Committee's proposed revisions to the FWCJUA's Code of Business Conduct and Ethics policy.

FLORIDA WORKERS COMPENSATION JOINT UNDERWRITING ASSOCIATION, INC.

CODE OF BUSINESS CONDUCT AND ETHICS

TABLE OF CONTENTS

INTRODUCTION

This Code of Business Conduct and Ethics was developed by the Audit Committee of the Florida Workers' Compensation Joint Underwriting Association, Inc. (the "FWCJUA") and approved by the Board of Governors to provide guidance for all Board Members and Employees of the FWCJUA. All FWCJUA personnel are expected to maintain high ethical standards of conduct and to comply fully with applicable laws and governmental regulations. Each Employee and Board Member should read this document carefully with a commitment to uphold these standards. All Employees and Board Members will receive or be provided with a copy of this Code and should read, understand and comply with this Code in all of the FWCJUA's operations.

Day-to-day observance of this Code will create an attractive, healthy working environment for all Employees consistent with the FWCJUA's core values, and further project a positive image of the FWCJUA to consumers, suppliers and the public at large.

This Code is not an employment contract. By issuing this Code, the FWCJUA has not created any contractual rights.

This Code is in addition to other detailed policies that the FWCJUA may adopt from time to time. All Employees and Board Members should read, understand and comply with any applicable detailed policies.

INTERPRETATION

References herein to the "FWCJUA" mean the Florida Workers' Compensation Joint Underwriting Association, Inc.; "Senior Management" means the Executive Director and the other Officers and Senior Managers as defined in the Plan of Operation; "Employees" means all employees of the FWCJUA, including, without limitation, ~~the Executive Director~~members of Senior Management; and "Board Member" means a member of the Board of Governors of the FWCJUA.

The FWCJUA's Board of Governors is responsible for setting the standards of business conduct contained in this Code and updating these standards as it deems appropriate to reflect changes in the legal and regulatory framework applicable to the FWCJUA, the business practices within the FWCJUA's industry, the FWCJUA's own business practices, and the prevailing ethical standards of the communities in which the FWCJUA operates. Questions concerning specific application of this Code should be referred to your supervisor or the Executive Director.

While this Code deals with major areas of concern, it cannot cover every situation which may arise. Employees and Board Members are expected to exercise their own best judgment and discretion within the parameters of this Code, keeping in mind the high standards to which the FWCJUA is committed.

REPORTING VIOLATIONS AND ENSURING COMPLIANCE

Except as otherwise explicitly provided in this Code, if any Employee believes that this Code has been violated or the FWCJUA has or is about to violate a law or regulation, or an Employee believes that he or she is being asked to violate this Code or a law or regulation in the performance of duties for the FWCJUA, the matter should be promptly reported to the Employee's supervisor or Executive Director. If for any reason the Employee is uncomfortable reporting such matter to his or her supervisor or the Executive Director, then the matters should be promptly reported to the Chairman of the Audit Committee, who will respond as promptly and discreetly as practicable with an appropriate investigation.

Except as otherwise explicitly provided in this Code, if any Board Member believes that this Code has been violated or the FWCJUA has or is about to violate a law or regulation, or a Board Member believes that he or she is being asked to violate this Code or a law or regulation in the performance of duties for the FWCJUA, the matter should be promptly reported to the Chairman of the Audit Committee.

Violations of the FWCJUA's anti-harassment policy shall be reported as provided for in this Code under the "General Anti-Harassment Policy" section.

Every Employee and Board Member shall cooperate in assuring that any violation of this Code is brought to the attention of the appropriate person. The FWCJUA will take appropriate steps to maintain the confidentiality of the reporting Employee's or Board Member's identity, to the extent that it can do so consistent with applicable law and the FWCJUA's obligations to investigate and remedy the matter and, if appropriate, to report the matter to government officials. To the extent permitted by applicable law, Employees may report violations of this Code on an anonymous basis.

No retribution will be taken against an Employee or Board Member for reporting, in good faith, a violation or suspected violation, and any supervisor intimidating or imposing sanctions on any Employee or Board Member for reporting a matter in good faith will be disciplined.

Based on the degree of responsibility of the Employee involved, compliance with this Code will be included in the Employee's performance review.

The Audit Committee of the FWCJUA's Board of Governors is responsible for overseeing the interpretation and enforcement of this Code. Subject to the Audit Committee's ultimate authority: (i) the Executive Director will be responsible for monitoring the enforcement of this Code as it pertains to Employees at their location and (ii) the Audit Committee will be responsible for monitoring (a) enforcement of this Code and these procedures as they pertain to the FWCJUA's Board Members and Executive Director, and (b) the steps taken by the Executive Director with respect to the enforcement of this Code. If any questions regarding possible breaches or violations of this Code are not resolvable by the Audit Committee, such questions shall be referred to the General Counsel for legal guidance in resolving the possible breach or violation.

Upon request by the Board of Governors or promptly after an issue is raised that might constitute a breach of, or require a waiver of or change in this Code, the Executive Director or General Counsel will report to the Audit Committee concerning compliance with this Code and any breaches or violations or other ethical issues which may have occurred or been presented. The Audit Committee shall consider all issues brought before it. In instances where breaches or violations of this Code or other ethical issues may have been identified, the Executive Director or General Counsel may make such recommendation as may be appropriate to prevent a recurrence. The ultimate decision with respect to any such action will, however, be made by the Audit Committee.

Only the Audit Committee may waive provisions of this Code with respect to Board Members and ~~executive officers~~members of Senior Management of the FWCJUA, and only the Audit Committee may change any provision of this Code; provided, however, that no provision of this Code may be waived to the extent that the provision is otherwise imposed by applicable law or regulation.

~~An~~In addition to the penalties otherwise provided by applicable laws and regulations, an Employee or Board Member found to have violated this Code will be subject to appropriate disciplinary action, ranging from warnings to possible termination or removal.

Nothing in this Code should be interpreted or construed as limiting the ability of an Employee or Board Member to report violations of applicable laws or regulations to the Commission on Ethics, Office of Insurance Regulation, Department of Financial Services, or other appropriate regulatory authority where such reporting is otherwise required or permitted by law or regulation.

COMPLIANCE WITH LAWS AND REGULATIONS GENERALLY

The FWCJUA insists that its business be conducted in compliance in all material respects with all applicable laws and regulations.

Effective July 1, 2007, Board Members and members of Senior Management are subject to the following provisions of the state Code of Ethics for Public Officers and Employees:

- Section 112.313, standards of conduct.
- Section 112.3135, restrictions on employment of relatives.
- Section 112.3143, voting conflicts.
- Section 112.3145, disclosure of financial interests.
- Section 112.316, construction of code of ethics.
- Section 112.317, penalties.

Any illegal action will be dealt with swiftly and violations will be reported to the proper authorities. Failure to obey fully all laws and regulations violates this Code and may expose both the FWCJUA and responsible Employees or Board Members to criminal or civil prosecution.

If an Employee or a Board Member has any questions on specific laws, regulations or other legal issues, he or she should contact the FWCJUA's General Counsel.

FAIR DEALINGS WITH OTHERS

Each Employee and Board Member of the FWCJUA should endeavor to deal fairly with the FWCJUA's customers, suppliers, external advisers and employees. None should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice.

CORPORATE OPPORTUNITIES ~~AND CONFLICTS OF INTEREST~~

Employees and Board Members owe the FWCJUA a duty to advance the interests of the FWCJUA and its policyholders when the opportunity to do so arises. As a result, Employees and Board Members are prohibited from taking personal advantage of certain business opportunities in which the FWCJUA may be interested. This so-called "corporate opportunity doctrine" is complicated and it is not possible to clearly define all of the business opportunities which belong or could be of interest to the FWCJUA and what business opportunities may be taken advantage of personally by Employees or Board Members. The most common types of situations falling within this corporate opportunity doctrine prohibit Employees and Board Members from: (i) personally taking advantage of any business opportunity that typically would be pursued by, or would be of interest to, the FWCJUA; (ii) personally taking advantage of any other business opportunity that the FWCJUA may want to take advantage of if the opportunity is discovered using FWCJUA property, business contacts or information, or that the Employee becomes aware of because he or she works for the FWCJUA (or that a Board Member becomes aware of in his or her capacity as a director of the FWCJUA); or (iii) disadvantaging the FWCJUA. If an Employee or Board Member has any question regarding whether this corporate opportunity doctrine applies to any potential business opportunity, he or she should consult with the FWCJUA's General Counsel.

CONFLICTS OF INTEREST

Although Employees are free to participate in outside activities, it is important that Employees not engage in any activity that is (or could appear to be) a conflict between their own personal or business interests and the FWCJUA's best interests. Examples of conflicts of interest include:

- Being a consultant to, or a director, officer or employee of, or otherwise operating an outside business:
  - that supplies products or services to the FWCJUA; or

  - that purchases products or services from the FWCJUA other than insurance coverage.

- Having any financial interest, including stock ownership, in any such outside business that might create or give the appearance of a conflict of interest.

- Seeking or accepting any personal loan or services from any such outside business, except from financial institutions or service providers offering similar loans or services to third parties under similar terms in the ordinary course of their respective businesses.

- Being a consultant to, or a director, officer or employee of, or otherwise operating an outside business if the demands of the outside business would interfere with the Employee's responsibilities with the FWCJUA, without the express written permission of the Chair of the Board.

- Accepting any personal loan or guarantee of obligations from the FWCJUA

- Using the FWCJUA's property, information or position for personal gain.

Actual or potentially conflicting interests (including but not limited to any material transaction or relationship that reasonably could be expected to give rise to a conflicting interest) must be reported to the Executive Director or the Audit Committee.

A Board Member or member of Senior Management may not, on behalf of the FWCJUA, purchase or lease property, goods, or services from an entity in which the Board Member or member of Senior Management (or his or her spouse or child) owns more than a 5% interest. In addition, a Board Member or member of Senior Management, acting in a private capacity, may not sell or lease property, goods, or services to the FWCJUA.

A Board Member or member of Senior Management may not have any employment or contractual relationship with a business entity that does business with the FWCJUA, and may not have any employment or contractual relationship that creates a continuing or frequently recurring conflict between the Board Member's or member of Senior Management's private interests and public duties that would impede the full and faithful discharge of the Board Member's or member of Senior Management's public duties.

These prohibitions do not apply in the following situations:

- When the business is rotated among all qualified suppliers

- When the business is awarded by competitive bid and the person did not attempt to influence the outcome. In this case the person must file with the Commission on Ethics a disclosure of the interest before the bid is submitted. Commission on Ethics Form 3A is used for this disclosure

- When the transaction is for legal advertising, utility services, or passage on a common carrier.

- When an emergency purchase is necessary for the public health, safety, or welfare.

- When the business entity is the only source of the property, goods, or services. In this case the person must file with the Commission on Ethics a disclosure of his or her interest. Commission on Ethics Form 4A is used for this disclosure.

- When the aggregate of the transactions does not exceed $500 in a calendar year.

- When the business is the deposit of FWCJUA funds in a bank in which the Board Member or member of Senior Management is an officer, director, or stockholder, provided that there is a record showing that the FWCJUA has determined that the Board Member or member of Senior Management did not favor his or her bank over other banks.

- When the person purchases goods or services in a private capacity on terms available to similarly situated members of the public.

An FWCJUA-specific prohibition restricts the ability of certain persons to serve on the Board. An employee, officer, owner, or director of an insurance agency, insurer, or other insurance entity cannot be a Board Member if the insurance agency, insurer, or other insurance entity or an affiliate provides policy issuance, policy administration, underwriting, claims handling, or payroll audit services to the FWCJUA.

All Employees and prospective Employees must file a signed statement with the FWCJUA attesting that the Employee or prospective Employee does not have a conflict of interest as defined by law. Employees must file the statement annually on or before July 1, and prospective Employees must file the statement before beginning employment. “Conflict of interest” is defined as “a situation in which in which regard for a private interest tends to lead to disregard of a public duty or interest.”

MISUSE OF PUBLIC POSITION

A Board Member or member of Senior Management may not “corruptly use or attempt to use” his or her official position or resources to secure a special privilege or benefit for himself or herself or for others.

A Board Member, member of Senior Management or a former Board Member or member of Senior Management may not disclose or use information obtained by virtue of his or her official position and unavailable to the general public for his or her personal gain or benefit or for the gain or benefit of another. This prohibition does not apply to information relating exclusively to governmental practices.

POST-SERVICE RESTRICTIONS

A former Board Member may not represent a person for compensation before the Board for a period of two years following vacation of office.

A former member of Senior Management may not represent a person for compensation before the FWCJUA for a period of two years following vacation of position.

VOTING CONFLICTS

A Board Member may not participate in or vote on a matter if the Board Member's insurance agency, insurance company, or other insurance entity would obtain a special or unique benefit that would not apply to other similarly situated insurance entities.

In addition to this FWCJUA-specific prohibition, the state Code of Ethics for Public Officers and Employees provides other limitations on the ability of Board Members to vote on or participate in certain matters.

Except as provided above, a Board Member is not prohibited from voting on any measure, but when the measure would inure to the "special private gain or loss" of the Board Member or a relative (parent, child, spouse, sibling, or in-law) of the Board Member, a business associate of the Board Member, or a principal who has retained the Board Member, the voting conflict must be disclosed by filing a disclosure with the person responsible for the minutes of the meeting within 15 days after the vote. Commission on Ethics Form 8A is used for this disclosure. The disclosure must be incorporated into the minutes of the meeting.

A Board Member may not participate in a matter that would inure to the "special private gain or loss" of the Board Member or a relative (parent, child, spouse, sibling, or in-law) of the Board Member, a business associate of the Board Member, or a principal who has retained the Board Member, unless the Board Member files advance notice of the conflict with the person responsible for the minutes of the meeting. Commission on Ethics Form 8B is used for this disclosure. The disclosure must be incorporated into the minutes of the meeting. In some circumstances, the disclosure may instead be made orally at the meeting.

There are no hard and fast rules for determining whether a decision inures to a person's "special private gain or loss," but the Commission on Ethics has developed guidelines. In general, an action creates a special private gain or loss if it has a greater impact on the Board Member (or the Board Member's relative, business associate, or principal) than on other similarly situated persons. The Commission on Ethics has applied several tests:

- Remote and speculative. A special private gain or loss is deemed not to exist if there was uncertainty at the time of the vote as to whether there would be any gain or loss to the public officer.

- Size of class. Where the class of persons potentially affected is large, special private gain or loss exists only if there are circumstances unique to the officer under which he or she stands to gain or lose more than other members of the class, but when the class is small, special gain or loss is more likely to be found. Where the officer's interest involves less than 1% of the class, the impact is deemed to be general rather than special.

- Preliminary or procedural motions. There is no special private gain or loss involved in preliminary or procedural motions.

For purposes of the restrictions on participation, the term "participation" is defined to include any attempt to influence a decision by oral or written communication, made either by the Board Member or by another at the direction of the Board Member.

FINANCIAL DISCLOSURES

Board Members and members of Senior Management must file the statement of financial interests required by section 112.3145, Florida Statutes (Commission on Ethics Form 1), no later than July 1 of each year. Disclosure of financial interests under section 112.3145 is not as extensive and specific as the disclosures required of elected officials and certain other persons under Article II, Section 8 of the Florida Constitution.

Form 1 must be filed both with the Commission on Ethics and with the Office of Insurance Regulation.

Board Members and members of Senior Management must file a final statement (Commission on Ethics Form 1F) within 60 days after leaving office or employment.

Newly employed members of Senior Management and newly appointed Board Members must file Form 1 within 30 days after the beginning of employment or the date of appointment.

NEPOTISM

Except in the case of emergencies, a Board Member or member of Senior Management may not appoint, employ, promote, or advance a relative in or to a position in the FWCJUA, and may not advocate the appointment, employment, promotion, or advancement of a relative in or to a position in the FWCJUA.

For purposes of this prohibition, "relative" includes parents, children, siblings, spouses, in-laws, aunts, uncles, nieces, nephews, first cousins, step-parents, step-children, step-siblings, and half-siblings.

USE OF FWCJUA PROPERTY

Use of FWCJUA property or services for personal benefit is prohibited. When an Employee uses FWCJUA property, it must be for valid corporate purposes and, except as described below, exclusively for the FWCJUA's benefit or in accordance with the FWCJUA Market Assistance Plan.

FWCJUA property includes far more than many people realize. In addition to physical plants, equipment, computers, software, inventory, corporate funds and office supplies, FWCJUA property includes the following: technologies, concepts, intellectual property, product development strategies and projects, business strategies and plans, policyholder lists, personnel data, FWCJUA phone directories, organization charts, product cost data, product pricing, financial data and all other proprietary information about the FWCJUA's business and Employees.

All of the FWCJUA's information systems, including communications systems, magnetic media, e-mail, voice mail, and Intranet, Extranet and Internet access systems are the FWCJUA's property and generally must be used only for business activities. Incidental personal use is permissible as long as it does not consume more than a trivial amount of resources, does not interfere with productivity, does not preempt any business activity, is otherwise appropriate and reasonable and is consistent with the FWCJUA's business values and this Code. The FWCJUA reserves the right at any time to access, read, monitor, inspect and disclose the contents of, postings to and downloads from all of the FWCJUA's information systems.

No one may use the FWCJUA's information systems at work to access, view, post, store, transmit, download, or distribute any profane, obscene, derogatory, harassing, offensive or inappropriate materials. Additionally, no Employee may use these systems to send FWCJUA information or copyrighted documents that are not authorized for transmittal or reproduction.

EQUAL EMPLOYMENT OPPORTUNITY AND AFFIRMATIVE ACTION POLICY

It is the FWCJUA's policy to employ and advance in employment qualified persons without discrimination against any Employee or applicant for employment because of gender, race, color, national origin, religion, ~~sex, physical or mental disability, national origin, age over 40, or status as a special disabled veteran, veteran of the Vietnam era, or other covered veteran~~age, disability, or any other legally protected class or characteristic~~ protected by applicable law~~. This policy applies throughout the FWCJUA at all levels.

To effectuate its commitment to this policy, the FWCJUA will continue to undertake the following:

1. The FWCJUA will recruit, hire, train, and promote qualified persons in all job titles, and ensure that all other personnel actions are administered without regard to gender, race, color, ~~religion, sex, ~~national origin, religion, age, disability, ~~age over 40, status as a special disabled veteran, Vietnam era veteran or other covered veteran, ~~or any other legally protected class or characteristic~~ protected by applicable law~~.

2. The FWCJUA will make all employment decisions based on valid job requirements and qualifications.

3. The FWCJUA will ensure that all personnel actions, such as compensation, benefits, transfers, layoffs, return from layoff, FWCJUA-sponsored training, education, and social and recreational programs, will be administered without regard to gender, race, color, ~~religion, sex, ~~national origin, religion, age, disability, ~~age over 40, status as a special disabled veteran, Vietnam era veteran or other covered veteran, ~~or any other legally protected class or characteristic~~ protected by applicable law~~.

4. The FWCJUA strictly prohibits any harassment, intimidation or other hostile working conditions that are based on gender, race, color, ~~religion, sex,~~ national origin, religion, age, disability, ~~age over 40, status as a special disabled veteran, Vietnam era veteran or other covered veteran,~~ or any other legally protected class or characteristic ~~protected by applicable law~~.

5. Employees and applicants shall not be subjected to harassment, intimidation, threats, coercion, discrimination or other types of retaliation because they have engaged in or may engage in any protected activity or exercised any protected right under applicable equal employment opportunity laws.

Overall responsibility for the implementation of the FWCJUA's equal employment opportunity policy is assigned to the Executive Director. He or she will audit the implementation of the FWCJUA's commitment to this equal employment opportunity policy and, when requested, will report to the Board of Governors of the FWCJUA on progress toward maintaining the objectives of this policy.

GENERAL ANTI-HARASSMENT POLICY

The FWCJUA ~~expects the workplace to be free from~~ strictly prohibits all forms of physical, psychological, verbal and nonverbal harassment ~~based on any legally protected characteristic. These protected characteristics may include, but are not limited to, an individual's gender, race, color, national origin, religion, age, ancestry, disability, veteran status or use of family medical leave or workers' compensation benefits. Therefore, the FWCJUA strictly prohibits all forms of harassment based on these or any other characteristic protected by applicable law.~~ This policy applies to Employees, Board Members, vendors, customers and visitors.

Harassment may exist:

- When submission to such conduct is implicitly or expressly made a term or condition of employment;
- When submission to or rejection of such conduct is used as a basis for any employment decisions; or
- When such conduct results in creating an intimidating, hostile, threatening or offensive working environment.

Examples of conduct prohibited under this policy include, but are not limited to, the following:

- Unwelcome sexual advances, requests for sexual favors or physical conduct of a sexual nature such as touching or brushing up against another or making derogatory comments.
- Unwelcome verbal or non-verbal conduct or visual displays of a sexual, offensive or discriminating manner, such as posters, calendars, photographs, cartoons, graffiti, websites, computer screen savers or other offensive graphic displays.

- Making submission to or rejection of harassment the basis of any employment decision.
- Unprofessional comments in any work environment based on an individual's protected characteristic(s).
- Insults, name calling or slurs based on an individual's protected characteristic(s).
- Jokes or other remarks that are sexual or offensive in nature or demeaning to an individual's protected characteristic(s).
- Physical, verbal or psychological abuse based on an individual's protected characteristic(s) such as stereotyping, name calling, assaulting, sabotaging, segregating or threatening any individual in the workplace.

This or similar conduct is offensive and inappropriate in the work place. The FWCJUA will not tolerate any forms of harassment, whether by a supervisor or by any other Employee.

Complaints of harassment will be promptly and impartially investigated. An Employee found to have harassed another Employee will be subject to appropriate disciplinary action, ranging from warnings to possible termination of employment. Any Employee who believes that he or she has been the subject of harassment or has witnessed harassment is required to report this immediately to his or her supervisor, or to the Executive Director. If a complaint involves a supervisor or other management official, the report shall be directed to the Chairman of the Audit Committee. Except where circumstances arise in which others may have to be informed, complaints will remain confidential so as to protect the confidentiality of the Employee who files a complaint, to encourage the reporting of any incidents of harassment, and to protect the reputation of any Employee wrongfully charged with harassment. Pending full investigation and resolution of the complaint, interim measures may be taken, such as separating Employees.

The FWCJUA further prohibits and will not tolerate any form of retaliation against any Employee for making a complaint in good faith or cooperating in the investigation of a complaint. If any Employee believes that he or she is experiencing any such retaliation, the Employee must report that promptly to the Executive Director or Chair of the Audit Committee.

ACCURACY, RETENTION AND DISPOSAL OF RECORDS

Each Employee is responsible for maintaining accurate and reasonably detailed documents, reports and other records. No one may falsify or improperly alter any information contained in the FWCJUA's records.

With certain exceptions, the FWCJUA's records are subject to the provisions of Chapter 119, Florida Statutes, which requires the FWCJUA to make its records available for public inspection and copying. An Employee must notify the Executive Director immediately upon receiving a request for any FWCJUA records. Questions about complying with public records requests under Chapter 119, Florida Statutes, should be resolved with the advice and counsel of the FWCJUA's General Counsel.

Good business practice ~~requires~~and various laws and regulations require that certain FWCJUA records be retained for various time periods. ~~Often, these are required by law, and it~~It is the responsibility of each Employee to ensure that records are retained in compliance with applicable document retention policies established from time to time by the FWCJUA in compliance with applicable laws. Documents that need not be kept should be disposed of in compliance with FWCJUA policies. Where litigation or a government investigation is likely or ongoing, records may not be destroyed until the Executive Director or the FWCJUA's General Counsel advises that the matter has been concluded.

For questions about record retention, contact the Executive Director or the FWCJUA's General Counsel, particularly if any litigation, investigation, or administrative action is (or may be) threatened or pending.

ACCOUNTING PRACTICES

Employees and Board Members must comply with the FWCJUA's accounting rules and controls and with statutory accounting practices, and must cooperate fully with the FWCJUA's internal and external auditors. All funds, assets, transactions and payments must be accurately reflected and no false or misleading entries may be made on corporate records.

Payments for goods and services provided to the FWCJUA must be payable to the person or company legally entitled to receive payment. All invoices must accurately reflect the items and services being purchased or sold and the prices being paid. Except in rare instances, no payment may be made to a party in a country other than the one in which the party resides, maintains a place of business, or has delivered the goods or provided the services for which payment is made.

POLITICAL CONTRIBUTIONS

While the FWCJUA encourages individual participation in the political process, no Employee should create the impression of speaking or acting on the FWCJUA's behalf without specific authorization. It is up to each Employee to abide by all laws relating to political contributions, and to make such contributions as individuals, not as representatives of the FWCJUA. Employees cannot contribute any FWCJUA money, property, time, or services (directly or indirectly) to any political candidate or political party.

LOBBYING AND LEGISLATIVE CONTACTS

There may be instances where the Employees' collective experience may be helpful to the political and legislative processes. In those cases, the FWCJUA, through its senior management, may publicly offer recommendations about laws or governmental actions and take public positions on issues that affect the FWCJUA's business.

Under some circumstances, a written or personal contact with a government official may subject the person making the contact or the FWCJUA to registration and reporting requirements under applicable lobbying laws. An Employee intending to contact a government official regarding any attempt to propose, defeat or modify any law, regulation or rule affecting the FWCJUA should clear such activity in advance with the Executive Director and the FWCJUA's General Counsel for determination whether such conduct would require registration or reporting under applicable lobbying laws.

BUSINESS WITH GOVERNMENTS AND OFFICIALS

Employees and Board Members must never make improper gifts or payments, such as bribes or kickbacks, in any way in connection with the FWCJUA's business. Gifts or payments to or for the personal benefit of a governmental official or to or for the personal benefit of an employee of one of the FWCJUA's policyholders or suppliers are clearly improper. Indirect transactions, such as payments of commissions to a producer or sales representative on the understanding that he or she will pay a bribe or kickback to an employee of a policyholder, are also prohibited.

GIFTS AND GRATUITIES

Employees and Board Members should avoid any relationship, activity or investment that might conflict with their responsibilities to the FWCJUA or impair their abilities to act independently in the best interests of the FWCJUA. ~~For example, Employees and Board Members should not accept significant gifts, entertainment, favors or other gratuities from persons doing business or seeking to do business with the FWCJUA. Acceptance of gratuities having only nominal value, if consistent with local business custom and practice, is permissible. Except as explicitly permitted by FWCJUA policies, no Employee should give or receive gifts of cash.~~

A Board Member or member of Senior Management is prohibited from soliciting or accepting any thing of value based on the understanding that his or her official actions will be influenced.

In addition to this general limitation on gifts, the legislature has created a gift ban applicable specifically to the FWCJUA. Under the FWCJUA gift ban, no Employee or Board Member may knowingly accept, directly or indirectly, any thing of value from a person or entity that has a contractual relationship with the FWCJUA or is under consideration for a contract, or from their employees or representatives. The term "directly or indirectly" is intended to prevent evasion. For example, a gift received by the spouse of an Employee can be expected to be treated the same as a gift received directly by the Employee.

There is no "de minimis" exception for low-value gifts.

I acknowledge that I have read and understand the foregoing Code of Business Conduct and Ethics, and certify that I will comply with its terms and conditions.

DATED: ____________________________

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(Signature)

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(Print or type name)

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AUDIT COMMITTEE REPORT

Statement of Policy regarding Potential Conflicts of Interest

The Board shall consider the Audit Committee recommendation that it adopt the proposed revisions to the FWCJUA's Statement of Policy regarding Potential Conflicts of Interest that incorporate provisions of Senate Bill 1894, which became law effective July 1, 2007.

Attached for the Board's review is a copy of the proposed revised policy.

The Board shall determine whether to adopt the Audit Committee's proposed revisions to the FWCJUA's Statement of Policy regarding Potential Conflicts of Interest.

FLORIDA WORKERS' COMPENSATION
JOINT UNDERWRITING ASSOCIATION, INC.

Statement of Policy
Regarding Potential Conflicts of Interest
of Board Members, Senior Management and Other Employees

The Board of Governors of the Florida Workers' Compensation Joint Underwriting Association, Inc. (the "FWCJUA") hereby establishes the following policy (the "Policy") regarding conflicts or potential conflicts of interest of ~~Board members and Board member representatives (collectively, "Board members"), officers of the FWCJUA (collectively, "Officers"), and the FWCJUA's Executive Director (the "Executive Director"~~members of the Board of Governors (each, a “Board Member”), the Executive Director and other senior managers of the FWCJUA as defined in the Plan of Operation (collectively, "Senior Management"), and other personnel employed or to be employed by the FWCJUA (“Other Employees”). This Policy is established in order to ensure that Board ~~members, Officers, and the Executive Director~~Members, Senior Management and Other Employees conduct themselves in a manner which avoids any impropriety or appearance of impropriety relating to decisions based upon self-interest. The Board recognizes that it is essential that the members of the Board, ~~Officers, and the Executive Director~~Senior Management and Other Employees be independent and impartial and that their positions not be used for private gain or other improper purpose. Further, the Board realizes that even in the absence of wrongdoing, the appearance of impropriety must be avoided. Toward that end, the Board adopts and implements the Policy as described herein.

(1) Service Providers. No Board ~~member~~Member shall, through any insurer, insurance agency, or other insurance entity the member represents or in which the member has a substantial financial interest, provide ~~services to the FWCJUA. Nor shall any Board member, through any administrator or service company of any such insurer, provide such services. A Board member~~policy issuance, policy administration, underwriting, claims handling, or payroll audit services to the FWCJUA or respond to a request for proposals from the FWCJUA for such services. A Board Member may respond to a request for proposals from the FWCJUA to provide ~~such~~other types of services, but shall not participate in developing an RFP, or in considering or voting upon responses thereto. Any Board ~~member~~Member who participates in the development of such an RFP for such services, or in consideration or voting upon responses thereto, shall not be awarded such a contract. Any Board ~~member~~Member who represents, or who has a substantial financial interest in any insurer who contracts to provide non-insurance services to the FWCJUA, shall be required to resign such member's position on the Board immediately after the contract is awarded. However, a contract awarded to such a party shall not be void or voidable because interested Board ~~members~~Members are present at meetings in which proposals are evaluated or decisions are made, including the final vote to award the contract, provided that votes of the interested member(s) are not counted for that purpose. Such interested Board ~~members~~Members may, however, be counted in determining the presence of a quorum at any such meeting.

(2) Improper Benefits. No Board ~~member~~Member shall use his or her position to foster or facilitate any pecuniary gain for himself or herself~~, his or her member company,~~ or any other entity in which the member ~~or the member company or companies~~ has a substantial financial interest. No Board ~~member~~Member shall use his or her position on the Board to secure or promote any business relationship from which he or she may derive a financial gain, or receive any gift or gratuity~~, other than meals,~~ in his or her capacity as a Board ~~member~~Member. Each Board ~~member~~Member recognizes that he or she may be liable for monetary damages for a vote, decision or failure to act regarding the management or policies of the FWCJUA where such member breaches or fails to perform his or her duties as a member and derives, either directly or indirectly, an improper personal benefit from the transaction.

(3) Voting. ~~No Board member shall vote upon any matter the outcome of which will potentially confer a material benefit upon that member or his or her member company. However, a decision by the Board is not void or voidable because the decision benefits a Board member or his or her member company if the interest of the Board member or the member company in the outcome of the matter is disclosed or known to the voting members of the Board prior to the vote and the outcome of the matter is fair and reasonable as to the FWCJUA and its policyholders at the time it is authorized by the Board.~~A Board Member may not participate in or vote on a matter if the Board Member’s insurance agency, insurance company, or other insurance entity would obtain a special or unique benefit that would not apply to other similarly situated insurance entities. In addition to this FWCJUA-specific prohibition, the state Code of Ethics for Public Officers and Employees provides other limitations on the ability of Board Members to vote on or participate in certain matters. Except as provided above, a Board Member is not prohibited from voting on any measure, but when the measure would inure to the “special private gain or loss” of the Board Member or a relative (parent, child, spouse, sibling, or in-law) of the Board Member, a business associate of the Board Member, or a principal who has retained the Board Member, the voting conflict must be disclosed by filing a disclosure with the person responsible for the minutes of the meeting within 15 days after the vote. Commission on Ethics Form 8A is used for this disclosure. The disclosure must be incorporated into the minutes of the meeting. A Board Member may not participate in a matter that would inure to the “special private gain or loss” of the Board Member or a relative (parent, child, spouse, sibling, or in-law) of the Board Member, a business associate of the Board Member, or a principal who has retained the Board Member, unless the Board Member files advance notice of the conflict with the person responsible for the minutes of the meeting. Commission on Ethics Form 8B is used for this disclosure. The disclosure must be incorporated into the minutes of the meeting. In some circumstances, the disclosure may instead be made orally at the meeting.

(4) ~~Executive Director and Officers~~Senior Management. It is the intent of the Board that the ~~Executive Director and Officers~~Senior Management of the FWCJUA execute the duties of their offices without conflict of interest or any apparent conflict of interest. Accordingly, ~~the Executive Director and Officers of the FWCJUA~~members of Senior Management shall not use their positions to foster or facilitate any pecuniary gain for themselves or any other entity in which ~~the Executive Director or any Officer~~they have substantial financial interests~~. Nor shall the Executive Director or any Officer~~, unless otherwise permitted in

accordance with the Code of Business Conduct and Ethics. Nor shall any member of Senior Management use his or her position to promote any business relationship from which he or she may derive a financial gain, or receive any gift or gratuity not permitted to be received by Board members pursuant to this Policy. However, no contract in which ~~the Executive Director or any Officer~~a member of Senior Management may have an indirect pecuniary interest shall be void or voidable if the interest of the ~~Executive Director or Officer~~member of Senior Management is disclosed or known to the voting members of the Board prior to the vote and the outcome of the matter is fair and reasonable as to the FWCJUA and its policyholders at the time it is authorized by the Board and is not otherwise prohibited by the Code of Business Conduct and Ethics.

(5) Non-FWCJUA Business. In order to ensure that this Policy is maintained, Board Members and members of ~~the Board, Officers, and the Executive Director~~Senior Management, in their respective capacities, shall not in the context of regular or special meetings of the Board or any committee or subgroup of the Board, or in any meeting in person or by telephone discuss matters which relate to individual member companies, their business and their policyholders, except as those matters relate directly to the operations of the FWCJUA.

(6) Statement of No Conflict. By executing this Policy below, a member of Senior Management or Other Employee certifies that he or she does not have a conflict of interest as defined by law. "Conflict of interest" is defined as "a situation in which regard for a private interest tends to lead to disregard of a public duty or interest."

As ~~the Executive Director, an Officer, or~~ a member of the Board of Governors, Senior Management or Other Employee of the Florida Workers' Compensation Joint Underwriting Association, Inc., I signify my acceptance of the Policy described above.

______________________________ ______________________________

Name Signature

Date______________________________

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AUDIT COMMITTEE REPORT

Procurement

The Board shall consider the Audit Committee recommendations that it confirm the engagement of Thomas Howell Ferguson to perform the 2007 year-end audit in accordance with the existing engagement and engage Thomas Howell Ferguson for the year-end 2008 audit.

At its November 30th meeting, the Audit Committee was updated on the procurement requirements that became effective July 1, 2007 as a result of the enactment of Senate Bill 1894 and considered the future auditor appointment process. It reviewed the procurement policy and procedures staff implemented in July and found them to be reasonable. It then recognized the fact that auditing services were exempt from the competitive solicitation requirements of the procurement provisions of the law, and agreed it would be in the best interest of the FWCJUA to maintain its current auditor/tax adviser given both the recent Board transition as well as the on-going transition of the organization to a federal income tax exempt entity.

Since the Audit Committee meeting, Thomas Howell Ferguson has agreed to extend its engagement with the FWCJUA recognizing tax services may no longer be required given the FWCJUA tax status is expected to change. The fee structure for such engagement will not exceed the fee structure contained within the current engagement.

The Board shall determine whether to confirm the engagement of Thomas Howell Ferguson to perform the 2007 year-end financial audit and whether to engage Thomas Howell Ferguson to perform the year-end 2008 financial audit.

AUDIT COMMITTEE REPORT

June 30, 2007 Financial Audit

The Board shall receive the Audit Committee's report regarding the June 30, 2007 financial audit.

By way of background, legislation effective July 1, 2007 requires that the FWCJUA submit a request to the Internal Revenue Service for a private letter ruling or determination on the plan's eligibility as a tax-exempt entity. Given such, staff recommended to the Board that an audit of the FWCJUA's financial statement be commissioned to document the "probable" closing of the FWCJUA as a taxable entity as of June 30, 2007. Accordingly, at its June 12, 2007 meeting during a discussion on implementation issues related to the passage of the legislation, the Board resolved to engage Thomas Howell Ferguson to file the private letter request for tax exempt status and to perform the financial audit and prepare the tax return for the period ending June 30, 2007.

In summation, the FWCJUA received an unqualified opinion with no material weaknesses from Thomas Howell Ferguson (THF). Attached for the Board's perusal are the following documents prepared by Thomas Howell Ferguson:

1. Statutory Financial Statements for period ended June 30, 2007
2. Report to the Audit Committee

No Board action is required on this item.

Statutory Basis Financial Statements
and Other Financial Information

Florida Workers' Compensation Joint Underwriting Association, Inc.

For the six month period ended June 30, 2007
with Report of Independent Auditors

Thomas Howell
Ferguson P.A.

Florida Workers' Compensation Joint Underwriting Association, Inc.

Statutory Basis Financial Statements
and Other Financial Information

For the six month period ended June 30, 2007

Contents

Thomas Howell
Ferguson P.A.

Certified Public Accountants
2120 Killarney Way (32309-3402)
P. O. Drawer 14569
Tallahassee, FL 32317-4569

Phone: (850) 668-8100
Fax: (850) 668-8199
email: thf@thf-cpa.com

Report of Independent Auditors

The Board of Governors
Florida Workers' Compensation Joint
Underwriting Association, Inc.

We have audited the accompanying statement of admitted assets, liabilities and surplus - statutory basis of the Florida Workers' Compensation Joint Underwriting Association, Inc. (the Association), as of June 30, 2007, and the related statutory basis statements of operations, changes in surplus and cash flows for the six month period then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the accompanying financial statements have been prepared in conformity with accounting practices prescribed or permitted by the Florida Office of Insurance Regulation, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities and surplus of the Florida Workers' Compensation Joint Underwriting Association, Inc. as of June 30, 2007, and the results of its operations and its cash flows for the six month period then ended, on the basis of accounting described in Note 1.

Our audit was made for the purpose of forming an opinion on the statutory basis financial statements taken as a whole. The accompanying consolidating information included in other financial information as of and for the six month period ended June 30, 2007, is presented for purposes of additional analysis and is not a required part of the statutory basis financial statements. The additional information has been subjected to the auditing procedures applied in the audit of the statutory basis financial statements and, in our opinion, is fairly stated in all material respects in relation to the statutory basis financial statements taken as a whole.

This report is intended solely for the use of the Board of Governors and management of the Florida Workers' Compensation Joint Underwriting Association, Inc. and for filing with the Florida Office of Insurance Regulation and should not be used for any other purpose.

Thomas Howell Ferguson P.A.

November 12, 2007

Florida Workers' Compensation Joint Underwriting Association, Inc.

Statement of Admitted Assets, Liabilities and Surplus - Statutory Basis

June 30, 2007

Admitted assets	
Cash and invested assets:	
Bonds	$ 62,076,828
Short-term investments	7,145,880
Cash and cash equivalents	30,127,544
Total cash and invested assets	99,350,252
Premiums in course of collection	9,735,690
Premiums and installments booked but deferred and not yet due	3,748,347
Reinsurance recoverables on paid losses	248,258
Electronic data processing equipment, net	131,381
Accrued investment income	839,656
Other admitted assets	412,022
Total admitted assets	$ 114,465,606
Liabilities and surplus	
Liabilities:	
Loss and loss adjustment expense reserves	$ 36,388,608
Unearned premiums	11,378,758
Accounts payable and accrued expenses	6,711,892
Commissions due and accrued servicing carrier fees	2,372,302
Federal income taxes payable	2,411,676
Deposit premium liability	4,097,018
Advance premiums	193,989
Provision for reinsurance	818,286
Retroactive reinsurance ceded	(5,269,815)
Total liabilities	59,102,714
Surplus:	
Unassigned surplus	49,268,184
Special surplus from retroactive reinsurance contract	6,094,708
Total surplus	55,362,892
Total liabilities and surplus	$ 114,465,606

See accompanying notes.

Florida Workers' Compensation Joint Underwriting Association, Inc.

Statement of Operations - Statutory Basis

For the six month period ended June 30, 2007

Underwriting income:	
Premiums earned, net	$ 11,072,552
Underwriting expenses:	
Losses and loss adjustment expenses incurred, net	(4,269,082)
Underwriting, acquisition, and other expenses	3,197,483
Total underwriting expenses	(1,071,599)
Net underwriting income	12,144,151
Net investment income	2,438,158
Realized capital losses	(40,153)
Other income (loss):	
Excess WCATF funds	(2,462,000)
Other income	150,636
Retroactive reinsurance loss	(90,000)
Income before federal income taxes	12,140,792
Federal income taxes	3,411,676
Net income	$ 8,729,116

See accompanying notes.

Florida Workers' Compensation Joint Underwriting Association, Inc.

Statement of Changes in Surplus - Statutory Basis

	Unassigned Surplus	Special Surplus	Total
Balance at December 31, 2006	$ 42,699,380	$ 6,094,708	$48,794,088
Change in nonadmitted assets	1,689,490	-	1,689,490
Change in net deferred income taxes	(3,261,516)	-	(3,261,516)
Change in provision for reinsurance	(588,286)	-	(588,286)
Net income	8,729,116	-	8,729,116
Balance at June 30, 2007	$ 49,268,184	$ 6,094,708	$55,362,892

See accompanying notes.

Florida Workers' Compensation Joint Underwriting Association, Inc.

Statement of Cash Flows - Statutory Basis

For the six month period ended June 30, 2007

Operating activities	
Premiums collected, net of reinsurance	$ 8,426,617
Losses and loss adjustment expenses paid	(3,394,101)
Underwriting, acquisition, and other expenses paid	(2,235,058)
Net investment income received	2,472,300
Federal income taxes paid	(11,465,096)
Other cash applied	(2,311,364)
Net cash used in operating activities	(8,506,702)
Investing activities	
Proceeds from sales, maturities, and redemption of investments	36,920,677
Cost of investments acquired	(31,385,661)
Net cash provided by investing activities	5,535,016
Financing activities	
Retroactive reinsurance payments received	16,696
Other sources	1,672,264
Net cash provided by financing activities	1,688,960
Net decrease in cash	(1,282,726)
Cash at beginning of period	38,556,150
Cash at end of period	$ 37,273,424
Cash consists of the following:	
Cash and cash equivalents	$ 30,127,544
Short-term investments	7,145,880
	$ 37,273,424

See accompanying notes.

1. Nature of Operations and Significant Accounting Policies

Florida Workers' Compensation Joint Underwriting Association, Inc. (the Association) was established on December 30, 1993, pursuant to Florida Statutes Section 627.311, to provide workers' compensation and employer's liability insurance coverage to qualified risks in the state of Florida as specified in the statute. The Association operates under the supervision and approval of a 9-member Board of Governors. By statute, the Board of Governors is to be comprised of two representatives from the 20 domestic insurers defined in Florida Statutes Section 624.06(1), two representatives from the 20 foreign insurers defined in Florida Statutes Section 624.06(2), three members appointed by the Financial Services Commission, the consumer advocate appointed under Florida Statutes Section 627.0613, and one representative from the state's largest property and casualty agents' association. At June 30, 2007, there were no vacancies on the Board.

The Association was established to provide workers' compensation and employer's liability insurance to employers located in the state of Florida who are required by law to maintain workers' compensation and employer's liability insurance and who in good faith are entitled, but unable to purchase such insurance through the voluntary insurance markets.

The Association is authorized to assess certain policyholders, subject to the approval of the Office of Insurance Regulation (the Office), amounts necessary to support operations. The Association is exempt, by statute, from state of Florida corporate income taxes, premium taxes and intangible taxes, and assessments from the Division of Workers' Compensation and the Florida Workers' Compensation Insurance Guaranty Association. The Association is not exempt from federal income taxes.

Effective July 26, 2003, legislation was adopted that resulted in significant changes to the Association's rating structure. The rating structure recognized the establishment of individual policy subplans that prescribed terms of eligibility, coverages, and rating methodology. One subplan, Subplan D, issued fully assessable policies that were capped at 125% of the voluntary market rates. The legislation created four subplans that were to be maintained and accounted for separately.

Effective July 1, 2004, legislation was adopted that implemented a tier plan rating system that replaced the subplan rating system discussed in the previous paragraph. The tier plan rating system provides for limitations on rates for Tier Plans 1 and 2 and assessments, if necessary, against all workers' compensation insureds in the state of Florida to fund its cash flow deficits, if any. Tier 3 is to charge actuarially sound rates with assessments against policyholders if rates are insufficient to fund a deficit, if necessary. Effective January 1, 2007, Tier Plans 1, 2, and 3 are to charge actuarially sound rates with assessments against policyholders if rates are insufficient to fund deficits, if necessary.

1. Nature of Operations and Significant Accounting Policies (continued)

Should funding for Subplan D, Tier 1 or Tier 2 be insufficient, then the funds from the state of Florida, Workers' Compensation Administration Trust Fund (WCATF) may be transferred to the Association upon the approval of the Office, the Florida Department of Financial Services (the Department), and the Legislative Budget Commission.

Basis of Presentation

The accompanying statutory basis financial statements have been prepared in accordance with statutory accounting practices (SAP) prescribed or permitted by the Florida Office of Insurance Regulation (the Office). Such statutory practices require preparation of the financial statements in accordance with the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* subject to deviations prescribed by the Office. SAP is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). The more significant variations from GAAP are as follows:

- Investments in bonds or debt securities are reported at amortized cost or market value based on their NAIC rating; for GAAP, such fixed maturity investments would be designated at purchase as held-to-maturity, trading, or available-for-sale. Held-to-maturity fixed maturity investments would be reported at amortized cost, and the remaining fixed maturity investments would be reported at fair value with unrealized holding gains and losses reported in operations for those designated as trading and as a component of other comprehensive income for those designated as available-for-sale.

- Fair values of certain investments in bonds are based on values specified by the NAIC rather than on actual or estimated market values. Changes between cost and admitted asset investment amounts are credited or charged directly to unassigned surplus rather than to other comprehensive income.

- Certain assets designated as "nonadmitted," principally past-due uncollected premiums and other assets not specifically identified as an admitted asset within the *Accounting Practices and Procedures Manual*, are excluded from the accompanying statements of admitted assets, liabilities, and capital and surplus and are charged directly to unassigned surplus. Under GAAP, such assets are included in the balance sheet at net realizable values.

- Loss and loss adjustment expense reserves and unearned premiums ceded to reinsurers have been reported as reductions of the related liabilities rather than as assets as would be required under GAAP.

1. Nature of Operations and Significant Accounting Policies (continued)

Basis of Presentation (continued)

- Cash, cash equivalents and short-term investments in the statement of cash flows represent cash balances and investments with initial maturities of one year or less. Under GAAP, the corresponding caption of cash and cash equivalents includes cash balances and investments with initial maturities of three months or less.

- The costs of acquiring and renewing business are expensed when incurred. Under GAAP, such costs, to the extent recoverable, would be deferred and amortized over the effective period of the related insurance policies.

- Gains from retroactive reinsurance contracts are reported as special surplus and are not reported as unassigned surplus until amounts recovered exceed the consideration paid. Subsequent adjustments to the initial gain are recorded in income or loss in the year of change. Under GAAP, such gains are deferred and recognized in income using the interest method over the period the underlying reinsured claims are paid.

Other significant accounting practices are as follows:

Recognition of Premium Revenues

Written premiums are based on amounts estimated by underwriters at the time of policy issuance. Any adjustment to recorded estimates resulting from subsequent information is reflected in operations in the period in which such adjustments are known or estimable.

Premiums are recorded as earned on a monthly pro rata basis over the contract period that the related policies are expected to be in force. The portion of premiums not earned at the end of the year is recorded as unearned premiums. Acquisition costs, including commissions and servicing carrier fees are charged to operations as incurred.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits with financial institutions and other highly liquid investments with original maturities of three months or less and certificates of deposit with maturities of one year or less.

1. Nature of Operations and Significant Accounting Policies (continued)

Investments

Investments are recorded at admitted asset values as prescribed by the valuation procedures of the NAIC's Securities Valuation Office (SVO).

Bonds not backed by other loans are stated at amortized cost using the interest method. Loan-backed bonds and structured securities are stated at amortized cost using the interest method including anticipated prepayments at the date of purchase.

Short-term investments include investments with remaining maturities of one year or less at the time of acquisition and are principally stated at amortized cost.

Realized capital gains and losses are determined using the specific identification basis. Changes in admitted asset carrying amounts of investments are credited or charged directly to unassigned surplus.

Electronic Data Processing (EDP) Equipment

The Association's EDP equipment is reported at cost, less accumulated depreciation of $219,121 at June 30, 2007. EDP equipment is depreciated on a straight-line basis over a period not exceeding three years.

Total depreciation expense on all capitalized assets charged to operations in 2007 was $86,031.

Reinsurance

Reinsurance premiums, losses, and loss adjustment expenses are accounted for on bases consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts.

Loss and Loss Adjustment Expense (LAE) Reserves

Loss and LAE reserves represent the estimated ultimate net cost of all unpaid reported and unreported losses and LAE. The reserves for unpaid losses and LAE are estimated using individual case-basis estimates for reported losses and actuarial estimates for losses incurred but not yet reported. Those estimates are subject to the effects of trends in loss severity and frequency. Although considerable variability is inherent in such estimates, management believes that the reserves for losses and LAE are adequate. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations. The ultimate settlement of losses and LAE may vary significantly from the estimated amounts included in the financial statements. The Association does not discount its loss and LAE reserves.

1. Nature of Operations and Significant Accounting Policies (continued)

Loss and Loss Adjustment Expense (LAE) Reserves (continued)

The anticipated effect of inflation is implicitly considered when estimating liabilities for losses and LAE. While anticipated price increases due to inflation are considered in estimating the ultimate claim costs, the increase in average severities of claims is caused by a number of factors that vary with the individual type of policy written. Future average severities are projected based on historical trends adjusted for implemented changes in underwriting standards, policy provisions, and general economic trends. Those anticipated trends are monitored based on actual development and the estimated liabilities are modified if necessary.

Loss and LAE reserves are reported net of reinsurance recoverables for unpaid losses and LAE. Losses and LAE ceded through reinsurance are credited against losses and LAE incurred.

Income Taxes

The Association calculates its federal income tax liability based upon the statutory rates in effect during the year. In accordance with Florida Statutes Section 627.311(4)(m), the Association is exempt from state income taxes.

Effective July 1, 2007, legislation was adopted requiring the Florida Workers' Compensation Joint Underwriting Association to submit a request to the Internal Revenue Service, no later than January 1, 2008, for a letter ruling on the Association's eligibility as a tax-exempt entity. It is management's intent to obtain a private letter ruling from the Internal Revenue Service exempting the Association from federal income tax as an entity that is an integral part of the state of Florida. Accordingly, these financial statements do not include any provision for deferred income taxes.

Use of Estimates

The preparation of statutory basis financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the statutory basis financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

2. Investments

The amortized cost and SVO market value of bonds at June 30, 2007, are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	SVO Market Value
U.S. Government and government agencies	$ 2,339,490	$ 107	$ (23,610)	$ 2,315,987
Public utilities	784,630	-	(4,100)	780,530
Corporate bonds	13,806,720	587	(120,122)	13,687,185
Mortgage-backed securities:				
U.S. government agencies	45,145,988	750	(233,076)	44,913,662
Total	$62,076,828	$ 1,444	$ (380,908)	$61,697,364

A summary of the aggregate SVO market values of bonds with unrealized losses segregated by time period for which the bonds have been in an unrealized loss position at June 30, 2007, is as follows:

	SVO Market Value	Unrealized Losses
Less than 12 months	$ 33,532,717	$ (99,951)
Greater than 12 months	27,326,907	(280,957)
	$ 60,859,624	$ (380,908)

A summary of the amortized cost and SVO market value of bonds at June 30, 2007, by contractual maturity, is as follows:

	Amortized Cost	SVO Market Value
Due in less than one year	$ 7,060,388	$ 7,022,783
Due after one year through five years	9,870,452	9,760,919
Mortgage-backed securities	45,145,988	44,913,662
Total	$ 62,076,828	$ 61,697,364

The expected maturities in the foregoing table may differ from the contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

2. Investments (continued)

Proceeds from sales or maturities of investments during the six month period ended June 30, 2007 were $36,920,677. There were realized gains of $6,675 and realized losses of $46,828 in the six month period ended June 30, 2007.

In the six month period ended June 30, 2007, the Association pledged a $400,000 bond to the U.S. Department of Labor for the authorization to write USL&H coverage.

Major categories of the Association's net investment income for the six month period ended June 30, 2007, are summarized as follows:

Bonds	$ 1,485,270
Short-term investments and cash	965,689
Interest on servicing carrier balances	2,055
Total investment income	2,453,014
Investment expenses	(14,856)
Net investment income	$ 2,438,158

3. Loss and Loss Adjustment Expense (LAE) Reserves

The following table provides a reconciliation of the beginning and ending reserve balance for losses and LAE, net of reinsurance recoverables at June 30, 2007.

	(in thousands)
Loss and LAE reserves at beginning of period	$ 44,652
Losses and LAE incurred related to:	
Current period	4,133
Prior years	(8,402)
	(4,269)
Losses and LAE paid related to:	
Current period	(1,183)
Prior years	(2,811)
	(3,994)
Loss and LAE reserves at end of period	$ 36,389

During 2007, net incurred losses and LAE attributable to insured events of prior years decreased by $8,401,886, as a result of re-estimation of unpaid losses and LAE. These decreases are generally a result of ongoing analysis of recent loss development trends. Original estimates are decreased or increased as additional information becomes known regarding individual claims.

4. Reinsurance

Certain premiums and benefits are ceded to other insurance companies under various reinsurance agreements. The reinsurance agreements provide the Association with increased capacity to write larger risks and maintain its exposure to loss within its capital resources.

The Association remains obligated for amounts ceded in the event the reinsurers do not meet their obligations.

For the six month period ended June 30, 2007, the Association's excess of loss reinsurance agreements generally provide coverage for each loss occurrence in excess of $350,000 up to $30,000,000. The Association purchased 50% of the first excess layer. Therefore, the Association retains $675,000 of the first $1,000,000 in losses. In addition, the coverage provided under the agreements is subject to an annual aggregate deductible of 1.25% of subject premium.

In 2007, the Association reported a gain of $23,939 in its operations as a result of a commutation with Quanta Reinsurance. This gain is included in losses and loss adjustment expenses incurred on the statement of operations. The commuted agreement provided coverage of 15% of $9 million in excess of $1 million on losses occurring from January 1, 2005 to December 31, 2005.

In 2000, the Association ceded all reserves for losses and LAE expenses as of August 1, 2000 for accident years 1994-1999 to Munich Reinsurance America (formerly, American Re-Insurance Company) under the terms of a loss portfolio transfer agreement. The recorded reserves for losses and LAE, net of reinsurance, were $29,908,675. The Association's premium to the reinsurer was $23,328,171. This resulted in the recording of a contra liability for the losses transferred in the amount of $29,908,675. The resulting gain of $6,094,708 ($6,580,504 less $485,795 for the annual reserve adjustment) was reported on the statement of operations as retroactive reinsurance gain and in the balance sheet as special surplus from retroactive reinsurance contract. During 2007, there was a decrease of $90,000 in the estimated ultimate incurred losses and LAE ceded under the retroactive reinsurance contract, which is recorded in the accompanying statement of operations as a decrease in losses and LAE incurred and a retroactive reinsurance loss.

The effects of reinsurance on premiums written and earned for the six month period ended June 30, 2007, are as follows:

	Written	Earned
Direct premiums	$ 8,990,722	$ 13,147,982
Assumed premiums	-	-
Ceded premiums	(4,150,860)	(2,075,430)
Net premiums	$ 4,839,862	$ 11,072,552

4. Reinsurance (continued)

At June 30, 2007, unsecured reinsurance recoverables on paid and unpaid losses and LAE, ceded premiums payable, and unearned premiums by reinsurer that were equal to or greater than 3% of surplus, are as follows:

SCOR Reinsurance Company	$ 2,768,300
St. Paul Re/St. Paul Fire and Marine Insurance	2,292,028
American Reinsurance	3,496,642
Hannover Re	2,921,191
Everest	2,096,040
Total	$ 13,574,201

Reinsurance recoverables on paid and unpaid losses and LAE at June 30, 2007, were $248,258 and $20,286,109, respectively.

5. Income Taxes

A. Components of deferred tax assets (DTAs) and deferred tax liabilities (DTLs) at June 30, 2007, are as follows:

Gross DTAs	$ -
Gross DTLs	-
Net DTAs	-
Nonadmitted DTAs	-
Admitted net DTAs	$ -
Decrease in nonadmitted DTAs	$ (1,707,347)

B. Unrecognized DTLs

There are no unrecognized DTLs.

C. Current tax and change in deferred tax:

The provision for income taxes incurred for the six month period ended June 30, 2007 is:

Current period income tax expense	$ 3,411,676
Prior year under (over) accrual	-
Current income taxes (benefit) incurred	$ 3,411,676

5. Income Taxes (continued)

The changes in the main components of DTAs are as follows:

DTAs Resulting from Book/Tax Differences	June 30, 2007	December 31, 2006	Change
Unpaid losses and LAE	$ -	$ 1,919,666	$ (1,919,666)
Unearned premiums	-	1,560,551	(1,560,551)
Nonadmitted assets	-	1,463,369	(1,463,369)
Capital losses	-	25,277	(25,277)
Total DTAs	$ -	$ 4,968,863	$ (4,968,863)
Nonadmitted DTAs	$ -	$ 1,707,347	$ (1,707,347)

The change in gross DTAs of $4,968,863 is the change in net deferred income taxes before the consideration of nonadmitted DTAs.

D. Reconciliation of federal income tax rate to actual effective rate:

	2007 Amount	Effective Tax Rate
Provision computed at statutory rate	$ 4,127,869	34.00 %
Change in nonadmitted assets	1,463,369	12.05
Other adjustments	2,789,301	22.98
Total	$ 8,380,539	69.03 %
Federal and foreign income tax	$ 3,411,676	28.10 %
Change in net deferred income tax	4,968,863	40.93
Statutory income taxes	$ 8,380,539	69.03 %

6. Assessments and Distributions

Under Section 627.311, effective July 1, 2004, the Association is exempt from the premium tax under Section 624.509 and any assessments under Sections 440.49 and 440.51. Pursuant to Section 631.904 of the Florida Statutes, the Association is exempt from assessments of the Florida Workers' Compensation Insurance Guaranty Association. Accordingly, no provision for assessments or premium tax has been included in the financial statements.

7. Commitments and Contingencies

The Association is a defendant in certain legal proceedings arising out of the conduct of the Association's business, principally from claims made under insurance policies. These actions are considered by the Association in estimating liabilities for loss reserves. In the opinion of management, the ultimate outcome of these legal proceedings will not have a material adverse effect on the financial position or results of operations of the Association.

8. Servicing Carrier Fees and Producer Fees

During 1994 and up to May 1995, the Association participated in servicing carrier agreements with seven insurance companies to provide the Association with underwriting, policy management and issuance, and claims adjusting services. These servicing carrier agreements provided for compensation to the insurance companies of 20% of gross direct collectible written premiums that covers reimbursement of loss adjustment expenses associated with the claims. Accordingly, loss adjustment expenses are not recorded in the accompanying statutory basis financial statements for losses incurred prior to June 1995. However, if the insurance companies incur unusual expenses in handling a unique claim situation or complex litigation, they may petition the Board of Governors for special reimbursement of these unusual expenses from the Association. In the opinion of management, any liability that may ultimately result from such unusual loss adjustment expenses will not have a material adverse effect on the financial position or results of operations of the Association.

These servicing carrier agreements terminated on May 31, 1995, and subsequent to this date, a separate servicer agreement was executed with a single carrier. Under this agreement, the compensation rate to the servicing carrier varies with incremental premium levels. Effective July 26, 2003, servicing carrier fee expense is comprised of 2 layers. The servicing carrier fee rate on direct written premium from subplans A, B and C is 16.3%. The servicing carrier fee rate on direct written premium from subplan D is 32.6% plus a flat fee of $425 per policy. Prior to July 26, 2004 and for 2003, the agreement was based on 16.1% of premiums collected subject to a minimum of $607,500. Effective July 1, 2004, with the creation of the tiers, the servicing carrier fee begins at 21.8% and adjusts down to 18.7% based on the premium collected during the annual period. The servicing carrier fee is subject to a minimum of $1,185,266. Certain loss adjustment expenses are reimbursable over and above the 16.1%. Accordingly, the accompanying financial statements include loss adjustment expenses for claims incurred after May 1995. Effective January 1, 2006, the servicing carrier fee rate begins at 20.7% and adjusts down to 18.5% based on premiums collected. These rates are effective for policy years 2006 through 2008. Certain loss adjustment expenses are reimbursable over and above the 20.7%.

The amount expensed under these agreements for the six month period ended June 30, 2007 was $1,453,781. Additionally, licensed producers in the state of Florida are authorized to write business on behalf of the Association. These producers are paid producer fees based on a graduated scale.

9. Fair Values of Financial Instruments

The following methods and assumptions were used by the Association in estimating the fair value disclosures for financial instruments in the accompanying financial statements and notes thereto:

Cash and Short-Term Investments – The carrying amounts reported in the accompanying balance sheets for these financial instruments approximate their fair values.

Investment Securities – The fair values for fixed maturity securities are based on market values which approximate those prescribed by the Securities Valuation Office of the NAIC or quoted market prices, where available. For fixed maturity securities not actively traded, fair values are estimated using values obtained from independent pricing services or, in the case of private placements, are estimated by discounting expected future cash flows using current market rates applicable to the coupon rate, credit quality, and maturity of the investments.

Reinsurance Recoverables – The carrying amounts reported in the accompanying balance sheets for these financial instruments approximate their fair values.

10. Employee Benefits

The Association has a 401(k) retirement plan for active employees. The Association matches, up to a maximum, amounts contributed by the employees. The Association's 401(k) plan had no unfunded amounts at June 30, 2007. The Association made contributions to the plan during the six month period ended June 30, 2007, in the amount of $34,521.

11. Third Party Administrators

Prior to July 1, 1995, the Association wrote and serviced its business through the use of seven third party administrators. Currently, Travelers Property Casualty in Hartford, Connecticut (EIN 06-0566090) is the only active administrator with the other six in run-off activity. None of the servicers hold an exclusive contract and all are licensed to write workers compensation business. The servicers are granted the authority to underwrite, bind policies, collect premiums and adjust and pay claims.

12. Leases

The Association leases office space and equipment under lease agreements that expire at various intervals over the next five years and are subject to renewal options at market rates prevailing at the time of the renewal. Rental expense for all leases was $87,939 for the six month period ended June 30, 2007. At June 30, 2007, future minimum payments under leases are as follows:

2008	$ 179,573
2009	184,421
2010	189,415
2011	191,564
2012	181,893
	$ 926,866

13. Florida Workers' Compensation Administrative Trust Fund (WCATF) Transfers

The Association is required to file a funding request with the Department that demonstrates its cash requirements for funding the Subplan D losses. These transfers are recognized in the period approved by the Department. The Association did not receive any transfers during the six month period ended June 30, 2007. At June 30, 2007, the Association recorded a liability of $5,159,000, related to unused transfers received from the WCATF. This amount is included in accounts payable and accrued expenses on the statement of admitted assets, liabilities and surplus.

Other Financial Information

Florida Workers' Compensation
Joint Underwriting Association, Inc.

Consolidating Schedule of Admitted Assets, Liabilities and Surplus by Rating Plan - Statutory Basis

June 30, 2007

	Prior to July 26, 2003	Subplans Effective July 26, 2003	Tiers Effective July 1, 2004	Inter-plan Balances	Total
Admitted assets					
Cash and invested assets:					
Bonds	$ 23,283,178	$ 3,623,600	$ 35,170,050	$ -	$ 62,076,828
Short-term investments	5,074,439	782,702	1,288,739	-	7,145,880
Cash and cash equivalents	5,380,781	9,513,497	15,233,266	-	30,127,544
Total cash and invested assets	33,738,398	13,919,799	51,692,055	-	99,350,252
Premiums in course of collection	878,638	(333)	8,857,385	-	9,735,690
Premiums and installments booked but deferred and not yet due	445	16	3,747,886	-	3,748,347
Reinsurance recoverables on paid losses	248,258	-	-	-	248,258
Electronic data processing equipment, net	131,381	-	-	-	131,381
Accrued investment income	318,288	62,198	459,170	-	839,656
Other admitted assets	1,011,527	24,571	653,439	(1,277,515)	412,022
Total admitted assets	$ 36,326,935	$ 14,006,251	$ 65,409,935	$ (1,277,515)	$ 114,465,606
Liabilities and surplus					
Liabilities:					
Losses and loss adjustment expense reserves	$ 7,488,581	$ 6,805,144	$ 22,094,883	$ -	$ 36,388,608
Unearned premiums	-	-	11,378,758	-	11,378,758
Accounts payable and accrued expenses	1,754,519	5,231,786	636,422	(910,835)	6,711,892
Commissions due and accrued servicing carrier fees	172,213	10,758	2,189,331	-	2,372,302
Federal income taxes payable	-	97,065	2,681,291	(366,680)	2,411,676
Deposit premiums liability	710,748	196,971	3,189,299	-	4,097,018
Advance premiums	-	-	193,989	-	193,989
Provision for reinsurance	-	-	818,286	-	818,286
Retroactive reinsurance ceded	(5,269,815)	-	-	-	(5,269,815)
Total liabilities	4,856,246	12,341,724	43,182,259	(1,277,515)	59,102,714
Surplus:					
Unassigned surplus	25,375,981	1,664,527	22,227,676	-	49,268,184
Special surplus from retroactive reinsurance contract	6,094,708	-	-	-	6,094,708
Total surplus	31,470,689	1,664,527	22,227,676	-	55,362,892
Total liabilities and surplus	$ 36,326,935	$ 14,006,251	$ 65,409,935	$ (1,277,515)	$ 114,465,606

See accompanying notes.

Schedule 2

Florida Workers' Compensation
Joint Underwriting Association, Inc.

Consolidating Schedule of Operations by Rating Plan - Statutory Basis

For the six months ended June 30, 2007

	Prior to July 26, 2003	SubPlans Effective July 26, 2003	Tiers Effective July 1, 2004	Inter-plan Balances	Total
Underwriting income:					
Premiums earned, net	$ 57,217	$ (131,340)	$ 11,146,675	$ -	$ 11,072,552
Underwriting expenses:					
Losses and loss adjustment expenses incurred, net	(755,450)	(827,631)	(2,686,001)	-	(4,269,082)
Underwriting, acquisition, and other expenses	726,308	(230,439)	2,701,614	-	3,197,483
Total underwriting expenses	(29,142)	(1,058,070)	15,613	-	(1,071,599)
Net underwriting income	86,359	926,730	11,131,062	-	12,144,151
Net investment income	759,274	345,889	1,332,995	-	2,438,158
Realized capital losses	(35,252)	(4,959)	58	-	(40,153)
Other income (loss)	150,636	(2,462,000)	-	-	(2,311,364)
Retroactive reinsurance loss	(90,000)	-	-	-	(90,000)
Income before federal income taxes	871,017	(1,194,340)	12,464,115	-	12,140,792
Federal income taxes	(66,212)	196,597	3,281,291	-	3,411,676
Net income	$ 937,229	$ (1,390,937)	$ 9,182,824	$ -	$ 8,729,116

See accompanying notes.

Florida Workers' Compensation
Joint Underwriting Association, Inc.

Consolidating Schedule of Admitted Assets, Liabilities and Surplus (Deficit) by Subplan - Statutory Basis

June 30, 2007

	Subplan A	Subplan C	Subplan D1	Subplan D2	Total Subplans Effective July 26, 2003
Admitted assets					
Cash and invested assets:					
Bonds	$ -	$ 3,623,600	$ -	$ -	$ 3,623,600
Short-term investments	-	782,702	-	-	782,702
Cash and cash equivalents	72,656	3,810,882	5,629,959	-	9,513,497
Total cash and invested assets	72,656	8,217,184	5,629,959	-	13,919,799
Premiums in course of collection	-	(333)	-	-	(333)
Premiums and installments booked but deferred and not yet due	-	16	-	-	16
Accrued investment income	-	62,198	-	-	62,198
Other admitted assets	468	-	24,103	-	24,571
Total admitted assets	$ 73,124	$ 8,279,065	$ 5,654,062	$ -	$ 14,006,251
Liabilities and surplus (deficit)					
Liabilities:					
Losses and loss adjustment expense reserves	$ 297	$ 1,932,314	$ 4,709,016	$ 163,517	$ 6,805,144
Unearned premiums	-	-	-	-	-
Accounts payable and accrued expenses	12	14,674	5,162,601	54,499	5,231,786
Commissions due and accrued servicing carrier fees	-	-	10,758	-	10,758
Federal income taxes payable	-	97,065	-	-	97,065
Deposit premiums liability	-	13,590	177,528	5,853	196,971
Advance premiums	-	-	-	-	-
Provision for reinsurance	-	-	-	-	-
Retroactive reinsurance ceded	-	-	-	-	-
Total liabilities	309	2,057,643	10,059,903	223,869	12,341,724
Surplus (deficit):					
Unassigned surplus (deficit)	72,815	6,221,422	(4,405,841)	(223,869)	1,664,527
Special surplus from retroactive reinsurance contract	-	-	-	-	-
Total surplus (deficit)	72,815	6,221,422	(4,405,841)	(223,869)	1,664,527
Total liabilities and surplus (deficit)	$ 73,124	$ 8,279,065	$ 5,654,062	$ -	$ 14,006,251

See accompanying notes.

Florida Workers' Compensation
Joint Underwriting Association, Inc.

Consolidating Schedule of Operations by Subplan - Statutory Basis

For the six months ended June 30, 2007

	Subplan A	Subplan C	Subplan D1	Subplan D2	Total Subplans Effective July 26, 2003
Underwriting income:					
Premiums earned, net	$ -	$ 76	$ (131,416)	$ -	$ (131,340)
Underwriting expenses:					
Losses and loss adjustment expenses incurred, net	4	(761,284)	(10,096)	(56,255)	(827,631)
Underwriting, acquisition, and other expenses	245	(7,292)	(223,391)	(1)	(230,439)
Total underwriting expenses	249	(768,576)	(233,487)	(56,256)	(1,058,070)
Net underwriting income	(249)	768,652	102,071	56,256	926,730
Net investment income (expense)	1,797	199,886	144,726	(520)	345,889
Realized capital losses	-	(4,959)	-	-	(4,959)
Other income	-	-	(2,551,822)	89,822	(2,462,000)
Income before federal income taxes	1,548	963,579	(2,305,025)	145,558	(1,194,340)
Federal income taxes	(468)	197,065	-	-	196,597
Net income	$ 2,016	$ 766,514	$ (2,305,025)	$ 145,558	$ (1,390,937)

See accompanying notes.

Florida Workers' Compensation
Joint Underwriting Association, Inc.

Consolidating Schedule of Admitted Assets, Liabilities and Surplus by Tier - Statutory Basis

June 30, 2007

	Tier 1	Tier 2	Tier 3	Total Tiers Effective July 1, 2004
Admitted assets				
Cash and invested assets:				
Bonds	$ 4,499,679	$ 15,581,784	$ 15,088,587	$ 35,170,050
Short-term investments		643,497	645,242	1,288,739
Cash and cash equivalents	3,330,325	5,094,654	6,808,287	15,233,266
Total cash and invested assets	7,830,004	21,319,935	22,542,116	51,692,055
Premiums in course of collection	1,898,612	4,289,165	2,669,608	8,857,385
Premiums and installments booked but deferred and not yet due	708,242	1,629,833	1,409,811	3,747,886
Accrued investment income	53,206	200,062	205,902	459,170
Other admitted assets	318,777	123,707	210,955	653,439
Total admitted assets	$ 10,808,841	$ 27,562,702	$ 27,038,392	$ 65,409,935
Liabilities and surplus				
Liabilities:				
Losses and loss adjustment expense reserves	$ 1,718,435	$ 11,369,699	$ 9,006,749	$ 22,094,883
Unearned premiums	2,746,634	3,985,643	4,646,481	11,378,758
Accounts payable and accrued expenses	43,163	236,548	356,711	636,422
Commissions due and accrued servicing carrier fees	501,443	996,128	691,760	2,189,331
Federal income taxes payable	585,837	1,229,806	865,648	2,681,291
Deposit premiums liability	723,853	2,092,557	372,889	3,189,299
Advance premiums	38,404	128,862	26,723	193,989
Provision for reinsurance	-	818,286	-	818,286
Total liabilities	6,357,769	20,857,529	15,966,961	43,182,259
Surplus:				
Unassigned surplus	4,451,072	6,705,173	11,071,431	22,227,676
Total surplus	4,451,072	6,705,173	11,071,431	22,227,676
Total liabilities and surplus	$ 10,808,841	$ 27,562,702	$ 27,038,392	$ 65,409,935

See accompanying notes.

Florida Workers' Compensation
Joint Underwriting Association, Inc.

Consolidating Schedule of Operations by Tier - Statutory Basis

For the six months ended June 30, 2007

	Tier 1	Tier 2	Tier 3	Total Tiers Effective July 1, 2004
Underwriting income:				
Premiums earned, net	$ 2,517,852	$ 4,810,702	$ 3,818,121	$ 11,146,675
Underwriting expenses:				
Losses and loss adjustment expenses incurred, net	(1,735)	(1,506,638)	(1,177,628)	(2,686,001)
Underwriting, acquisition, and other expenses	470,713	1,199,387	1,031,514	2,701,614
Total underwriting expenses	468,978	(307,251)	(146,114)	15,613
Net underwriting income	2,048,874	5,117,953	3,964,235	11,131,062
Net investment income	210,610	556,839	565,546	1,332,995
Realized capital losses	-	29	29	58
Income before federal income taxes	2,259,484	5,674,821	4,529,810	12,464,115
Federal income taxes	685,837	1,479,806	1,115,648	3,281,291
Net income	$ 1,573,647	$ 4,195,015	$ 3,414,162	$ 9,182,824

See accompanying notes.

Thomas Howell
Ferguson P.A.

Certified Public Accountants
2120 Killarney Way (32309-3402)
P. O. Drawer 14569
Tallahassee, FL 32317-4569

Phone: (850) 668-8100
Fax: (850) 668-8199
email: thf@thf-cpa.com

To the Audit Committee
Florida Workers' Compensation Joint Underwriting Association, Inc.

This letter is intended to inform the Audit Committee of the Florida Workers' Compensation Joint Underwriting Association, Inc. (the Association) about significant matters related to the conduct of the annual audit so that it can appropriately discharge its oversight responsibility, and that we comply with our professional responsibilities to the Audit Committee.

The following summarizes various matters which must be communicated to you under auditing standards generally accepted in the United States of America.

The Auditor's Responsibility Under Generally Accepted Auditing Standards

Our audit of the financial statements of the Association for the six month period ended June 30, 2007, was conducted in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error, fraudulent financial reporting or misappropriation of assets. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Accordingly, the audit was designed to obtain reasonable, rather than absolute, assurance about the financial statements. We believe that our audit accomplished that objective.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us that they used all the relevant facts available to them at the time to make the best judgments about accounting estimates, and we considered this information in the scope of our audit. Estimates significant to the financial statements include loss and loss adjustment expense reserves.

Loss and loss adjustment expense reserves represent the estimated unpaid ultimate net cost of all reported and unreported losses incurred through June 30, 2007. Loss and loss adjustment expense reserves are determined based on individual case-basis valuations, various statistical analyses, and industry data. The Association's recorded reserves are reviewed by an independent actuary whose report was obtained and reviewed. We have reconciled the data provided to the actuary to the Association's accounting information. This estimate is continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations.

The Audit Committee may wish to monitor throughout the year the process used to compute and record these accounting estimates.

Audit Adjustments

There were adjustments as a result of the audit for EDP equipment, reinsurance premiums, provision for reinsurance, and federal income taxes. These adjustments were recorded in the audited statutory basis financial statements. These adjustments increased total surplus and total investment income approximately $865,000 and $92,000, respectively, and decreased total admitted assets, total liabilities, and total expenses approximately $434,000, $1.3 million, and $110,000, respectively.

Uncorrected Misstatements

There were no uncorrected misstatements to the original trial balance presented to us to begin our audit.

Accounting Policies and Alternative Treatments

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Association. The Association did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period which should be brought to your attention for approval.

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Other Information in Documents Containing Audited Financial Statements

The consolidating information included in other financial information as of and for the six month period ended June 30, 2007, is presented for purposes of additional analysis and is not a required part of the statutory basis financial statements. The additional information has been subjected to the auditing procedures applied in the audit of the statutory basis financial statements and, in our opinion, is fairly stated in all material respects in relation to the statutory basis financial statements taken as a whole.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Major Issues Discussed with Management Prior to Retention

No major issues were discussed with management prior to our retention to perform the aforementioned audit.

Difficulties Encountered in Performing the Audit

We did not encounter any difficulties in dealing with management relating to the performance of the audit.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the Association.

This report is intended solely for the information and use of the Audit Committee, Board of Governors, and management and is not intended to be and should not be used by anyone other than the specified parties.

Thomas Howell Ferguson P.A.

November 12, 2007

AUDIT COMMITTEE REPORT

Federal Income Tax Exemption Filing Update

At its November 30th meeting, the Audit Committee was informed that Andy Gray of Thomas Howell Ferguson had drafted the request for a private letter ruling from the IRS regarding the FWCJUA's federal income tax filing status. Gray indicated that the draft had already been reviewed by staff and was currently being reviewed by General Counsel. Further, Gray advised that he had initiated pre-filing discussions with the IRS to ensure that the private letter ruling request appropriately addressed all significant matters. He then indicated that the anticipated filing date for the request was on or before December 20, 2007. Further, the Committee was informed that the FWCJUA would recognize a 2007 out-of-budget expense of $10,000 for the filing fee.

A further update on this matter will be available at the Board meeting.

No Board action is required on this item.

AUDIT COMMITTEE REPORT

2006 Market Conduct Final Examination Report

At its November 30th meeting, the Audit Committee reviewed the 2006 Market Conduct Final Examination Report covering the scope of January 1, 2003 through June 30, 2006 which was received by the FWCJUA in August 2007 and received a staff update on the actions taken in response to the report.

Most importantly, there were no compliance issues raised in the report. The exam was quite comprehensive and resulted in a favorable report on FWCJUA operations. The exam was an operational review and was conducted by OIR's contracted outside audit firm of Buttner Hammock & Company (BHC). BHC reviewed four general areas of the FWCJUA's operations, those being (1) organizational structure and administration; (2) financial performance; (3) payments, allocations, recoveries and financial auditing; and (4) IT systems operations and administration, disaster preparedness. The policyholder cost for the exam totaled $75,486.91. In conclusion, there were only ten relatively minor recommendations for the FWCJUA to consider, and OIR Market Investigations indicated that the FWCJUA was not obligated to implement any of the recommendations within the report.

Upon review of the recommendations and the action taken, it was the consensus of the Audit Committee that all the recommendations were being reasonably and adequately addressed.

Attached for the Board's perusal is a copy of the summary of the exam recommendations and actions taken, some of which has been further updated by staff since the Audit Committee meeting.

No Board action is required on this item.

FWCJUA 2006 MARKET CONDUCT EXAM RECOMMENDATIONS & ACTION TAKEN

(as of December 4, 2007)

1. **Recommendation:** Payroll is a significant expense of the FWCJUA. BHC recommends that the Executive Director review the payroll reports and journal entries periodically, to serve as an independent review of the monitoring by the Controller, thus enhancing segregation of duties.
   Action taken: The Executive Director now reviews payroll reports quarterly and this process is recorded in the Payroll Procedures which were developed and implemented in June 2007 upon review of the draft report.

2. **Recommendation:** BHC recommends that the FWCJUA prepare formal documentation of the FWCJUA Payroll Procedures. BHC considers documentation of Payroll Procedures to be good business practice, since payroll is a vital segment of operations.
   Action taken: Payroll Procedures were developed and implemented in June 2007 with Audit Committee confirmation on 12/3/2007.

3. **Recommendation:** FWCJUA should consider the need to develop a formal documented Succession Plan. A documented plan can minimize business interruption, should a key employee become unwilling or unable to perform his or her duties, and should clearly define the specific individuals inside or outside of the organization that are qualified to take over the duties of key employees on a temporary or permanent basis.
   Action taken: At its December 3rd meeting, the Operations Committee determined that the FWCJUA had adequate procedures in place to minimize business interruption should a key employee become unwilling or unable to perform his or her duties and therefore, agreed not to recommend the development of a formal documented Succession Plan as part of the 2008 Business Plan.

4. **Recommendation:** BHC recommends that prior to the Board's approval of the draft of the FWCJUA's Records Management and Retention Policy, FWCJUA's management should update the policy for the following areas:
   - The Electronic Document Management System.
   - The draft policy includes emphasis on off-site storage (i.e. references to document storage vendors who will shred FWCJUA documents, preservation of off-site storage facilities, procedures for packaging, bundling, and labeling hard copy records). The FWCJUA does not currently use off-site storage, and emphasizes electronic storage. The FWCJUA may choose to include provisions for off-site storage, as the need may arise. Currently, there is no document storage vendor.
   - The destruction of the FWCJUA documents should be expanded to address the individual(s) responsible for shredding documents.

   While there may still be a need for the storage of some hard copy records, the Records Management and Retention Policy should reflect the FWCJUA's efforts to move toward a paperless environment.
   Action taken: The draft of the FWCJUA's Records Management and Retention Policy required major revisions given the passage of Senate Bill 1894 and BHC's recommendations were addressed during the rewrite. At its December 3rd meeting, the Operations Committee agreed to recommend the proposed Records Management and Retention Policy to the Board for consideration at its meeting on December 11, 2007.

5. **Recommendation:** The FWCJUA should consider obtaining a written contract with outside attorneys for litigation management services. Having signed written contracts for all services performed by outside parties is considered good business practice, and a written agreement will better equip the FWCJUA and its Board to establish oversight and the monitoring of performance under contracts.
   Action taken: At its December 3rd meeting, the Operations Committee agreed to recommend to the Board that the current litigation manager be engaged to provide litigation management services in 2008 at an hourly rate of $175 with the expectation that the total for said services shall not exceed $25,000. The Board shall consider the Committee's recommendation at its meeting on December 11, 2007.

6. **Recommendation:** The FWCJUA should consider requiring Travelers to engage an independent auditor to perform a SAS 70 audit and provide the Board with a copy of the audit report.
   Action taken: This will be considered upon the rebidding of the policy administration and managed care services as this expense was not contemplated under the current contract.

7. **Recommendation**: BHC recommends that the nightly backup be taken off-site daily, either to the bank vault or to the home of a Manager, the latter which was disclosed as an option in the DRP. The current practice of taking the back-up tape to the bank vault twice a week leaves FWCJUA exposed to a potential data loss of more than one day in the event of a sudden disaster, other than an approaching hurricane, for which the FWCJUA has planned for daily off-site data transport. Although the secondary backup may be removed at a moment's notice if a sudden disaster occurs during normal business hours, an after-hours sudden disaster could result in a potential loss of data for more than one day.
   Action taken: In August 2007, the FWCJUA moved its primary servers and data storage to a Sungard facility in Alpharetta, Georgia. This offsite location allows data to be replicated between the office in Sarasota and the secure data facility in Georgia. A complete nightly tape backup is still being performed at the offsite location. The document management information is not replicated to Sarasota due to storage size but is included in the nightly backup. Additional options for document management data redundancy are currently being explored and will be considered by the Operations Committee in 2008.

8. **Recommendation**: BHC recommends that the results of the monthly testing of data backup procedures by randomly restoring files should be documented to ensure that the process occurs at a specified time each month, different types of files are tested, and the results are available for review, by Management, the Operations Committee, or the Board.
   Action taken: Backup and generator testing is now completed and documented on a monthly basis as reflected in the Disaster Recovery & Emergency Preparedness Plan.

9. **Recommendation**: BHC recommends that the results of the systems recovery process and post- test evaluations should be documented to ensure that the results are available for verification that the periodic testing is occurring at appropriate intervals and that results are appropriately communicated. BHC recommends that testing should occur at least once per year.
   Action taken: Disaster testing procedures have been created and tested for staff and equipment. The disaster testing procedures will be reviewed and tests scheduled every spring. Post test evaluations are collected and reviewed after each test. A "hurricane" disaster test was successfully executed on 10/11/07. Additionally, the Audit Committee will further review the disaster testing procedures in 2008.

10. **Recommendation**: BHC recommends that the FWCJUA execute its intention to review Travelers' Disaster Recovery Plan on an annual basis.
    Action taken: Travelers' Disaster Recovery Plan was reviewed as part of a service provider audit conducted by FWCJUA staff in July 2007 and was deemed acceptable. It should also be noted that Travelers' Disaster Recovery Plan was reviewed by the FWCJUA prior to the inception of the contract in January 2006. Further, the Travelers' Plan will again be reviewed as part of the service provider audit that will be conducted in 2008.

AUDIT COMMITTEE REPORT

Audit Committee Charter Checklist

The Board shall receive the Audit Committee's annual report on its functions during 2007.

As required by the Audit Committee Charter, the Audit Committee utilized the Audit Committee Charter Procedures Checklist to ensure it addressed all of its required functions in 2007. The checklist is included for the Board's perusal.

To highlight a few of the Audit Committee's exceptional activities during 2007:

1. Reviewed 2 financial audits this year, both the 12/31/06 and 6/30/07. Both financial audits were completed by Thomas Howell Ferguson and were issued with unqualified opinions.

2. Reviewed and confirmed or recommended Board adoption of new and revised policies and procedures that were developed to implement SB 1894 & HB 7169 as well as address the 2006 Market Conduct Final Examination Report recommendations (e.g., payroll procedures, procurement procedures, code of conduct, and conflict of interest statement)

3. Reviewed the 2006 Market Conduct Final Examination Report, which was quite comprehensive and resulted in a favorable report on FWCJUA operations with no compliance issues, to ensure that all the recommendations were reasonably and adequately addressed.

No Board action is required on this item.

Florida Workers' Compensation Joint Underwriting Association, Inc.
Audit Committee Charter Procedures Checklist
For the financial reporting period ended December 31, 2007

Attachment N

Understanding Roles and Responsibilities	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	As Needed	Done by: (initials)	Completed	Comments
1. Review the audit committee charter to determine whether its responsibilities are adequately described.			X				Yes	JUA staff and THF had no recommended changes and the committee postponed review until 1st quarter 2008 as this was the 1st meeting of the new committee members after reseating of the Board.
2. Discuss the committee's communication and performance expectations with management and independent auditors.				X			Yes	Discussed at the 11/30/07 audit committee meeting - the Audit Chair expects open communication between the Committee, THF and the JUA.
3. Engage internal and external resources as the committee determines necessary to carry out its duties.					X		N/A	
4. Establish direct access to the independent auditors.					X		Yes	Communication has been established for both the audit committee members and employees of the FWCJUA.
5. Establish a process to respond to any reports from the corporate attorneys regarding material violations of laws or breaches of fiduciary duties.					X		N/A	
6. Develop a meeting planner to make sure that the committee meets its responsibilities as outlined in its Charter.	X	X	X	X	X		Yes	2007 meetings were decided at the March committee meeting; however changes had to be made with the reseating of the Board.
7. Prepare minutes for all meetings and circulate in draft form to members prior to being finalized.	X	X	X	X	X		Yes	Minutes are prepared and included in the next Audit committee or Board of Governors meeting agenda for approval.
8. Provide orientation training for new committee members.					X		Yes	A brief introduction was provided at the Nov. 30 meeting with more depending upon new committee member request.

Understanding the Business	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	As Needed	Done by: (initials)	Completed	Comments
1. Provide information to the Committee on the Association's structure, controls and types of transactions.	X	X	X	X	X		Yes	12/312006 and 6/30/07 favorable audit findings have been discussed.

Florida Workers' Compensation Joint Underwriting Association, Inc.
Audit Committee Charter Procedures Checklist
For the financial reporting period ended December 31, 2007

Attachment N

Understanding the Business (cont.)	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	As Needed	Done by: (initials)	Completed	Comments
2. Communicate the types of significant risks faced by the Association in the current environment including:							Yes	At the 3/27/07 meeting the only significant risk commented on was the pending legislation.
• Competitive trends.	X	X	X	X				
• Significant customers and suppliers.					X			
• Regulatory requirements	X	X	X	X				
3. Evaluate whether management exhibits and fosters a culture and environment that promotes high-quality financial reporting, including addressing internal control issues.	X	X	X	X			Yes	Discussed at the 3/27/07 & 11/30/07 meetings as a result of the audits; THF is unaware of any issues and is complimentary of JUA.
4. Determine how management is assessing the adequacy and effectiveness of internal controls.	X	X	X	X			Yes	THF noted there were no internal controls issues noted.
5. Discuss with the independent auditors any significant improvement recommendations in internal controls and whether management has adequately addressed them.		X					Yes	THF made no internal control recommendations as a result of the 2006 Financial Audit.
6. Assess whether the Association has an appropriate business continuity plan and whether that plan has been tested.					X		Yes	The FWCJUA is continuously updating the business continuity and disaster recovery plan document.
7. Discuss with the independent auditors whether they noted any instances of employee fraud, questionable or illegal payments, or violations of laws or regulations.		X					Yes	THF advised that they noted no instances of such in their 12/2006 and 6/2007 Financial Audits.
8. Obtain an understanding of management's compensation structure and whether the current structure could increase the possibility of inappropriate behavior to maximize compensation.					X		Yes	Audit Chair sits on Executive Compensation Committee which meets several times a year.
9. Assess whether there are adequate controls over the approval and monitoring of special or complex transactions.	X	X	X	X			Yes	THF advised that there are adequate controls over such transactions.

Attachment N

Understanding the Business (cont.)	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	As Needed	Done by: (initials)	Completed	Comments
10. Receive update from management about reports received from regulators and their responses to those reports.					X		Yes	Market Conduct Exam received in June 2007 was very favorable with no compliance issues found and with minor recommendations made.
11. Receive an update from the general counsel on legal and regulatory matters that may have a material effect on the financial statements.	X				X		Yes	At the March meeting, Maida had nothing to report regarding regulatory or legal updates which would affect the current financials of the FWCJUA.

Oversight of Financial Reporting Process	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	As Needed	Done by: (initials)	Completed	Comments
1. Distribute and discuss the Association's financial results and the consistency of reported and planned results.	X	X	X	X			Yes	2006 Annual discussed at the March Board Meeting; 1st quarter 2007 at the June Board Meeting with 6/30/07 audit and 3rd qtr to be presented at the Dec. Board Meeting.
2. Review significant balance sheet changes or changes in trends or important financial statement relationships.	X	X	X	X			Yes	Discussed at the Audit Committee meetings as well as Board and R&F Committee meetings.
3. Review Association's accounting principles (including changes in them) and practices and compare to industry norms.				X	X		Yes	This review was completed during 2006 and again with the passage of SB1894 resulting in the implementation of one new policy & procedure for procurement.
4. Review management's process for identifying related party transactions.					X		N/A	
5. Review any new or proposed accounting and auditing topics affecting the company.				X	X		Yes	New reinsurance premium accounting rules implemented as a result of the June 30, 2007 audit.
6. Question management and the auditors about how they assess the risk of material misstatement, what the significant risks are, and how they respond to identified risks.		X					Yes	Discussed at the 3/27/07 meeting and THF advised that no material misstatements were found as a result of the 2006 Financial Audit.
7. Challenge management and the auditors to identify the difficult areas (e.g. significant estimates and judgments) and to fully explain how they each made their judgments in those areas.		X					Yes	Discussed at the 3/27/07 meeting - the most significant estimate is loss reserves and the decision is made by the Board with guidance from the FWCJUA's external actuaries.

Florida Workers' Compensation Joint Underwriting Association, Inc.
Audit Committee Charter Procedures Checklist
For the financial reporting period ended December 31, 2007

Attachment N

Oversight of Financial Reporting Process (cont.)	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	As Needed	Done by: (initials)	Completed	Comments
8. Review proposed significant, complex, and/or unusual transactions and their financial statement effects.		X			X		N/A	
9. Obtain an understanding of why management did not correct audit differences that were identified and what the effect would be on the financial statements if those differences were corrected in the current period.		X					Yes	Discussed at the 3/27/07 meeting and no audit differences were found. Also discussed again at the 11/30/07 meeting & reinsurance audit adjustments have been booked as a result of the 6/30/07 audit.
10. Review actuarial analysis report and have opportunity to confer independently with actuary.	X						Yes	The entire Board decides the loss reserves to be booked on the financials after review presented by Milliman and each Board member has direct access to the FWCJUA's actuary.

Oversight of Audit Function	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	As Needed	Done by: (initials)	Completed	Comments
1. Inquire as to the results of the independent auditors' latest peer and internal reviews, as well as the status of significant litigation or disciplinary actions by regulatory bodies.			X				Yes	Discussed at the 11/30/07 meeting and THF's latest review was a positive unqualified opinion.
2. Review quality control procedures of the independent auditor over the audit function			X				Yes	Discussed at the 11/30/07 meeting.
3. Review planned scope of the independent auditors, results of their work, changes in the planned scope, the extent of control testing to be performed, and the extent and appropriateness of the coordination of their activities.			X				Yes	Discussed at the 11/30/07 meeting.
4. Determine that the independent auditors are appropriately compensated to provide well-trained, highly experience personnel required to perform the necessary procedures for a high-quality audit.			X				Yes	THF is being recommended to the Board for confirmation for the 12/31/07 audit at the upcoming 12/11/07 Board Meeting.

5. Establish a process for the appointment, compensation and oversight of the independent auditors. Also, establish a process for pre-approving the audit and non-audit services to be provided by the independent auditors. When warranted, termination and reappointment of a replacement auditor.			X		X		Yes	At the Board's June 12th meeting, THF was confirmed for the 6/302007 audits as well as the non-audit service of compiling the tax exempt filing for the IRS to be filed on or before 1/1/2008.

Audit Committee Communication	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	As Needed	Done by: (initials)	Completed	Comments
1. Provide meaningful and focused updates to the Board of Governors after each committee meeting.	X	X	X	X	X		Yes	12/31/06 audit results were presented at the June Board meeting and the 6/30/07 audit results will be presented at the 12/11/07 Board meeting.
2. Provide an opportunity for the independent auditors to be available to the full Board of Governors at least annually to review the results of the audit.		X					Yes	THF presented the 12/31/07 audit to the Board in June & will present the 6/30/07 audit at the Dec. meeting.
3. Meet at least annually to assess management's effectiveness and communicate the results of that assessment.		X					Yes	At the March meeting, Ray Neff commented that staff has been doing a good job this past year.
4. Inquire of the auditors about management's corrective actions regarding control deficiencies identified.		X					Yes	Discussed at the 3/27/07 meeting however no control deficiencies were identified.
5. Inquire of the auditors about pressure by management to accept less than high-quality financial reporting.		X					Yes	THF advised of no pressure from management.
6. Inquire about the independent auditors' quality control safeguards and independence.			X				Yes	Discussed at the 11/30/07 meeting.
7. Provide vehicle for employees or others to have direct access to audit committee to report concerns. Annually all Board Members, Officers and Employees will read and sign the Code of Conduct and/or Conflict of Interest Statements.				X	X		Yes	Updated Business Conduct Letter with new Committee members and handed out to all employees on 11/16/07 - a copy of the letter is attached.
8. Annual Report to the full Board of Governors on the audit committee functions during the year with their completion following the audit charter checklist.				X			Yes	Will be completed and presented at the Dec. Board Meeting

RATES & FORMS COMMITTEE REPORT

Selection of Actuary

The Board shall consider the Rates & Forms Committee recommendation to engage Milliman to perform the 2007 year-end actuarial reserve analysis with opinion.

At its December 3rd meeting, the Rates & Forms Committee considered three informal quotations for the 2007 year-end reserve study with opinion. Milliman's proposal for the services was quoted at flat fee of $25,000. Towers Perrin/Tillinghast proposed a time and expense basis fee which it estimated would come to $75,000. Actuarial & Technical Solutions, Inc. proposed a fee of $25,000. Given Milliman's satisfactory performance, the Rates & Forms Committee resolved to recommend that Milliman be engaged to provide the 2007 year-end reserve analysis with opinion.

With regard to future actuarial services, the Committee resolved to recommend that the Board go forward with an RFP for actuarial services in 2008 with the parameters yet to be established. Accordingly, an RFP process for actuarial services has been incorporated into the Operations Committee's proposed 2008 Business Plan to be considered by the Board under a separate agenda item.

The Board shall determine whether to adopt the Rates & Forms Committee recommendation that Milliman be engaged for the 2007 year-end actuarial reserve study analysis with opinion.

REINSURANCE COMMITTEE REPORT

2008 Reinsurance Program

The Board shall consider the following Reinsurance Committee recommendations with regards to the FWCJUA's 2008 Reinsurance Program:

1. Purchase the $10,000,000 xs $20,000,000 catastrophe layer on a Per Occurrence basis with One Reinstatement at 100% and an MAOL of $5,000,000;

2. Purchase the $10,000,000 xs $10,000,000 catastrophe layer on a Per Occurrence basis with One Reinstatement at 100%; and an MAOL of $5,000,000;

3. Purchase the $5,000,000 xs $5,000,000 layer on a Per Occurrence basis with One Reinstatement at 100%.

4. Purchase the $4,000,000 xs $1,000,000 layer with an AAD of no more than 2.28%.

5. Terminate all existing reinsurance coverages on a on a cut-off basis effective 12/31/2007.

Attached for the Board's perusal is summary information prepared by Benfield regarding the Reinsurance Committee's considerations in formulating its recommendation.

The Board shall authorize Benfield, as appropriate, to place a 2008 reinsurance program for the FWCJUA.

FWCJUA

Florida Workers' Compensation Joint Underwriting Association

2008 Reinsurance Renewal

Board of Governors Discussion:

December 11, 2007

Florida Workers' Compensation Joint Underwriting Association

December 11, 2007 Reinsurance Committee Reinsurance Discussion

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Florida Workers' Compensation Joint Underwriting Association

Exhibit I

2007 Reinsurance Program Summary

FWCJUA 2007 Excess Reinsurance Program Structure

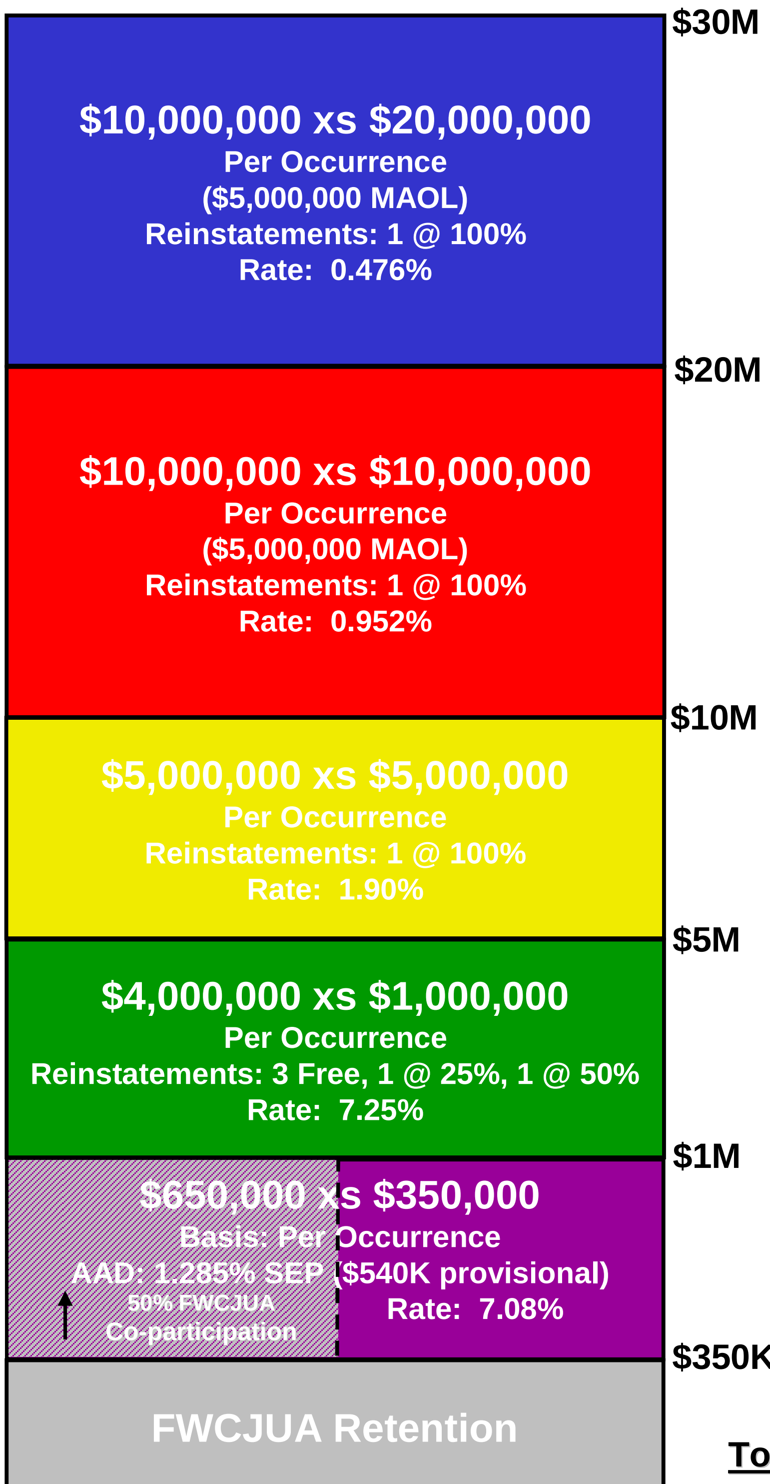
27.5% AWAC (A, XIV)
12.5% IOA Re/Catlin Re (A, I)
50.0% Lloyd's (A, XV)
10.0% Wellington Re (A, I)
100.0%

20.0% Arch Re (A, XV)
5.0% Aspen Ins UK (A, XI)
22.5% Harbor Point (A++, XV)
12.5% IOA Re/Catlin (A, I)
20.0% Lloyd's (A, XV)
10.0% Max Re (A-, XII)
10.0% Wellington (A, Xi)
100.0%

5.0% Aspen Ins UK (A, XI)
10.0% Faraday (A)
20.0% Hannover Re (A, XV)
30.0% Max Re (A-, XII)
25.0% Munich Re Am (A, XV)
10.0% Wellington Re (A, I)
100.0%

15.0% Aspen Ins UK (A, XI)
20.0% Hannover Re (A, XV)
10.0% Harrington (A XV)
20.0% Max Re (A-, XII)
35.0% Munich Re Am (A, XV)
100.0%

30.0% Everest Re (A+, XV)
20.0% Folksamerica (A-, XII)
50.0%



Total Rate
***14.118%**

***Represents effective total rate net of co-insurance on the $650,000 xs $350,000 layer.**

Florida Workers' Compensation Joint Underwriting Association

Workers' Compensation Excess of Loss Reinsurance Program

Effective: January 1, 2007

Expiring Terms & Conditions

	$650,000 xs $350,000	$4,000,000 xs $1,000,000	$5,000,000 xs $5,000,000	$10,000,000 xs $10,000,000 ($5M MAOL)	$10,000,000 xs $20,000,000 ($5M MAOL)
LIMITS / COVERAGE	$650,000 x/s $350,000	$4,000,000 xs $1,000,000	$5,000,000 xs $5,000,000	$10,000,000 xs $10,000,000	$10,000,000 xs $20,000,000
CONTRACT PERIOD	1/1/2007 - 12/31/2007	1/1/2007 - 12/31/2007	1/1/2007 - 12/31/2007	1/1/2007 - 12/31/2007	1/1/2007 - 12/31/2007
ACCOUNTING/CLAIM MECHANICS	Accident Year / Losses Occuring During	Accident Year / Losses Occuring During	Accident Year / Losses Occuring During	Accident Year / Losses Occuring During	Accident Year / Losses Occuring During
ESTIMATED SNEP	$42,000,000	$42,000,000	$42,000,000	$42,000,000	$42,000,000
BOUND %	50%	100%	100%	100%	100%
REINSURANCE RATE AS A PERCENT OF SNEP	7.08%	7.25%	1.90%	0.952%	0.476%
ESTIMATED DEVELOPED REINSURANCE COST	$2,973,600	$3,045,000	$798,000	$399,840	$199,920
DEPOSIT PREMIUM	$2,973,600	$3,045,000	$798,000	$400,000	$200,000
MINIMUM PREMIUM	70% of Deposit	70% of Deposit	70% of Deposit	70% of Deposit	70% of Deposit
AAD	1.285% ($540,000)	None	None	None	None
REINSTATEMENTS	Free/Unlimited	3 Free, 1 @ 25%, 1 @ 50%	1 @ 100%	1 @ 100%	1 @ 100%
ANNUAL AGGREGATE LIMIT	None	$24,000,000	$10,000,000	$20,000,000	$20,000,000
SUNSET / COMMUTATION	None	None / 7yrs	7 yrs/ 7 yrs	7 yrs/ 7 yrs	7 yrs/ 7 yrs
LAE	Included	Included	Included	Included	Included
ECO/XPL	90% / 90%	90% / 90%	90% 90%	90% / 90%	90% / 90%
RUN- OFF FEATURES	Company Option	Company Option	Company Option	Company Option	Company Option
OD/CT COVERAGE	72 hours sudden and accidental	72 hours sudden and accidental	72 hours sudden and accidental	72 hours sudden and accidental	72 hours sudden and accidental
TERRORISM	1 Limit excl NBCR	1 Limit excl NBCR	1 Limit excl NCBR	1 Terrorism Limit excluding NBC	1 Terrorism Limit excluding NBC
ADDITIONAL EXCLUSIONS	Commercial aviation crews while in flight	$8M Asbestosis sublimit, Commercial aviation crews while in flight	$5M Asbestosis sublimit, Commercial aviation crews while in flight	Commercial aviation crews while in flight	Commercial aviation crews while in flight
BROKERAGE	10% brokerage	10% brokerage, 5% on reinstatements	10% brokerage, 5% on reinstatements	10% brokerage, 5% on reinstatements	10% brokerage, 5% on reinstatements

Florida Workers' Compensation Joint Underwriting Association

Exhibit II

Reinsurance Layer Pricing and Evaluation

Florida Workers' Compensation Joint Underwriting Association
Workers' Compensation Excess of Loss Reinsurance Program
Effective: January 1, 2008

Catastrophe Layers Quotation Summary

Subject EP: **$21,000,000**
MAOL: **$5,000,000**

Layer	Occurrence Limit	Company's Retention	Reinsurer	AM Best Rating	ROL	Rate	Annual Deposit Premium	Annual Minimum Premium	Reinstatements	Expiring Line	Authorized
4	$10,000,000	$10,000,000	**Expiring Terms**		**4.00%**	**0.952%**	**$400,000**	**$280,000**	**1 @ 100%**	**100.00%**	**-**
			Aspen Ins UK[3]	A	2.63%	1.250%	$262,500	$210,000	1 @ 100%	5.00%	15.00%
			Max Re	A-	2.94%	1.400%	$235,200	$235,200	1 @ 100%	10.00%	10.00%
			MAP Syn 2971	A	2.95%	1.405%	$295,000	$206,500	1 @ 100%	4.00%	4.00%
			Arch Re	A	3.00%	1.429%	$300,000	$240,000	1 @ 100%	20.00%	30.00%
			Faraday Syn 435[4]	A	3.25%	1.548%	$325,000	$260,000	1 @ 100%	-	TBD
			Harbor Point	A	3.75%	1.780%	$375,000	$262,500	1 @ 100%	22.50%	30.00%
			Catlin Syndicate 2003[4]	A	3.90%	1.857%	$390,000	$390,000	1 @ 100%	10.00%	10.00%
			Partner Re	A+	4.50%	2.143%	$450,000	$450,000	1 @ 100%	-	30.00%
									Total	**71.50%**	**129.00%**
5	$10,000,000	$20,000,000	**Expiring Terms**		**2.00%**	**0.476%**	**$200,000**	**$140,000**	**1 @ 100%**	**100.00%**	**-**
			AWAC	A	1.80%	0.857%	$179,999	TBD	1 @ 100%	27.50%	100.00%
			Catlin Syndicate 2003[4]	A	1.90%	0.905%	$190,000	$190,000	1 @ 100%	10.00%	10.00%
			Faraday Syn 435[4]	A	2.00%	0.952%	$200,000	$200,000	1 @ 100%	-	TBD
			MAP Syn 2971	A	2.00%	0.952%	$200,000	$140,000	1 @ 100%	10.00%	10.00%
									Total	**47.50%**	**120.00%**

Subject EP: **$21,000,000**
MAOL: **$10,000,000**

Layer	Occurrence Limit	Company's Retention	Reinsurer	AM Best Rating	ROL	Rate	Annual Deposit Premium	Annual Minimum Premium	Reinstatements	Expiring Line	Authorized
4	$10,000,000	$10,000,000	Danish Syn 1400	A	2.00%	0.950%	$199,500	$180,000	1 @ 100%	-	50.00%
			Aspen Ins UK[3]	A	3.00%	1.450%	$300,000	$240,000	1 @ 100%	-	15.00%
			Arch Re	A	3.50%	1.667%	$350,000	$280,000	1 @ 100%	-	30.00%
			IOA Re / Flagstone	A-	3.50%	1.667%	$350,000	$350,000	1 @ 100%	-	30.00%
			Faraday Syn 435[4]	A	3.74%	1.780%	$373,750	$299,000	1 @ 100%	-	TBD
			Catlin Syndicate 2003[4]	A	4.40%	2.095%	$440,000	$396,000	1 @ 100%	-	10.00%
									Total	**-**	**135.00%**
5	$10,000,000	$20,000,000	Danish Syn 1400	A	1.26%	0.600%	$125,000	$110,000	1 @ 100%	-	50.00%
			IOA Re / Flagstone	A-	2.00%	0.952%	$200,000	$200,000	1 @ 100%	-	30.00%
			Faraday Syn 435[4]	A	2.10%	1.000%	$210,000	$210,000	1 @ 100%	-	TBD
			Catlin Syndicate 2003[4]	A	2.20%	1.048%	$220,000	$198,000	1 @ 100%	-	10.00%
			AWAC	A	2.37%	1.129%	$237,000	TBD	1 @ 100%	-	50.00%
									Total	**-**	**140.00%**

*All quotes include coverage on an Inforce, New & Renewal basis for losses occurring during the term of the contract, 1/1/2008 - 12/31/2008.

Notes:
[3]Aspen quoted on a packaged quote basis.
[4]Indication
Incumbent

BENFIELD

Florida Workers' Compensation Joint Underwriting Association
Workers' Compensation Excess of Loss Reinsurance Program
Effective: January 1, 2008

Working Layer Quotation Summary

Subject EP: $21,000,000

Layer	Occurrence Limit	Company's Retention	Reinsurer	AM Best Rating	Rate	Annual Aggregate Deductible	Annual Deposit Premium	Annual Minimum Premium	Reinstatements	Expiring Line	Authorized
1	$650,000	$350,000	**Expiring Terms**		**7.08%**	**$540,000**	**$2,973,600**	**$2,081,520**	**Free/Unlimited**	**50.00%**	**-**
			Everest Re	A+	5.90%	$550,000	$1,239,000	$991,200	Free/Unlimited	30.00%	50.00%
			Everest Re	A+	7.08%	$270,000	$1,486,800	$1,189,440	Free/Unlimited	30.00%	50.00%
			Folksamerica[5]	A-	7.28%	$252,000	$1,528,800	$1,223,040	TBD	20.00%	50.00%
			Hannover RK	A	16.50%	-	$3,465,000	$2,772,000	Free/Unlimited	-	15.00%
									Total	**50.00%**	**165.00%**
1	$500,000	$500,000	Catlin Syndicate 2003[4]	A	6.34%	$500,000	$1,330,769	$931,538	350% loss ratio cap	-	50.00%
			Hannover RK	A	13.00%	-	$2,730,000	$2,184,000	Free/Unlimited	-	15.00%
									Total	**0.00%**	**65.00%**
1	$250,000	$750,000	Hannover RK	A	5.80%	-	$1,218,000	$974,400	Free/Unlimited	-	15.00%
									Total	**0.00%**	**15.00%**
2	$4,000,000	$1,000,000	**Expiring Terms**		**7.25%**	**-**	**$3,045,000**	**$2,131,500**	**3 Free, 1 @ 25%, 1 @ 50%**	**100.00%**	**-**
			Max Re	A-	5.50%	$1,000,000	$924,000	$924,000	3 Free	20.00%	25.00%
			Catlin Syndicate 2003[4]	A	6.93%	-	$1,455,910	$1,019,137	1 Free, 1 @ 100%	-	30.00%
			Aspen Ins UK[3]	A	7.25%	-	$1,500,000	$1,200,000	1 @ 100%, 3 Free	15.00%	15.00%
			Axis Re US[4]	A	7.80%	-	$1,638,000	TBD	2 Free, 1 @ 100% or 2 @50%	-	TBD
			Max Re	A-	8.14%	-	$1,709,400	$1,367,520	3 Free	20.00%	25.00%
			Munich Re America	A	8.50%	-	$1,785,000	$1,785,000	2 Free	35.00%	35.00%
			Aspen Ins UK[3]	A	9.50%	-	$1,995,000	TBD	3 Free, 1 @ 25%, 1 @ 50%	15.00%	15.00%
			Hannover RK	A	13.80%	-	$2,898,000	$2,318,400	2 Free, 2 @ 25%, 1 @ 50%	20.00%	25.00%
									Total	**90.00%**	**170.00%**
2	$3,000,000	$2,000,000	Max Re	A-	4.30%	-	$903,000	$722,400	3 Free	-	25.00%
			Munich Re America[4]	A	5.50%	-	$1,155,000	TBD	2 Free	-	TBD
			Hannover RK	A	6.25%	-	$1,312,500	$1,050,000	1 Free, 3 @ 100%	-	25.00%
									Total	**0.00%**	**50.00%**
2	$9,000,000	$1,000,000	Axis Re US[4]	A	9.30%	-	$1,953,000	TBD	1 @ 100%	-	TBD
3	$5,000,000	$5,000,000	**Expiring Terms**		**1.90%**	**-**	**$798,000**	**$558,600**	**1 @ 100%**	**100.00%**	**-**
			Axis Re US[1,4]	A	1.40%	-	$294,000	TBD	1 @ 100%	-	TBD
			Max Re	A-	1.95%	-	$409,500	$327,600	1 @ 100%	30.00%	35.00%
			Faraday Syn 435[4]	A	2.00%	-	$420,000	$357,000	1 @ 100%	10.00%	TBD
			Munich Re America	A	2.15%	-	$451,500	$451,500	1 @ 100%	25.00%	25.00%
			Aspen Ins UK[3]	A	2.74%	-	$575,000	$460,000	1 @ 100%	5.00%	15.00%
			Catlin Syndicate 2003[4]	A	2.76%	-	$580,000	$464,000	1 @ 100%	10.00%	10.00%
			Hannover RK[1]	A	3.50%	-	$735,000	$588,000	1 @ 100%	-	20.00%
			Hannover RK[2]	A	5.80%	-	$1,218,000	$974,400	1 @ 100%	-	20.00%
						-			**Total**	**80.00%**	**125.00%**

*All quotes include coverage on an Inforce, New & Renewal basis for losses occurring during the term of the contract, 1/1/2008 - 12/31/2008.

Notes:
[1]$5M MAOL
[2]$10M MAOL
[3]Aspen quoted on a packaged quote basis.
[4]Indication
[5]Minimum share: 25%
Incumbent

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Florida Workers' Compensation Joint Underwriting Association

Dynamic Financial Analysis Modeling

Calculation of Reinsurance Rates by Layer

	$650 xs $350 2.6% AAD	$4M xs $1M No AAD	$4M xs $1M $1M AAD	$4M xs $1M No AAD Expiring Reinstatments	$3M xs $2M	$5M xs $5M
Loss Costs*:						
2007 Est Loss Costs	11.10%	8.60%	8.60%	8.60%	N/A	1.30%
2008 Est Loss Costs	12.90%	12.40%	12.40%	12.40%	6.80%	1.90%
2008 Estimated Actuarial Pricing (Discounted)	7.3%	8.2%	5.6%	8.2%	3.9%	2.6%
Actual Total Market Pricing	5.9%	7.4%	5.5%	8.4%	5.2%	2.2%
Ratio of Actual to Actuarial	**80.3%**	**90.2%**	**99.8%**	**102.5%**	**134.0%**	**83.5%**

**Loss costs are based on FWCJUA experience and do not contemplate AADs or reinstatement patterns. Estimated pricing includes AADs, reinstatements, discounting and applies some weight to industry results.*

Summary of Results based on 50,000 ReMetrica Pro v4.21 simulations

	Gross	***Option 1 - 50% $650K x $350K ($546K AAD) $4M x $1M - No AAD***	***Option 2 - 50% $650K x $350K ($546K AAD) $4M x $1M - $1M AAD***	***Option 3 - 50% $650K x $350K ($546K AAD) $3M x $2M***	***Option 4- $4M x $1M - No AAD***	***Option 5 - $4M x $1M - No AAD - Expiring Reinstatements***	***Option 6 - $4M x $1M - $1M AAD***	***Option 7 - $3M x $2M***
Risk = Standard Deviation	*5,729,342*	*4,054,439*	*4,173,790*	*4,371,422*	*4,289,522*	*4,259,296*	*4,429,213*	*4,651,569*
Return = Mean	*3,148,606*	*2,819,560*	*2,647,586*	*2,450,806*	*2,721,192*	*2,509,986*	*2,549,218*	*2,352,438*
Marginal Impact								
(1) Gross Risk - Option Risk		*1,674,903*	*1,555,552*	*1,357,920*	*1,439,820*	*1,470,046*	*1,300,129*	*1,077,773*
(2) Gross Return - Option Return		*329,046*	*501,020*	*697,800*	*427,414*	*638,619*	*599,388*	*796,168*
(3) Risk/Return Trade-off Ratio = (1)/(2)		*509.0%*	*310.5%*	*194.6%*	*336.9%*	*230.2%*	*216.9%*	*135.4%*

All options include purchase of the $5M xs $5M layer.

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Florida Workers' Compensation JUA
Other Considerations for the 2008 Renewal

Runoff or Cutoff

- Pricing has not been secured on a new and renewal basis only (run-off).
- With run-off, multiple retentions are possible if an occurrence involves multiple policies and each is subject to a different reinsurance structure.
- Run-off accounting may be more cumbersome to administer.
- Although runoff may not provide savings, it may result in a larger overall limit in the $4M xs $1M layer.

Pricing and Coverage Considerations

- Market participation on a given layer may affect participation on other layers.
- Many markets are quoting increased minimum premium requirements of 80% to even 100% on some layers (70% expiring).
- With flexibility provided by the FWCJUA directives, Benfield will endeavor to secure more comprehensive coverage at the same overall reinsurance rate (e.g. 70% minimums).

Exhibit III

Potential Structures and Recommendations

FWCJUA Excess WC Reinsurance Program
2008 Potential Structures: With $1M+ Retention

Rate	Option 4 ($5M MAOL)	Rate	Option 6 ($5M MAOL)	Rate	Option 4 ($10M MAOL)
0.857%	$10,000,000 xs $20,000,000 Basis: Per Occurrence Reinstatement: One @ 100% MAOL: $5,000,000 Includes Conventional Terror (ex NBC)	0.857%	$10,000,000 xs $20,000,000 Basis: Per Occurrence Reinstatement: One @ 100% MAOL: $5,000,000 Includes Conventional Terror (ex NBC)	0.952%	$10,000,000 xs $20,000,000 Basis: Per Occurrence Reinstatement: One @ 100% MAOL: $10,000,000 Includes Conventional Terror (ex NBC)
1.429%	$10,000,000 xs $10,000,000 Basis: Per Occurrence Reinstatement: One @100% MAOL: $5,000,000 Includes Conventional Terror (ex NBC)	1.429%	$10,000,000 xs $10,000,000 Basis: Per Occurrence Reinstatement: One @100% MAOL: $5,000,000 Includes Conventional Terror (ex NBC)	1.520%	$10,000,000 xs $10,000,000 Basis: Per Occurrence Reinstatement: One @100% MAOL: $10,000,000 Includes Conventional Terror (ex NBC)
2.100%	$5,000,000 xs $5,000,000 Basis: Per Occurrence Reinstatement: One @100%	2.100%	$5,000,000 xs $5,000,000 Basis: Per Occurrence Reinstatement: One @100%	2.100%	$5,000,000 xs $5,000,000 Basis: Per Occurrence Reinstatement: One @100%
7.250%	$4,000,000 xs $1,000,000 Basis: Per Occurrence Annual Limit: $16,000,000	5.500%	$4,000,000 xs $1,000,000 4.76% AAD ($1,000,000) Annual Limit: $16,000,000	7.250%	$4,000,000 xs $1,000,000 Basis: Per Occurrence Annual Limit: $16,000,000
11.637%	FWCJUA Retention	9.887%	FWCJUA Retention	11.822%	FWCJUA Retention

Note: $4M xs $1M rates shown are based on the following reinstatement schedule: 1 free, 1 @ 50%, 1 free.

FWCJUA Excess WC Reinsurance Program
2008 Reinsurance Committee Recommendation

Rate	Recommended Option 4x1 with 2.28% AAD, $5M MAOL
0.857%	$10,000,000 xs $20,000,000 Basis: Per Occurrence Reinstatement: One @ 100% MAOL: $5,000,000 Includes 1 Limit of Conventional Terror (ex NBC)
1.429%	$10,000,000 xs $10,000,000 Basis: Per Occurrence Reinstatement: One @100% MAOL: $5,000,000 Includes 1 Limit of Conventional Terror (ex NBC)
2.100%	$5,000,000 xs $5,000,000 Basis: Per Occurrence Reinstatement: One @100%
6.413%	$4,000,000 xs $1,000,000 Basis: Per Occurrence 2.28% AAD ($478,286) Annual Limit: $16,000,000
10.80%	FWCJUA Retention

Features of the Proposed 2008 Reinsurance Program

- Primary Goal: To maximize coverage at a premium rate affordable to the JUA.
- Raises retention to $1M plus AAD to recognize improved surplus position.
- Total structure expected to require a projected rate of 10.80% of Earned Premium.
- $5M MAOL versus a $10M MAOL offers a $40,000 cost saving or 0.19% of Subject Earned Premium.
- $4M xs $1M contemplates reinstatements at 1 free, 1 @ 50%, and 1 free.
- Alternative AAD on the $4M xs $1M as the deductible to premium dollar tradeoff is 2.5:1 (e.g. $200,000 of additional premium reduces the deductible by $500,000).
- FWCJUA may prioritize 70% minimum premium over other terms / provisions.
- Cuts-off the 2007 reinsurance program at 12/31/2007.

Florida Workers' Compensation Joint Underwriting Association

Appendix

Reinsurer Financial Summary

Reinsurer Key Financial Data - Marketing List

Prepared by BENFIELD

Ceding Company: Florida Workers' Compensation Joint Underwriting Association, Inc.
Reinsurance Contract: Workers' Compensation Excess Reinsurance Program
Effective: January 1, 2008

		Manager / Reinsurers	A.M. Best Rating	S&P Rating	Surplus ($Millions)	As of Date	Change in Surplus %	Combined Ratio %	Net Prem Written to Surplus
UNITED STATES									
	^	ACE Property & Casualty Insurance Company	A+ p XV (10/16/2006)	A+	1,581.0	30-Mar-2007	21.3%	79.2%	0.9
	^	Arch Reinsurance Company	A r XV (8/2/2007)	A	742.0	30-Mar-2007	8.0%	77.5%	0.1
	^	AXIS Reinsurance Company	A g XV (7/24/2007)	A	546.5	30-Mar-2007	4.9%	92.8%	0.9
	^	Berkley Insurance Company	A g XV (8/15/2006)	A+	2,279.1	30-Mar-2007	18.1%	93.4%	0.8
		Everest Reinsurance Company	A+ g XV (6/13/2007)	AA-	2,677.4	30-Mar-2007	13.9%	95.3%	0.8
	^	Folksamerica Reinsurance Company	A- XII (8/17/2006)	A-	1,153.4	30-Mar-2007	6.9%	104.7%	0.6
	^	Midwest Employers Casualty Company	A r XV (8/15/2006)	A+	123.9	30-Mar-2007	0.8%	101.8%	0.3
	^	Motors Insurance Corporation, by GMAC Re Corporation	A- g XV (11/30/2006)	NR	1,902.9	30-Mar-2007	11.1%	91.9%	1.0
	^	Munich Reinsurance America, Inc.	A g XV (12/6/2006)	AA-	3,882.5	30-Mar-2007	19.4%	94.5%	0.7
	^	Odyssey America Reinsurance Corporation	A g XV (2/15/2007)	A-	2,620.8	30-Mar-2007	17.2%	91.3%	0.7
		Partner Reinsurance Company of the U.S.	A+ g XV (4/10/2007)	AA-	659.8	30-Mar-2007	13.3%	104.2%	1.1
	^	Platinum Underwriters Reinsurance, Inc.	A g XIV (2/2/2007)	NR	539.5	30-Mar-2007	15.8%	80.0%	0.6
	^	QBE Reinsurance Corporation	A g X (6/6/2007)	A+	553.4	30-Mar-2007	1.1%	93.5%	0.9
		Safety National Casualty Corporation	A g IX (6/19/2007)	A	427.8	30-Mar-2007	13.7%	100.3%	0.8
	^	Sutton Reinsurance Underwriters Ltd./Houston Casualty Company	A+ g XII (1/4/2007)	AA	1,021.6	30-Mar-2007	14.7%	82.3%	0.5
	^	Swiss Re Underwriters Agency, Inc.	A+ g XV (8/23/2006)	AA-	4,018.3	30-Mar-2007	7.9%	123.4%	0.5
	^	Transatlantic Reinsurance Company	A+ p XV (6/13/2007)	AA-	3,169.8	30-Mar-2007	14.4%	95.8%	1.0
	^	XL Reinsurance America Inc.	A+ p XV (5/24/2007)	A+	2,133.6	31-Dec-2006	13.0%	82.0%	0.3
BERMUDA									
*	^	Allied World Assurance Company Limited, Bermuda	A XV (7/24/2006)	A-	2,220.1	31-Dec-2006	56.3%	78.8%	0.6
		Endurance Specialty Insurance Limited	A- XV (12/11/2006)	A	2,719.2	31-Dec-2006	18.9%	80.8%	0.6
		Flagstone Reinsurance Limited	A- XI (12/15/2006)		864.5	31-Dec-2006	57.8%	42.3%	0.3
	^	Max Bermuda Ltd	A- XIII (7/24/2006)	-	1,390.1	31-Dec-2006	17.2%	99.9%	0.5
	^	Platinum Underwriters Bermuda Limited	A g XIV (2/2/2007)	NR	967.4	31-Dec-2005	72.2%	113.9%	1.1
*	^	Renaissance Reinsurance Ltd	A XIV (12/11/2006)	A+	1,300.0	31-Dec-2005	-10.7%	134.8%	0.6
	^	Tokio Millennium Reinsurance Limited	A+ XI (4/26/2007)	AA	771.7	31-Dec-2006	12.6%	49.9%	0.3
		Validus Reinsurance Ltd	A- u XIII (5/15/2007)		1,348.8	31-Dec-2006	34.9%	55.9%	0.4
EUROPE									
		PARIS RE	A- (6/21/2007)	A-	2,175.1	31-Dec-2006		75.8%	0.6
		Catlin Underwriting Inc. on behalf of Syndicate 2003	A XV (7/19/2007)	A+					
	^	Hannover Rueckversicherung-Aktiengesellschaft	A XV (8/29/2006)	AA-	5,639.3	31-Dec-2006	8.7%	99.2%	1.3
		IOA Re, Inc. on behalf of Flagstone Reassurance Suisse SA	A- g XI (12/20/2006)		67.7	31-Dec-2006			
UNITED KINGDOM									
	^	Aspen Insurance UK Limited, UK, trading as Aspen Re	A XIII (11/22/2006)	A	895.3	31-Dec-2005	1.1%	102.5%	0.9
	^	Atrium Syndicate No. 570 (ATR)	A XV (7/19/2007)	A+					
	^	Faraday Syndicate No. 435 (FDY)	A (7/19/2007)	A+					
	^	M.J. Harrington Syndicate 2000 (HAR)	A (7/19/2007)	A+					
	^	MAP Underwriting Syndicate No. 2791 (MAP)	A (7/19/2007)	A+					

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BENFIELD

EXECUTIVE COMPENSATION COMMITTEE REPORT

2008 Executive Compensation

The Board shall consider the Executive Compensation Committee's recommendation regarding the 2008 executive compensation.

At its December 3rd meeting, the Executive Compensation Committee reviewed the designated duties and responsibilities of the executive staff as outlined in their respective job descriptions and agreed that they were reasonable. It further formulated Board recommendations regarding the 2008 compensation for the executive staff, which is currently comprised of the following individuals:

1. Laura Torrence, Executive Director
2. Michael Cleary, Operations Manager
3. Laura Lopez, Controller
4. Vacant, Program Manager *(there is no intent to hire in the near future)*

Recognizing the FWCJUA will meet and exceed its 2007 goals and taking into consideration both the prior Chair's assessment of the executive staff as well as Mr. Cleary's promotional increase in 2007, the Executive Compensation Committee resolved to recommend a 4.0% increase for Laura Torrence and Laura Lopez and a 3.5% increase for Michael Cleary to become effective January 1, 2008.

Attached for the Board's reference is a copy of the current Revised Executive Staff Compensation Plan.

The Board shall determine whether to adopt the Executive Compensation Committee's recommendation that Laura Torrence and Laura Lopez receive a 4.0% increase in the amount of their current fixed annual compensation effective January 1, 2008; and further, that Michael Cleary receive a 3.5% increase in the amount of his current fixed annual compensation effective January 1, 2008.

FLORIDA WORKERS’ COMPENSATION JOINT UNDERWRITING ASSOCIATION, INC.

REVISED EXECUTIVE STAFF COMPENSATION PLAN

Adopted by the Board of Governors on December 13, 2005
To be effective on January 1, 2006

On December 13, 2005, the Board of Governors adopted a Revised Executive Staff Compensation Plan (the “Plan”) under which the executive staff will be compensated. The effective date of the Plan is January 1, 2006. Notwithstanding the adoption of the Plan, the executive staff compensation plan which was in effect on December 31, 2005 (the “Prior Plan”), will govern the payment of any compensation due as a result of the implementation of the Prior Plan.

1. No later than December 31 of each year, the Executive Compensation Committee will (a) review and revise, as it deems appropriate, the designated duties and responsibilities of the members of the executive staff; and (b) recommend to the Board of Governors the amount of fixed annual compensation which will be paid to each of the members of the executive staff in the ensuing year.

2. The Executive Director will recommend to the Executive Compensation Committee for its consideration the annual compensation which will be paid to the other members of the executive staff.

3. The compensation will be paid to the executive staff in periodic installments, in accordance with the usual and customary practices of the FWCJUA.

4. In addition to the annual compensation described above, the Executive Compensation Committee may, in its discretion, from time to time recommend to the Board of Governors that members of the executive staff be paid additional compensation for the extraordinary performance of their duties to the FWCJUA. The payment of additional compensation will not be made as a routine practice or as a matter of course, but only under exceptional circumstances. The final decision on the payment of additional compensation will be made in the sole discretion of the Board of Governors.

5. The members of the Executive Compensation Committee shall be appointed by the Chair of the Board, who will designate one of the committee members to serve as its chair.

OPERATIONS COMMITTEE REPORT

2008 Business Plan & Forecast

The Board shall consider the Operations Committee recommendation that it adopt the attached proposed 2008 Business Plan & Forecast.

Of note, the proposed 2008 Business Plan & Forecast contemplates the following:

1. Legal services shall continue to be provided by contracted attorneys in lieu of in-house attorneys.
   a. Tom Maida, of Foley & Lardner, will continue to be engaged as the General Counsel as described in the attached engagement letter.
   b. Steve Coonrod, of McConnaughhay, Duffy, Coonrod, Pope & Weaver, will continue to be engaged as the Claims Litigation Manager as described in the attached engagement letter.
2. Thomas Howell Ferguson will be engaged to perform the 12/31/2008 audit.
3. An RFP will be issued to procure actuarial services for the next three to five years, beginning with the premium indication for January 1, 2009.
4. An RFP will be issued to procure policy administration and managed care services for the five-year period, beginning January 1, 2009.
5. A "constitution" will be developed to replace the Operations Manual as part of the FWCJUA Plan of Operation to ensure that Manual revisions approved by OIR may be timely distributed.
6. A formal telecommuting policy will be developed at the direction of the Audit Committee for Board consideration.
7. The web-based on-line application process will be redesigned to improve user interface with the FWCJUA and provide users the ability to upload application forms and/or information.
8. An outside disaster recovery analysis of the FWCJUA's IT Systems will be pursued, subject to Board approval.
9. Additional options for document management data redundancy will be explored with staff recommendations to the Operations Committee.
10. Options for the audio recording of exempt portions of meetings will be explored with staff recommendations to the Operations Committee.

Further, it should be recognized that three of the 2008 forecast amounts are estimates that will be updated in the forecast when the contract terms are known. These items specifically relate to the reinsurance premium, D&O insurance premiums, and the office space CAM adjustment.

The Board shall determine whether to adopt the Operations Committee's proposed 2008 Business Plan & Forecast recognizing that the forecast amounts associated with the reinsurance premium, D&O insurance premiums, and rent will be updated to coincide with contract terms.

2008 FWCJUA BUSINESS PLAN & FORECAST

INTRODUCTION

Following is the FWCJUA business plan for 2008 defining our objectives and key activities. We are confident that in 2008 we will meet our obligations to the legislature and our policyholders through our results-oriented, bottom-line focus. We shall continue to concentrate on the critical activities that ensure continued success - managing expenses, properly pricing the product and providing creative solutions to problems generated by a constantly changing market.

MISSION

As the Board of Governors of the FWCJUA, we have been charged with the duty of administering the Florida Workers' Compensation residual market mechanism. In fulfilling that obligation, our goals are:

To provide workers' compensation and employer's liability insurance to employers who are required to maintain such coverage by law but are unable to procure it in the voluntary market and who are willing to implement reasonable loss prevention programs to provide safe work places;

To ensure that policyholders and claimants receive quality service;

To provide coverage and service efficiently and to establish rates that are actuarially sound and reasonably expected to ensure the ongoing solvency of the residual market mechanism without future policyholder assessments;

To establish and aggressively pursue programs designed to assist applicants and insureds of the residual market mechanism to obtain coverage in the voluntary market; and

To promote safety in the work place through the aggressive pursuit of safety programs for insureds of the residual market mechanism.

OBJECTIVES

Our 2008 objectives are:

1. Manage the Subplan "D" deficit in accordance with our filed program to eliminate this individual rating plan deficit and address any future statutory deficits.
2. Maintain rate adequacy.
3. Minimize the operating loss.
4. Maintain solvency without an FWCJUA policyholder assessment provided rate adequacy exists.
5. Pursue sound investments.
6. Manage uncollectible premiums within acceptable limits.
7. Maintain a dynamic, responsive organization capable of responding to market fluctuations in a timely manner.
8. Implement an assessment, if one becomes necessary.
9. Promote loss prevention and safety in the workplace of our policyholders.

KEY ACTIVITIES/SUCCESS FACTORS

Our 2008 objectives are supported by the key activities (success factors) defined on the following pages.

1. MANAGE THE SUBPLAN "D" DEFICIT IN ACCORDANCE WITH OUR FILED PROGRAM TO ELIMINATE THIS INDIVIDUAL RATING PLAN DEFICIT AND ADDRESS ANY FUTURE STATUTORY DEFICITS.

- **a)** Update the Subplan "D" actuarial cash flow model with quarterly results, to include any changes to the Subplan D loss ratio, to identify potential deficiencies and recommend courses of action to the Board.
- **b)** Identify any future statutory deficits and develop and timely file a program to eliminate said deficits.

2. MAINTAIN RATE ADEQUACY.

- **a)** Assure rate adequacy through conducting semiannual rate adequacy analyses culminating in the implementation, as appropriate, of revised rates and/or rating plans consistent with the FWCJUA's mission and statutory charge to provide workers' compensation and employer's liability coverage to those unable to obtain it in the voluntary market.

3. **MINIMIZE THE OPERATING LOSS.**
   - **a)** Pursue the federal income tax exemption filed for in December 2007 without unduly jeopardizing operations or operating expenses.
   - **b)** The operation will continue to concentrate on underwriting - determination of actual exposures and proper pricing, prompt policy issuance, premium collection, fraud prevention, market assistance, and evaluation of current performance standards.
     - **(1)** Analyze the composition and experience of new and renewal business, and modify as appropriate, underwriting, collections and fraud prevention practices and procedures to ensure that existing programs realize maximum effectiveness and efficiencies. Develop new practices, procedures or programs as analysis dictates.
     - **(2)** File and implement the FWCJUA Loss Sensitive Rating Plan, as warranted.
   - **c)** Ensure that the final audit for 2007 is completed no later than April 1, 2008.
   - **d)** Satisfy any recommendations presented in the Auditor’s Letter to Management no later than June 1, 2008.
   - **e)** Manage to the G&A budget.
   - **f)** Prepare and file the FWCJUA Annual Financial Statement no later than March 1, 2008 and the Quarterly Financial Statements no later than May 15, August 15, and November 15, 2008.
   - **g)** Prior to July 1st, notify the Office of Insurance Regulation of the amount of the FWCJUA’s gross written premiums for the preceding calendar year pursuant to section 440.51(14), Florida Statutes. (Whenever the plan's gross written premiums reported to the Office are less than $30 million, the Office shall transfer to the plan, subject to appropriation by the Legislature, an amount not to exceed the plan's fixed administrative expenses for the preceding calendar year, subject to a maximum of $750,000)

4. **MAINTAIN SOLVENCY WITHOUT AN FWCJUA POLICYHOLDER ASSESSMENT PROVIDED RATE ADEQUACY EXISTS.**
   - **a)** Manage the Cash Flow and Projection Models by subplan and tier to anticipate potential solvency problems and recommend courses of action to the Board.
   - **b)** Manage the Loss Emergence Model to anticipate potential reserve adjustments and recommend courses of action to the Board.
   - **c)** Ensure that the Statement of Actuarial Opinion for 2007 is completed no later than April 1, 2008.
   - **d)** Conduct a reserve analysis on the loss liabilities of the FWCJUA to include case reserves and IBNR losses, the adequacy of case reserves to pay reported open claims; and a comparison of assets and liabilities with a recommendation by subplan as to the necessity of an assessment to fund outstanding liabilities.
   - **e)** Review the existing reinsurance program early in the renewal cycle to ensure it meets both current and anticipated needs; release the renewal submission early in order to review additional options; and negotiate an appropriate renewal.
   - **f)** Confirm one or more reinsurance intermediaries to act on behalf of the FWCJUA and approach selected direct markets with respect to the placement of the FWCJUA's 2009 reinsurance program.
   - **g)** From a strategic perspective, review different types of reinsurance programs that are available and recommend any strategic perspective alternatives to the current casualty-based program.
   - **h)** Conduct a risk assumption analysis in conjunction with either the reinsurance intermediary's actuary or the FWCJUA's consulting actuary that describes how much risk the FWCJUA could assume at various attachment points and the implications of that risk assumption.
   - **i)** Ensure timely and accurate reporting to the reinsurers with full disclosure of large and/or serious injuries.
   - **j)** Continue the proactive role in monitoring serious injury claims, the regular, formal review of "old" and large open claims and the requirement for settlement authorization for amounts of $50,000 or greater.
   - **k)** If a deficit is recognized at the 2007 audit, a program to eliminate the deficit will be developed and filed with OIR.
   - **l)** Monitor the 1994 – 1999 LPT transaction to determine the status of the restrictive surplus and the status of the aggregate limit.
   - **m)** Complete the Management Discussion and Analysis on schedule.

5. **PURSUE SOUND INVESTMENTS.**
   - **a)** Evaluate short-term and intermediate cash flow needs according to the cash management policy along with current economic conditions and modify the investment strategy as warranted.
   - **b)** Evaluate, direct and monitor the performance of the investment manager to ensure that performance is at or above market benchmark returns.

6. **MANAGE UNCOLLECTIBLE PREMIUM WITHIN ACCEPTABLE LIMITS.**
   - **a)** Evaluate and monitor the collection activity by subplan and tier to ensure that uncollectible premium is held to or below our average policy year uncollectible premium for policy years 1994 through 2004 of ___% as of 12/31/07.
   - **b)** Identify the leading drivers of uncollectible premium and adjust collection programs to enhance collection efforts.

7. **MAINTAIN A DYNAMIC, RESPONSIVE ORGANIZATION CAPABLE OF RESPONDING TO MARKET FLUCTUATIONS IN A TIMELY MANNER.**
   - **a)** Redesign the web-based on-line application process to improve user interface with the FWCJUA and provide users the ability to upload application forms and/or information.
   - **b)** Continue FLARE[4] enhancements, to include updates required due to procedural changes as well as web-site integration, and conduct on-going maintenance to ensure its continued effectiveness.
   - **c)** Pursue an outside disaster recovery analysis of the FWCJUA's IT Systems, subject to Board approval.
   - **d)** Explore external audit of recovery plans and implement subject to Board approval.
   - **e)** Ensure that the FWCJUA website is "real-time" with respect to: 1) rules; 2) procedures; 3) applications; 4) forms; 5) rates; 6) the premium calculator; 7) the "authorized agency/producer" locator; 8) answers to FAQ's; 9) MAP reports; and 9) general information.
   - **f)** Continue to explore and implement disaster recovery initiatives as deemed appropriate by the Board.
   - **g)** Evaluate the effectiveness of MAP and make appropriate recommendations to the MAP Committee.
   - **h)** Issue an RFP to procure actuarial services for the next three to five years, beginning with the premium indication for January 1, 2009, as appropriate..
   - **i)** Engage Thomas Howell Ferguson as the financial auditor for the year ending December 31, 2008.
   - **j)** Actively pursue Producer, Employer and Claimant fraud through conducting cooperative investigation with the Service Provider; preparing and submitting fraud reports; and participating in the state's prosecution activities.
   - **k)** Support the Division of Compliance's monitoring of FWCJUA employers who are cancelled or do not renew coverage and also applicants who do not purchase FWCJUA coverage.
   - **l)** Implement a competitive solicitation process to procure policy administration and managed care services for the period January 1, 2009 through December 31, 2013.
   - **m)** Conduct an annual on-site audit, to include a review of its Disaster Recovery Plan, Document Retention Policy, and Antifraud Plan, as well as quarterly reviews of the policy administration/managed care service provider's performance to ensure adherence to FWCJUA rules and service standards.
   - **n)** Develop a "constitution" to replace the Operations Manual as part of the FWCJUA Plan of Operation to ensure that Manual revisions approved by OIR may be timely distributed.
   - **o)** Develop a formal telecommuting policy for Board consideration.
   - **p)** Prepare and submit, at least quarterly, to the Commission on Ethics a list of names of the senior managers, officers, and members of the Board who are subject to the public disclosure requirements under section 112.3145, Florida Statutes, with the first list submitted no later than March 31, 2008.
   - **q)** Explore additional options for document management data redundancy and make appropriate recommendations to the Operations Committee.
   - **r)** Explore options for the audio recording of exempt portions of meetings and make appropriate recommendations to the Operations Committee.

8. **IMPLEMENT AN ASSESSMENT, IF ONE BECOMES NECESSARY.**
   - **a)** Continue to explore alternative ways to minimize assessment potential.

9. **PROMOTE LOSS PREVENTION AND SAFETY IN THE WORK PLACE OF OUR POLICYHOLDERS.**
   - **a)** Conduct causes of loss analyses and modify the safety program as warranted to satisfy any deficiencies given our emerging book of business.
   - **b)** Explore "alternative" methods and techniques for accepting and using safety programs and make appropriate recommendations to the Safety Committee.

Florida Workers' Compensation Joint Underwriting Association, Inc.
Proposed Premium and Loss Forecast With Budgeted Expenses
For Year Ending December 31, 2008

Estimate for 2008

12/5/2007 13:33

	Forecast 2007	Forecast 2008	Increase (Decrease)	% Change	% Change
REVENUE:					
Direct written premium (new & renewals with PY 2008)	45,270,000	21,000,000	(24,270,000)	-53.6%	*approximately 2,275 policies*
Direct written premium (prior years' adjustments)	3,000,000	3,000,000	-	0.0%	
Direct earned premium (new & renewals with PY 2008)	33,952,500	15,750,000	(18,202,500)	-53.6%	
Direct earned premium (prior years' adjustments)	3,000,000	2,000,000	(1,000,000)	-33.3%	
Reinsurance premium (10.8% E.P.)	5,216,954	1,917,000	(3,299,954)	-63.3%	
Net earned premium	31,735,546	15,833,000	(15,902,546)	-50.1%	
Interest income ($75M @ 4.5% / $90M @ 4.5%)	3,425,000	4,100,000	675,000	19.7%	
Producer authorizations	50,000	10,000	(40,000)	-80.0%	*new agreement is 2 years*
Miscellaneous	60,000	60,000	-	0.0%	*interest on collection payment plan*
TOTAL REVENUE	**35,270,546**	**20,003,000**	**(15,267,546)**	**-43.3%**	
OPERATING EXPENSES:					
Loss & LAE incurred - (% of earned premium x loss ratio)	17,766,699	6,739,860	(11,026,839)	-62.1%	*Net Loss Ratios: 55.7% / 42% per*
Ceded reinsurance recoverables - (60% of reins. premium)	(3,130,172)	(1,150,200)	1,979,972	-63.3%	*reserve analysis of June 2007*
Net loss & LAE incurred	14,636,527	5,589,660	(9,046,867)	-61.8%	
Service provider fees - written premium less bad debt	7,506,208	3,666,140	(3,840,068)	-51.2%	*2006 contract graduated scale*
Producer fees - written premium less bad debt	908,116	456,918	(451,198)	-49.7%	*average on surcharged premium: 2.36%*
Rating/statistical organization fees	100,000	100,000	-	0.0%	
Bad-debt write-off - (15% / 14%)	6,790,500	2,940,000	(3,850,500)	-56.7%	*14% assumption now being used*
Bad debt write off - (suspected fraud adj.)	3,000,000	2,000,000	(1,000,000)	-33.3%	
Collection expense - 12.5% est. collections @ 30%	254,644	110,250	(144,394)	-56.7%	
Taxes and assessments - (0.05% / .1% of written prem.)	45,270	21,000	(24,270)	-53.6%	*US DOL USL&H assessment*
TOTAL OPERATING EXPENSES	**33,241,264**	**14,883,968**	**(18,357,296)**	**-55.2%**	

Florida Workers' Compensation Joint Underwriting Association, Inc.
Proposed Premium and Loss Forecast With Budgeted Expenses
For Year Ending December 31, 2008

Estimate for 2008

12/5/2007 13:33

	Forecast 2007	Forecast 2008	Increase (Decrease)	% Change	% Change
GENERAL & ADMINISTRATIVE EXPENSES:					
Professional Services					
Actuarial services	77,000	60,000	(17,000)	-22.1%	
Auditing/taxes - financial	104,000	77,000	(27,000)	-26.0%	
Audit fee recovery - Travelers	(21,000)	(16,750)	4,250	-20.2%	*% of audit fee*
Consulting - systems	87,200	85,000	(2,200)	-2.5%	*IT consulting*
Legal - *(General Counsel - $155K; Litigation-Collections - $5K)*	85,000	160,000	75,000	88.2%	*revised engagement to include both general counsel work & legislative oversight*
Security & other services	19,900	19,900	-	0.0%	
Temporary employees	10,000	10,000	-	0.0%	*PT employee or temporary employee*
Total Professional Services	362,100	395,150	33,050	9.1%	
General					
Rent	158,075	162,249	4,174	2.6%	*New Office Space annual increase*
Bank charges	1,000	7,800	6,800	680.0%	*Direct expenses now*
Telecommunications	49,060	49,060	-	0.0%	
Insurance - BI/GL/WC/D&O	193,966	205,998	12,032	6.2%	*annual price increases*
Licenses and fees	1,500	1,500	-	0.0%	
Office equipment and supplies	97,125	94,585	(2,540)	-2.6%	
Disaster Recovery Plan Maintenance	11,424	37,044	25,620	100.0%	*Sungard offsite network hosting*
Utilities	18,000	16,800	(1,200)	-6.7%	
Postage and printing	30,720	25,920	(4,800)	-15.6%	
Depreciation/amortization	184,500	181,833	(2,667)	-1.4%	
Total General	745,370	782,789	37,419	5.0%	
Personnel					
Compensation	1,220,104	1,170,903	(49,200)	-4.0%	*annual increases & 2 less employees*
Benefits	235,911	221,522	(14,388)	-6.1%	*annual increases & 2 less employees*
Payroll taxes	90,104	86,340	(3,764)	-4.2%	*increase in SUTA*
Employee recruitment/training/education	37,000	44,500	7,500	20.3%	*education & 220 licenses*
Total Personnel	1,583,118	1,523,266	(59,852)	-3.8%	
Travel and Business Expenses					
Travel - employees	30,000	32,000	2,000	6.7%	*Increase for Travelers & Agency Audits*
Travel - board/committee meetings	20,000	20,600	600	3.0%	*board meetings in new JUA office*
Total Travel and Business Expenses	50,000	52,600	2,600	5.2%	
TOTAL GENERAL & ADMINISTRATIVE EXPENSES	**2,740,588**	**2,753,805**	**13,217**	**0.5%**	

Florida Workers' Compensation Joint Underwriting Association, Inc.
Proposed Premium and Loss Forecast With Budgeted Expenses
For Year Ending December 31, 2008

Estimate for 2008

12/5/2007 13:33

	Forecast 2007	Forecast 2008	Increase (Decrease)	% Change	% Change
KEY INITIATIVE EXPENSES:					
Litigation	10,000	10,000	-	0.0%	
Legislative initiatives	175,000	-	(175,000)	-100.0%	
Legal - Special Projects	70,000	50,000	(20,000)	-28.6%	
Service Provider Selection	-	20,000	20,000	100.0%	
Second rate filing	15,000	15,000	-	0.0%	
Market assistance plan	10,000	10,000	-	0.0%	
Disaster Recovery Analysis	TBD	TBD	-		
Disaster Recovery Deployment	-	TBD	-		
Policy Administration	TBD	-	-		
TOTAL KEY INITIATIVE EXPENSES	**280,000**	**105,000**	**(175,000)**	**-62.5%**	
Total G&A and Key Initiatives	**3,020,588**	**2,858,805**	**(161,783)**	**-5.4%**	
TOTAL ALL EXPENSES	**36,261,852**	**17,742,773**	**(18,519,079)**	**-51.1%**	
Federal income taxes	-	-	-	-	
LOSS BEFORE ASSESSMENTS	**(991,306)**	**2,260,227**	**3,251,533**	**-328.0%**	

TBD - To Be Determined

Florida Workers' Compensation Joint Underwriting Association, Inc.
Proposed Capital Expenditures
For Year Ending December 31, 2008

Hardware		
Printers		7,000
ThinClient Replacements (6), Keyboards & Mice		3,700
Developer Laptop		3,400
UPS battery replacements		400
Software		
Development Tools		3,100
Adobe Creative Suite Upgrade		2,500
MS Office 2007 - upgrade from 2003		7,000
Property, Plant & Equipment		
Projector		2,400
	Total	**29,500**

9,833
annual depreciation / amortization *

FOLEY
FOLEY & LARDNER LLP

ATTORNEYS AT LAW
106 EAST COLLEGE AVENUE, SUITE 900
TALLAHASSEE, FL 32301-7732
850.222.6100 TEL
850.561.6475 FAX
www.foley.com

December 5, 2007

WRITER'S DIRECT LINE
850.513.3377
tmaida@foley.com EMAIL

CLIENT/MATTER NUMBER
058819-0101

VIA E-MAIL AND U.S. MAIL

Ms. Laura Torrence
Executive Director
Florida Workers' Compensation Joint
Underwriting Association, Inc.
P.O. Box 48957
Sarasota, FL 34230-5957

Re: Engagement Letter Agreement

Dear Laura:

The purpose of this letter is to confirm the terms of Foley & Lardner LLP's engagement in 2008 by the Florida Workers' Compensation Joint Underwriting Association, Inc. (the "FWCJUA"). I am engaged by the FWCJUA to act as its outside General Counsel. From time to time, other partners and associates in our firm will be engaged to assist me in rendering legal services to the FWCJUA. In addition, the firm and other professionals may be engaged to provide public affairs, or lobbying, services to the FWCJUA. Those services will be covered by a separate engagement letter.

1. Scope of Engagement

a. This Engagement Letter Agreement (the "Agreement") confirms the terms of our representation. We represent the FWCJUA (the "Company"). As we have discussed, although I am considered to be the Company's outside General Counsel, the scope of our engagement will be to perform legal services in connection with the matters about which we are specifically consulted (the "Matter"). This Matter will include the usual and customary services performed by a company's general counsel, and will not include extraordinary matters, such as litigation, formal opinion letters, projects which require an extraordinary amount of professional time and attention, or matters which are customarily referred by in-house counsel to outside counsel.

b. The Matter will also include monitoring and reporting on Florida legislative activity, but does not include active advocacy related to any specific legislative proposals. The Company and our firm will agree upon mutually agreeable additional compensation should such services be required. Attorneys and public affairs professionals employed by our firm will comply with all lobbyist registration requirements required by law.

2. Staffing

I will have primary responsibility for the Matter, but will utilize other firm lawyers and paraprofessionals when that is appropriate and cost effective. We will keep the Company informed of our progress, and will utilize our best efforts to respond to the Company as promptly as possible. In return, we need the Company to keep us informed of any developments that affect the Matter as soon as the Company becomes aware of them, and to be available when we need to consult with the Company.

3. <u>Conflicts of Interest</u>

We have checked our records and have determined that there is no conflict of interest that prevents us from working on the Matter based on the information you have provided to us at this time.

4. <u>Fees and Billing</u>

The annual fee for the Matter is $150,000, payable in 12 consecutive monthly installments of $12,500 each.

a. We will bill the Company for support services, such as photocopy, long distance telephone and facsimile, messenger and delivery service, online research, travel, word processing and search and filing fees. Long distance telephone will be billed based on charges from the phone company, except for calls lasting under one minute, for which there will be no charge. We currently charge $.15 per page for photocopies, and faxes are billed at $.50 per page, plus associated telephone charges. We will charge for word processing or secretarial services only if done on an overtime basis and with the Company's consent. Certain support services that involve equipment or staffing or that require payments to third parties may include additional charges that reflect our internal costs. It is our policy to provide the most cost effective and efficient support systems available.

b. The Company agrees that we can make arrangements to have the Company billed directly by third parties, or the Company will pay directly invoices which we receive from third parties, including consultants, appraisers, court reporters or other parties that render billable services during the Matter.

c. Statements are normally sent to the Company each month and reflect the services and expenses incurred the previous month. Payment is due promptly upon receipt. We will assess a late charge of 1% per month on any outstanding balance older than 60 days. In addition, subject to our rules of professional responsibility, we may also cease performing services for the Company until satisfactory arrangements have been made for payments of amounts outstanding in excess of 60 days and the payment of future amounts.

d. For purposes of complying with state lobbying compensation reporting requirements, $24,000 of the total annual fee will be attributed to state lobbying activities.

5. Limitations of Liability

Foley & Lardner LLP is a limited liability partnership under the laws of Wisconsin. This means the Company's right to recover damages in a legal malpractice action that may exceed our insurance and firm assets is limited to the personal assets of the lawyers whose acts or omissions gave rise to the Company's claim.

6. Termination of Representation

a. Either of us may terminate this Agreement at any time for any reason by written notice. Our firm is subject to applicable rules of professional conduct when terminating a client engagement. If we terminate the engagement, our firm will take all reasonable and practical steps to protect the Company's interests in the Matter and, at its request, suggest possible new counsel. We will provide new counsel with any papers the Company has given us. If permission from the court is necessary for withdrawal, we will promptly apply for it, and the Company will engage new counsel to represent the Company.

b. Unless previously terminated, our representation of the Company in the Matter will end when we send our final statement of fees. After the Matter ends, there might be changes in laws or regulations that might affect the Company's future rights and liabilities, but our firm does not have an obligation to continue to advise the Company about future legal developments, unless the Company engages us to do so.

7. Disposition of Files and Records

Following such termination, any otherwise nonpublic information the Company has supplied to us which is retained by us will be kept confidential in accordance with Florida law and applicable rules of professional conduct. At your request, your papers and property will be returned to the Company promptly upon receipt of payment for outstanding fees and costs, unless applicable rules of professional responsibility require an earlier return. Our own files, including lawyer work product, pertaining to the Matter will be retained by our firm. These firm files include, for example, firm administrative records, time and expense reports, personnel and staffing materials, credit and accounting records and internal lawyers' work product such as drafts, notes, internal memoranda and legal and factual research, including investigative reports, prepared by or for the internal use of lawyers. All such documents retained by our firm will be transferred to the person responsible for administering our records retention program. For various reasons, including the minimization of unnecessary storage expenses, we reserve the right to destroy or otherwise dispose of any such documents or other materials retained by us within a reasonable time after the termination of the engagement, unless the Company requests otherwise.

8. Communication

a. We often send to our clients information about our firm or legal matters we think might be of interest to them. The Company agrees that we may send the Company this material, either by electronic mail or other means. The Company also agrees that we may communicate with the Company about this Matter by electronic mail on an unencrypted basis.

b. Either at the beginning or during representation, we might express opinions or beliefs concerning the Matter and the results that might be anticipated. Any such statement made by us is an expression of opinion only and is not a promise or guarantee of results.

Please confirm your approval of this Agreement by signing and returning the enclosed duplicate copy in the envelope provided. If you have any questions, or if this Agreement does not accurately set forth our arrangement, please let me know.

We look forward to working with you in 2008.

Very truly yours,

FOLEY & LARDNER LLP

By: ______________________
Thomas J. Maida

Enclosure

AGREED AND ACCEPTED:

Florida Workers' Compensation Joint
Underwriting Association, Inc.

BY: ______________________
Laura Torrence
Its Executive Director

cc: Mr. Charlie Clary

LAW OFFICES

MCCONNAUGHHAY, DUFFY, COONROD, POPE & WEAVER, P.A.

FT. LAUDERDALE
500 WEST CYPRESS CREEK ROAD
SUITE 460
FT. LAUDERDALE, FL 33309
954.332.0050
FAX 954.332.0052

MIAMI
12000 BISCAYNE BOULEVARD
SUITE 707
MIAMI, FL 33181
305.455.2744
FAX 305.455.2749

PENSACOLA
316 SOUTH BAYLEN STREET, SUITE 500
POST OFFICE BOX 13570 (32591)
PENSACOLA, FL 32502-5999
850.434.7122
FAX 850.435.0924

GAINESVILLE
7515 WEST UNIVERSITY AVENUE
SUITE 201
GAINESVILLE, FL 32607
352.378.4422
FAX 352.378.7826

OCALA
3220 SOUTHWEST 33RD ROAD
OCALA, FL 34474
352.840.0330
FAX 352.401.9518

SARASOTA
6010 CATTLERIDGE DRIVE, SUITE 102
SARASOTA, FL 34232
941.342.7603
FAX 941.342.9143

JACKSONVILLE
6816 SOUTHPOINT PARKWAY #500 (32216)
POST OFFICE BOX 550770
JACKSONVILLE, FL 32255-0770
904.363.1950
FAX 904.363.1510

PANAMA CITY
306 EAST 19TH STREET
POST OFFICE BOX 16669
PANAMA CITY, FL 32406
850.784.2599
FAX 850.769.5461

TALLAHASSEE
1709 HERMITAGE BOULEVARD
SUITE 200
POST OFFICE DRAWER 229 (32302-0229)
TALLAHASSEE, FL 32308
850.222.8121
FAX 850.222.4359

www.mcconnaughhay.com

PLEASE REPLY TO:

Tallahassee

June 28, 2007

VIA E-MAIL - mcleary@fwcjua.com
AND REGULAR MAIL

Mr. Michael Cleary
Florida Workers' Compensation
Joint Underwriting Association
6003 Honore Avenue/Suite 204
Sarasota, FL 34238

Re: Updated Engagement Letter

Dear Michael:

Per our recent discussion, please accept the following as an updated engagement letter regarding my services as Litigation Manager for the FWCJUA.

The Litigation Manager will supervise litigation and advise as to litigation issues as requested by the FWCJUA. These duties include review of ongoing workers' compensation, employment liability and other litigation, development of guidelines for file review, development of standards for defense counsel selected by the FWCJUA and providing updates as to legislative and other relevant legal developments. Responsibilities may also include representing the FWCJUA in legal proceedings in coordination with the General Counsel.

The overall goal of litigation management is to ensure favorable resolution of disputed issues at a reasonable cost to the FWCJUA.

Effective 01/01/08, the rate for litigation management services will be $175.00 an hour with bills submitted on a monthly basis.

Very truly yours,

R. Stephen Coonrod

RSC/rbs

Terms of Engagement Letter Accepted

Michael Cleary
Operations Manager/FWCJUA

Dated: ______________________

OPERATIONS COMMITTEE REPORT

Document Management & Retention

The Board shall consider an Operations Committee recommendation to adopt the attached proposed Records Management and Retention Policy which was developed to comply with the Public Records Rule 119.01 effective July 1, 2007 and also considered recommendations made in the 2006 Market Conduct Final Examination Report issued in August 2007.

An inventory of records maintained by the FWCJUA was performed to identify the record retention schedules. The retention schedules identify the FWCJUA records, and establish minimum periods of time for which the records must be retained based on the records' administrative, fiscal, legal, and historical values. The State of Florida's General Records Schedule GS1-SL was used in preparing the majority of the FWCJUA's Record Retention schedule. The retention periods set forth in the State's general records schedules are based on a combination of federal and state laws, general administrative practices, and fiscal management principles.

FWCJUA specific records not on the State of Florida's General Records Schedule GS1-SL were identified. Retention periods were established for these records based on the insurance company record retention requirements of the National Association of Insurance Commissioners' ("NAIC") Market Conduct Record Retention Model Regulation (the "Record Retention Model Regulation"); and a review of Florida's insurance statutes and regulations. The FWCJUA specific records with proposed retention schedules will be submitted to the Department of State, Division of Library and Information Services on the appropriate Records Retention Form. Until a retention schedule has been established for a record series, the records are not eligible for disposal.

In the 2006 Market Conduct Final Examination Report issued in August 2007, the auditor recommended the following based upon its review of a draft policy that was provided by the FWCJUA in fall 2006 which did not contemplate the applicability of the Public Records Law:

Prior to the Board's approval of the draft of the FWCJUA's Records Management and Retention Policy, FWCJUA's management should update the policy for the following areas:

- *The Electronic Document Management System.*
- *The draft policy includes emphasis on off-site storage (i.e. references to document storage vendors who will shred FWCJUA documents, preservation of off-site storage facilities, procedures for packaging, bundling, and labeling hard copy records). The FWCJUA does not currently use off-site storage, and emphasizes electronic storage. The FWCJUA may choose to include provisions for off-site storage, as the need may arise. Currently, there is no document storage vendor.*
- *The destruction of the FWCJUA documents should be expanded to address the individual(s) responsible for shredding documents.*

While there may still be a need for the storage of some hard copy records, the Records Management and Retention Policy should reflect the FWCJUA's efforts to move toward a paperless environment.

The Board shall determine whether to adopt the proposed FWCJUA Records Management and Retention Policy.

DRAFT

FLORIDA WORKERS COMPENSATION JOINT UNDERWRITING ASSOCIATION

RECORDS MANAGEMENT AND RETENTION POLICY

INTRODUCTION

The Records Management and Retention Policy of Florida Workers Compensation Joint Underwriting Association ("FWCJUA") was established to comply with the Public Records Rule 119.01 effective July 1, 2007. "Public records" means all documents, papers, letters, maps, books, tapes, photographs, films, sound recordings, data processing software, or other material, regardless of physical form, characteristics, or means of transmission, made or received pursuant to law or ordinance or in connection with the transaction of official business by any agency.

An inventory of records maintained by the FWCJUA was performed to identify the record retention schedules. The retention schedules identify the FWCJUA records, and establish minimum periods of time for which the records must be retained based on the records' administrative, fiscal, legal, and historical values. The State of Florida's General Records Schedule GS1-SL was used in preparing the majority of the FWCJUA's Record Retention schedule.

FWCJUA specific records not on the State of Florida's General Records Schedule GS1-SL were identified. Retention periods were established for these records based on the insurance company record retention requirements of the National Association of Insurance Commissioners' ("NAIC") Market Conduct Record Retention Model Regulation (the "Record Retention Model Regulation"); and a review of Florida's insurance statutes and regulations. All other sections within this document reflect an evaluation of the record retention guidelines set forth under federal law and the laws of Florida.

The retention periods set forth in the general records schedules are based on a combination of federal and state laws, general administrative practices, and fiscal management principles. Once the minimum retention has been met, disposition of the records is recommended. Disposition may be by physical destruction, transfer to another agency or, in the case of electronic records, erasure.

FLORIDA WORKERS COMPENSATION JOINT UNDERWRITING ASSOCIATION
<u>RECORDS MANAGEMENT AND RETENTION POLICY</u>

Approved: _________________, 2007

1. BACKGROUND

Records Management is the economical and efficient management of records from their creation or receipt, through their processing, distribution and retrieval, to their ultimate destruction. Each employee is responsible for ensuring that this Policy is followed and that retention periods are in accordance with the guidelines set forth in this Policy.

The FWCJUA will manage its corporate records in accordance with all applicable laws, regulations, and/or business practices. Destruction of records shall take place only in compliance with this or other applicable policies which have been developed for business reasons in order to avoid the inference that any document was destroyed in anticipation of a specific problem.

Records that are not subject to retention may need to be retained due to otherwise unusual circumstances such as litigation or government investigation. If for any reason the FWCJUA is notified that a document should be retained or it otherwise becomes necessary for a document to be retained, the Executive Director should be notified in writing immediately. Likewise, if the FWCJUA is notified of threatened or pending litigation or investigations, or other conditions that would require a legal hold being placed on certain records, it will notify the appropriate departments in writing and direct that relevant categories of records be labeled for retention until further notice.

All changes to be incorporated in the procedures of this program will be presented to and approved by the Board of Governors.

2. SCOPE

This Policy applies to all employees and management and across all organizational areas of the FWCJUA. FWCJUA employees, supervisors and managers shall also ensure that contractors and consultants are provided with a copy of and are bound by this Policy where the activities of such contractor or consultant impact the records management, retention or destruction activities, and operations of the FWCJUA. Records covered by this Policy include all records created or received in conjunction with activities that relate to the transaction of FWCJUA business and operations. The format of the records to be retained may vary, e.g., hard copy original, and photocopy, facsimile, computer file, e-mail, computerized image. Regardless of the format selected, records must be safeguarded and easily accessible in accordance with this Policy.

3. DEFINITIONS

A. <u>Document or Record</u> - "Public records" means all documents, papers, letters, maps, books, tapes, photographs, films, sound recordings, data processing software, or other material, regardless of the physical form, characteristics, or means of transmission, made or received pursuant to law or ordinance or in connection with the transaction of official business by any agency.

B. <u>Active Records</u> – Those Records that are regularly referenced or required for current uses. Under this Policy, a Record is considered Active if it meets at least one of the following criteria:

- There is a regulatory or statutory requirement to keep a Record.
- It would be advantageous to FWCJUA to be able to access a Record quickly.
- A Record will be needed for reference at a specific time in the future.

C. Inactive Records – Inactive Records are those Records that need not be readily available but still must be retained for legal, fiscal, operational, or historical purposes. Inactive Records have been scanned into the electronic document system.

D. Draft – An unfinished version of a Record. Drafts are generally iterations of Records which are generated before the Records become final; however, a draft may also be an unfinished version of a Record for which the author(s) decide that there is little or no business value to completing the Record in final form.

E. The Record Owner - The person / custodian who generates a Record, or receives a Record from outside of FWCJUA.

4. POLICY

The purpose of the Policy is to clarify and provide records retention requirements as established by the Florida Department of State Division of Library and Information Services. These requirements include general retention schedules that establish the minimum period of time for which a record must be preserved including specialized schedules for preservation of records that are unique to an agency and therefore not covered by the general schedule, and requirements that govern how a record must be preserved.

The same minimum period applies regardless of the form of a record; for example, if an item of written correspondence must be retained for 5 years, then an email covering the same substance must be retained for 5 years. A record must be retained according to the applicable retention schedule regardless of whether or not it is exempt from disclosure. Public records should be kept in the buildings in which they are ordinarily used.

It is the policy of FWCJUA to utilize the electronic document management system to provide for the storage of active and archived Records to meet the following objectives: Satisfy legal, regulatory, and operational requirements; store necessary Records in a cost and space efficient manner; and provide for adequate and efficient retrieval of Records.

All Records and files are to be maintained in a designated office filing systems, or the electronic document management system. Records are not to be maintained in unauthorized containers or storage areas (i.e. housekeeping closets). Employees are not permitted to remove Records from FWCJUA for personal storage.

All Record Owners are required to schedule an annual review in the third quarter of each year of Records retained in the work area under the general supervision of the Executive Director, or his or her designee. During this annual review, the previous year's Records will be purged of material deemed non-essential such as: extra copies, drafts, notes, and worksheets based on the record retention schedules.

5. AUTHORITY

A. Only the Executive Director, with prior approval of the Board of Governors, has the authority to approve or change retention periods to accomplish the business needs of the FWCJUA, if it complies with the Florida Department of State Retention requirements.

B. The Executive Director or his or her designees have the authority to accept or reject files prepared for storage. Rejected files will be identified to the user and instructions provided on correct manner to prepare files for storage.

C. The Executive Director or his or her designees are the sole FWCJUA employees authorized to extend some or all of the retention periods set forth herein. They may do so in the event of litigation; an investigation by a governmental agency or body; a tax or other audit; to comply with any state or federal law or court order; or for any other reason deemed substantially important to justify suspension. The assignment of such authority by the Executive Director to his or her designee must be in writing and the assignment acknowledged by the designee.

6. RESPONSIBILITIES

A. The Executive Director has the responsibility for the overall administration and enforcement of this Policy.

B. Employees, contractors and consultants are responsible for creating, disseminating, maintaining, protecting, retaining and disposing of Records in strict compliance with this Policy. Employees, contractors and consultants are responsible for addressing any questions or concerns regarding these instructions to their supervisor or the Executive Directors designee. When a Public Records request, litigation, a government investigation or an audit is pending or is reasonably foreseeable, relevant Records must not be destroyed until authorization by the Executive Director is received.

C. The Executive Director or his or her designees are responsible for;

- Maintaining procedures to issue control and obtain stored Records for Public Records requests or internal record requests.
- Maintaining procedures for the storage, retrieval, and disposition of all Active and Inactive Records and maintaining documentation for disposition of Active and Inactive records.
- Maintaining an inventory of all Records and developing record management procedures for Records, and identifying and protecting vital and permanent Records.
- Advising on security measures to protect Records from improper disposal and training employees and contractors in the use and compliance of this Policy.
- Providing support for external audits of Records.

D. The Record Owner is responsible for:

- Preparing files for storage in accordance with the guidelines set forth in this Policy.
- Retaining Active Records.
- Transferring Records to the Executive Director or his or her designees upon reassignment or termination.

E. All FWCJUA employees are responsible for ensuring that Records are created, used, maintained, preserved, and destroyed in accordance with this Policy. The unauthorized destruction, removal, or use of FWCJUA Records is prohibited. Noncompliance with these instructions can result in liabilities for both FWCJUA and its employees, including legal sanctions, fines, penalties and possible imprisonment. Moreover, employees who do not comply with the instructions will be subject to disciplinary action up to and including termination.

7. PROCEDURES

A. This Records Management and Retention Policy is designed to assist FWCJUA employees, agents and contractors in the following:

- ✓ Implementing and maintaining an effective Records Management process
- ✓ Appropriate retention of records
- ✓ Appropriate labeling, storage and retrieval of records ready for archive
- ✓ Appropriate destruction of records no longer required or needed

B. An inventory of records maintained by the FWCJUA and the identification of existing retention schedules or the establishment of new retention schedules that can be applied to those records.

C. The Department of State, State Library and Archives of Florida established the General Records Schedule GS1-SL that will be used to identify the majority of the FWCJUA Records, and to prepare and update the Record Retention schedule. FWCJUA agency specific records not on the General Records Schedule must be submitted to the Department of State Division of Library and Information Services on the Records Retention Form (Exhibit B) with a proposed retention schedule. A separate form must be submitted for each "record series" (i.e., category of document). Until a retention schedule has been established for a record series, the records are not eligible for disposal.

D. The record series title along with the retention date will be used to label the documents in the electronic document management system. Using the record series titles shall assist with properly identifying retention dates and running reports to aid in document destruction time periods.

E. Once a year the FWCJUA will receive a compliance statement from the Department of States Division of Library and Information Services Records Management program, with questions to be answered concerning the FWCJUA compliance with records disposition laws, rules, and procedures.

F. To appoint the Records Management Liaison Officer (RMLO) the Executive Director (Records Custodian) needs to submit an RMLO appointment form (Exhibit C) to the Department of State Division of Library and Information Services. The RMLO will serve as the primary point of contact between the FWCJUA and the Department of States records management program. The RMLO appointment form is resubmitted every year along with the compliance statement to the Department of State.

G. Prior to disposition of any of the FWJCUA records, a Records Disposition Document form (Exhibit D) must be filled out and forwarded to the Executive Director or his or her designee. This is to ensure that retention requirements have been satisfied. The minimum requirements for each records disposition are the identification and documentation of the following: (a) Schedule number; (b) Item number; (c) Record series title; (d) The inclusive dates; and (e) The volume in cubic feet.

H. Inactive Records must be transferred to the electronic document management system or scheduled for destruction as required by this Policy.

I. In **[Third Quarter]** of each year, the Executive Director or his or her designee shall arrange for and coordinate a purge day (or days). During a purge, all hardcopy and electronic records, in all work areas, should be reviewed to assure compliance with this Policy. This includes hardcopy records held in file drawers, desks, etc., and common storage areas, as well as electronic records found on workstations, disks, etc. Prior to purging a Records Disposition Document form (Exhibit D) must be filled out and signed by the Executive Director or his or her designee.

8. <u>RETENTION</u>

A. FWCJUA records shall be maintained and retained in accordance with this Policy.

B. The Florida Department of State, State Library and Archives establish records retention requirements. These requirements include general retention schedules establishing the minimum period of time for which a record must be preserved applicable to all agencies, specialized schedules for preservation of records that are unique to an agency and therefore not covered by the general schedule, and requirements that govern how a record must be preserved.

C. The Florida Department of States General Records Schedule GS1-SL was used to establish the minimum records retention periods for most records that are held by the FWCJUA. FWCJUA agency specific records not on the schedule will be submitted to the Department of State Division of Library and Information Services on the Records Retention Schedule Form (Exhibit B).

9. LEGAL HOLD

A. Litigation - When the FWCJUA is notified that a potential cause of action is pending or underway, records related to that cause should **NOT** be disposed of in any manner. Your agency's legal counsel should inform the RMLO when the records become eligible for disposition.

B. Public Records Requests - According to Section 119.07(1)(f), F.S., public records may not disposed of for a period of 30 days after the date on which a written request to inspect or copy the record was served on or otherwise made. If a civil action is instituted within the 30-day period to enforce the provisions of this section with respect to the requested record, the custodian shall not dispose of the record except by order of a court of competent jurisdiction after notice to all affected parties.

C. A legal hold remains effective until it is released in writing by the Executive Director. After you receive written notice, you may return all records relevant to the legal hold to their normal handling procedures and retention schedules.

10. STORAGE AND RETRIEVAL

A. Procedures have been implemented to ensure the FWCJUA electronic storage system includes the following:

(1) Reasonable controls to ensure the integrity and reliability of the system.

(2) Reasonable controls to prevent and detect the unauthorized creation of, addition to, alteration of, deletion or deterioration of electronically stored records.

(3) An inspection and quality assurance program evidenced by regular evaluations of the electronic storage system, including electronic checks of electronically stored books and records.

(4) A retrieval system that includes an indexing system and the ability to reproduce legible and readable paper copies.

B. E-mail. Electronic mail (e-mail) communications are records and shall be retained and destroyed in accordance with this Policy.

C. Reasonable Accessibility. The FWCJUA electronic document management system shall permit the necessary records to be easily located and retrieved.

D. Storage Structure. Procedures shall be implemented to ensure that to the greatest extent possible similar records (e.g., similar record types, record categories, and records with similar retention periods) are stored together. Electronic records shall be stored in a logical structure utilizing the record series category, file folder structures to the greatest extent reasonably possible.

E. Identification and Indexing. A description of the records to be stored and shall include the Record Series title, a description, inclusive dates, and volume. Electronic records shall be indexed in a manner and method to ensure the stored records can be located and retrieved promptly and efficiently.

F. Technology Standards. Appropriate standards established and utilized promoting uniformity of storage and retrieval. Electronic records are stored in a format that permits viewing and printing of a legible and complete facsimile of the original record. The electronic storage system shall utilize standardized formats of electronic records for storage. For example, Tagged Image File Format (TIFF) is a common file format for digital images. Other common file formats include Graphics Interchange Format (GIF) Joint Photographic Expert Group (JPEG), Bit Map (BMP), and Portable Document Format (PDF).

G. Digital Media. Procedures shall be implemented regarding the digital media utilized for storage. Digital media may be magnetic, optical, or both. Magnetic media include magnetic disks (*e.g.* hard disk drives, floppy disks, and removal cartridges); magnetic tape (*e.g.*, reel-to-reel and cartridge format); and Digital Audio Tape (DAT). Optical media includes compact disks (CD-ROM, CD-R and CD-RW); Write-Once, Read Many (WORM) disks; erasable optical (EO) disks, and Digital Versatile Disk (DVD, DVD-ROM, DVD-RAM, DVD+RW).

H. Security – Confidential Records. Confidential, proprietary, restricted, or limited access records ("Confidential Records") shall be clearly identified as such. Confidential Records shall be stored in a segregated area or location. At the time Confidential Records are stored, a description of the records will also contain a description of the access limitations and restrictions, including individuals (by name and title) responsible for regulating access to the records. Appropriate clearance and confirmation of authorization shall be identified on the Removal from Storage Record.

I. Preservation of Electronic Records. Computer systems upon which records are stored shall utilize industry standard anti-virus software, which shall be kept current. Records loaded onto electronic storage systems shall be screened for viruses before transfer. If a computer system is dedicated to record storage, it shall not be connected or networked to other systems. The system shall have appropriate means for downloading or transferring records to an electronic medium and sent through a separate unconnected system.

J. All electronic records shall be maintained in a manner and utilize technology that provides the ability to print a paper copy of the electronic record. Scanned images of paper records shall utilize technology that creates an exact or near exact facsimile or copy of the paper record. The technology utilized for storage of electronic records shall also permit the efficient migration to new formats as technology advances so that electronic records will continue to be accessible and readable for as long as the record is required to be retained.

11. DESTRUCTION

A. The Executive Director or his or her designees shall determine the retention status of all hardcopy and electronic records by reviewing them against the retention schedules in this Policy. .

B. The Executive Director will receive periodically, but not less than quarterly, a report of all documents ready for destruction based on the retention schedules. Prior to authorizing destruction, the Executive Director or his or her designees will review the report and make any inquiries of Record Owners to determine whether there is any reasonable basis to extend the retention period for particular Records. Once determined, a Records Disposition document must be filled out and signed. The Records Disposition document will then be approved by the Executive Director, or his or her designee.

EXHIBIT A

RECORD RETENTION SCHEDULE

The record series titles and minimum retention periods listed below are from the State of Florida General Records Schedule GS1-SL. The FWCJUA specific records series that will be submitted to the Department of State Division of Library and Information Services are included as well as a descriptive document at the end of this schedule.

12. Accounting, Budget & Finance

ACCOUNTING, BUDGET & FINANCE	
RECORD SERIES TITLE	**RETENTION PERIOD**
Bank Statements: Reconciliation	Current + 7 years
Analysis Statements	Current + 7 years
Investment Statements	Current + 7 years
Statements / Reconciliations	Current + 7 years
SunTrust Investments	Current + 7 years
Sweep Statements	Current + 7 years
Budget Records: Approved Annual Budget	Permanent
Budget - Annual	Permanent
Disbursement Records: Detail	Current + 7 years
ACH / EFT	Current + 7 years
Check Payments	Current + 7 years
Financial History Summary Records	Permanent
Financial Statement Summary Detail	Permanent
NCCI Applications	Permanent
Service Carrier Interest	Permanent
Service Carrier Monthly Report	Permanent
Financial Reports: Annual (Local Government) Supporting Documents	Current + 7 years
Bad Debt Write-Offs	Current + 7 years
Journal Entries	Current + 7 years
Payroll Bi-weekly	Current + 7 years
Property Control Records	Current + 7 years
Fixed Asset Package	Current + 7 years
Receipt/Revenue Records: Detail	Current + 7 years
Check Deposits	Current + 7 years
Increase/Decrease Adjustment	Current + 7 years
Receipt/Revenue Records: Summary	Current + 7 years
Recoveries	Current + 7 years
RSI Monthly	Current + 7 years

13. Board, Committee & Executive

BOARD/COMMITTEE & EXECUTIVE	
RECORD SERIES TITLE	**RETENTION PERIOD**
Administrator Records: Agency Director/Program Manager	Current + 10 years
Anti Fraud Plan/Premium Fraud Investigators	Current + 10 years
Annual Report of Grievances	Current + 10 years
Board/Committee Bulletin	Current + 10 years
Deposit & Advanced Premium	Current + 10 years
Misc. Analyses - Old Application Report	Current + 10 years
Monthly Report	Current + 10 years
Rate Analysis	Current + 10 years
Service Provider/Producer Bulletin	Current + 10 years
Committee/Board Appointment Records	4 years after term of office or committee/board is abolished.
Board/Committee Contact List	4 yrs after term of office or committee/board is abolished.
Board Election Appts	4 yrs after term of office or committee/board is abolished.
Board Selection Records	Current + 4 years
Code of Conduct/Conflict Board Signature	4 yrs after term of office or committee/board is abolished.
Committee Structure	4 yrs after term of office or committee/board is abolished.
Committee/Board Appointment Records - Non Selected Applicants	Current + 4 years
Correspondence and Memoranda: Program & Policy Development	Current + 5 years
Correspondence	Current + 5 years
Information Notice	Current + 5 years
Faxes	Current + 5 years
Legislation Records	Retain until obsolete, superseded, or administrative value is lost.
Enabling Statute	Retain until obsolete, superseded, or administrative value is lost.
Minutes: Official Meetings (Supporting Docs)	Current + 2 years after adoption of the official minutes

14. Board/Committee Policy

BOARD/COMMITTEE POLICY	
RECORD SERIES TITLE	**RETENTION PERIOD**
Charters/Amendments/Bylaws/Constitutions	Permanent
Articles of Incorporation	Permanent
Audit Committee Charter	Permanent
Bylaws	Permanent
Operations Manual	Permanent
Minutes: Official Meetings	Permanent
Agenda	Permanent
Agenda Topic Listing	Permanent
Minutes	Permanent
Resolutions	Permanent
Bank Resolution Records	Permanent
Business Plan/Forecast	Permanent
Code of Conduct Policy	Permanent
Conflict of Interest Policy	Permanent
Executive Compensation Plan	Permanent
Investment Policy	Permanent
Procurement Policy	Permanent
Travel and Expense Policy	Permanent

15. Executive/Administration

EXECUTIVE/ADMINISTRATION	
RECORD SERIES TITLE	**RETENTION PERIOD**
Administrative Convenience Records	Administrative Convenience Records
Advertisements: Legal	Current + 5 years
Legal Classified	Current + 5 years
Attendance & Leave Records	Current + 3 years
Vacation Requests	Current + 3 years
Calendars	Current + 1 year
Calendars	Current + 1 year.
Correspondence and Memoranda: Administrative	Current + 5 years
Correspondence: Administrative	Current + 5 years
Legal Correspondence	Current + 5 years
Faxes	Current + 5 years
Directives/Policies/Procedures	Current + 2 years
Claims Procedures	Current + 2 years
Document Retention Procedures	Current + 2 years
Information Request Records	Current + 1 year
Inventory: Agency Records	Retain until obsolete, superseded, or administrative value is lost.
Mail - Registered & Certified Receipts	Current + 1 year
Mail - Undeliverable	Current + 1 year
Records Disposition Documents	Permanent
Records Retention Schedules - Agency	Permanent

16. Contracts

RECORD SERIES TITLE	CONTRACTS RETENTION PERIOD
Bid Records: Non-Capital Improvement (RFP's)	Current + 5 years after awarded
RFP's	Current + 5 years after awarded
Contracts/Leases/Agreements: Capital Improvement/Real Property	Current + 15 years after completion or termination of contract/ lease/ agreement
Office Space - Lease	Current + 15 years after completion or termination of contract/ lease/ agreement
Contracts/Leases/Agreements: Non-Capital Improvement	Current + 5 years after completion or termination of contract/ lease/agreement
401K	Current + 5 yrs after completion or termination of contract/ lease/ agreement
Actuary	Current + 5 yrs after completion or termination of contract/ lease/ agreement
Audit & Tax	Current + 5 yrs after completion or termination of contract/ lease/ agreement
Banking/Investment	Current + 5 yrs after completion or termination of contract/ lease/ agreement
Collections	Current + 5 yrs after completion or termination of contract/ lease/ agreement
Consultant	Current + 5 yrs after completion or termination of contract/ lease/ agreement
Engagement/Legislative	Current + 5 yrs after completion or termination of contract/ lease/ agreement
General Counsel	Current + 5 yrs after completion or termination of contract/ lease/ agreement
FSIFGA Agreement	Current + 5 yrs after completion or termination of contract/ lease/ agreement
NCCI	Current + 5 yrs after completion or termination of contract/ lease/ agreement
Office Equipment	Current + 5 yrs after completion or termination of contract/ lease/ agreement
Office Services	Current + 5 yrs after completion or termination of contract/ lease/ agreement
Payroll	Current + 5 yrs after completion or termination of contract/ lease/ agreement
Insurance Records: Agency	Current + 5 years after final disposition of claim or expiration of policy
D&O Insurance	Current + 5 years after final disposition of claim or expiration of policy
Dental Insurance	Current + 5 years after final disposition of claim or expiration of policy
Disability & Life	Current + 5 years after final disposition of claim or expiration of policy
Fidelity Bond	Current + 5 years after final disposition of claim or expiration of policy
FSA	Current + 5 years after final disposition of claim or expiration of policy

Health Insurance	Current + 5 years after final disposition of claim or expiration of policy
Property & Liability Insurance	Current + 5 years after final disposition of claim or expiration of policy
Workers Comp. Audit	Current + 5 years after final disposition of claim or expiration of policy
Workers Comp Insurance	Current + 5 years after final disposition of claim or expiration of policy
Reinsurance Program	Permanent
Loss Portfolio Transfer Agreement	Permanent
Reinsurance Program Contract	Permanent
Service Provider Records	Permanent
Performance Bond	Permanent
Policy/Admin Managed Care Provider	Permanent
Reporting Manual	Permanent

17. Human Resources/Personnel & Payroll

HUMAN RESOURCES, PERSONNEL & PAYROLL	
RECORD SERIES TITLE	**RETENTION PERIOD**
Employment Application and Selection Records	Permanent
Application	Permanent
Pension Records: Plan/Fund	Permanent
401K Bi-weekly	Permanent
401K Quarterly	Permanent
401K Summary Plan Des.	Permanent
5500	Permanent
Personnel Records: Non-Florida Retirement System (Local Government)	Permanent
401K Enrollment	Permanent
401K Enrollment Beneficiary	Permanent
Form I-9	Permanent
Resignation Letter/Employee Exit Checklist	Permanent
Personnel Records	6 years after separation or termination of employment.
Dental Insurance Application	6 years after separation or termination of employment
Direct Deposit	6 years after separation or termination of employment
Disciplinary Action/Warning	6 years after separation or termination of employment
Employee Administration Documents	6 years after separation or termination of employment
Employment Offers	6 years after separation or termination of employment
Employment Verification	6 years after separation or termination of employment
FSA Enrollment	6 years after separation or termination of employment
Health Insurance Application	6 years after separation or termination of employment
Life Insur. App. Beneficiary	6 years after separation or termination of employment
Salary Changes/Reviews	6 years after separation or termination of employment
W-4	6 years after separation or termination of employment

18. IT/Technical

IT/TECHNICAL	
RECORD SERIES TITLE	**RETENTION PERIOD**
Electronic Records Software and Documentation	Retain as long as software-dependent records are retained
Licensing	Retain as long as software-dependent records are retained
Software	Retain as long as software-dependent records are retained

19. Maintenance/Property/Security

MAINTENANCE/PROPERTY/SECURITY	
RECORD SERIES TITLE	**RETENTION PERIOD**
Disaster Preparedness Plans	Current + 5 years
Disaster Recovery & Emergency Preparedness Plan	Current + 5 years
Disaster Preparedness Drill Records	Current + 2 years
Equipment/Vehicle Maintenance Records	Current + 1 year after disposition of equipment.
Equipment Maintenance Records	Current + 1 year after disposition of equipment
Asset Invoices	Current + 1 year after disposition of equipment
Inspection Reports: Fire/Security/Safety	Current + 4 years after inspection
Inspections	Current + 4 years after inspection
Inspections Report – Fire Extinguisher	Current + 4 years after inspection
Inventory: Agency Property	Current + 3 years
License Occupational	Current + 1 year after expiration, revocation, or denial of license
License Occupational	Current + 1 year after expiration, revocation, or denial of license

20. Reinsurance

REINSURANCE	
RECORD SERIES TITLE	**RETENTION PERIOD**
Reinsurance Program	Permanent
Actuarial Analysis of Exposure	Permanent
LPT Monthly/Quarterly	Permanent
Reinsurance Notification	Permanent
Reinsurance Recovery Received	Permanent
Reinsurance Reimbursement Request	Permanent
Reinsurance Notification Summary Rpt	Permanent

21. Reporting/Filing

REPORTING & FILINGS	
RECORD SERIES TITLE	**RETENTION PERIOD**
Audits: Auditor General	Current + 10 years
Auditor General	Current + 10 years
Audits: Independent	Current + 10 years
Accounting Policies & Procedures	Current + 10 years
Auditors Report on Internal Controls	Current + 10 years
Travelers Operational Review	Current + 10 years
Trip Report/Claim Review	Current + 10 years
Audits: State/Federal	Current + 10 years
AHCA Compliance Survey	Current + 10 years
Audit OIR Market Conduct Exam	Current + 10 years
Federal and State Income/Employment Tax Form/Reports	Permanent
940	Permanent
941	Permanent
1096/1099	Permanent
UCT-6	Permanent
W-3 / W-2	Permanent
Unemployment Tax Rate	Permanent
Federal & State Tax Forms/Reports	Permanent
DOL Assessments	Permanent
DOL USL&H	Permanent
Federal Tax Return-1120PC	Permanent
Intangible Personal Property	Permanent
Premium Taxes	Permanent
Tangible Personal Property	Permanent
Financial Reports: Comprehensive Annual (Local Government)	Permanent
Financial Detail	Permanent
Records Management Compliance Statements	Current + 1 year
Records Management Compliance Statements	Current + 1 year
State Reporting & Other Filings	Permanent
Abandoned Property	Permanent
Actuarial Analysis & Opinion	Permanent
Audit/Financial	Permanent
Corp Business Report	Permanent
Financial Statements Annual & Quarterly	Permanent
Forms Filing	Permanent
Managed Care Arrangement Renewal	Permanent
Mgmt. Disc & Analysis	Permanent
Minimum Premium	Permanent
NCCI Financial Calls	Permanent
Operations Manual Revisions	Permanent
Program to Eliminate the Deficit	Permanent
Rate Filing	Permanent
Reinsurance Program Filing	Permanent
Statistical Codes Filing	Permanent

22. Underwriting

UNDERWRITING RECORD SERIES TITLE	RETENTION PERIOD
Application,Claim,Collection Related Records	7 years after termination of contract, closure of claim or payment of collection
Applications	7 yrs after termination of contract, closure of claim or payment of collection
Audit Disputes	7 yrs after termination of contract, closure of claim or payment of collection
Bad Debt Write Off Authorization	7 yrs after termination of contract, closure of claim or payment of collection
Bound	7 yrs after termination of contract, closure of claim or payment of collection
Certificate of Insurance	7 yrs after termination of contract, closure of claim or payment of collection
Claims Not Covered (Claims)	7 yrs after termination of contract, closure of claim or payment of collection
Correspondence	7 yrs after termination of contract, closure of claim or payment of collection
DFS Consumer Complaints	7 yrs after termination of contract, closure of claim or payment of collection
Litigation Management Info (Claims)	7 yrs after termination of contract, closure of claim or payment of collection
Rejected	7 yrs after termination of contract, closure of claim or payment of collection
Settlement	7 yrs after termination of contract, closure of claim or payment of collection
Settlement Authorization (Claims)	7 yrs after termination of contract, closure of claim or payment of collection
Withdrawn	7 yrs after termination of contract, closure of claim or payment of collection
Agency Producer Records	7 years after completion or termination of agreement
Agency Misconduct	7 years after completion or termination of agreement
Authorization Package	7 years after completion or termination of agreement
Certificate of Insurance	7 years after completion or termination of agreement
Correspondence	7 years after completion or termination of agreement
E/O Expiration	7 years after completion or termination of agreement
Expiration Notice	7 years after completion or termination of agreement
Rejected/Returned Package	7 years after completion or termination of agreement
Revocation/Suspension	7 years after completion or termination of agreement
Collection Activity Records	Permanent
Bad Debt Write Off	Permanent
Bankruptcy	Permanent
Mid AM-Collection Summary	Permanent
Settlements	Permanent
Litigation Case Files	
Fraud Investigations	7 years after case closed
Legal Correspondence	7 years after case closed.
Legal Documents (Bankruptcy, Final Orders, Release, Etc Claims & Apps)	7 years after case closed
Legal Opinions	7 years after case closed
Litigation Files	7 years after case closed.

INDIVIDUAL RECORD SERIES - AGENCY SPECIFIC RECORDS	
Recommended Record Series Title	**Retention Period**

Collections

Recommended Record Series Title	Retention Period
Collection Activity Records This record series consists of collection activity records, bankruptcy, settlements.	Permanent

Contracts

Recommended Record Series Title	Retention Period
Service Provider Records This record series consists of Service Provider contracts and related documents such as Policy/Admin Managed Care Provider, Performance Bond.	Permanent

Personnel Records

Recommended Record Series Title	Retention Period
Personnel Records This record series consists of personnel records not covered in the GL1-SL including insurance applications, forms, etc.	6 years after separation or termination of employment.

Reinsurance

Recommended Record Series Title	Retention Period
Reinsurance Program This record series consists of the FWCJUA Reinsurance program contracts, reporting and related documents.	Permanent.

Reporting & Filing

Recommended Record Series Title	Retention Period
Federal & State Tax Forms/Reports This record series consists of all federal and state tax forms & reports	Permanent
State Reporting & Other Filings This record series consists of all FWCJUA state filings and reporting	Permanent

Underwriting

Recommended Record Series Title	Retention Period
Application, Claim, Collection Related Records This record series consists of policy records including applications, claim related documents, collection	7 years after termination of contract, closure of claim or payment of collection
Agency Producer Records This record series consists of agency producer authorization records, revocations/suspension, correspondence	7 years after completion or termination of agreement

EXHIBIT B

STATE OF FLORIDA DEPARTMENT OF STATE Division of Library and Information Services Form LS5E105REff.1-01	**RECORDS RETENTION SCHEDULE**	SCHEDULE NUMBER ____________ __ New Schedule __ Revise Existing Schedule

General Information

1. Agency	2. Division/Department	3. Bureau/Office

4. Custodian (Name & Area Code/Telephone Number)	5. Contact/RMLO (Name & Area Code/Telephone Number)
SUBMIT TO: Florida Department of State Bureau of Archives and Records Management Mail Station 9A Tallahassee, FL 32399-0250	**AGENCY MAILING ADDRESS:** Agency: Address: City, State, Zip:

Record Series Information

6. Record Series Title

7. General Description, Purpose and Use of Record Series (include/attach inclusive dates, any audit requirements, forms, or other related documentation)

____ **Record Copy and/or** ____ **Duplicate, if duplicate please indicate location of the record copy in the description.**

8. Is this record series considered to be a *vital record*? ____ Yes ____ No

What is the primary purpose of this record series?
____ Administrative ____ Legal ____ Fiscal

What media format does this record series consist of? Check all that apply. ___ Paper ___ Microfilm

____ Electronic (Magnetic Disk, Optical Image, CD, DVD, etc.)____

____ Other (Audio, Video, Photographic, etc.)____

Recommended Retention and Disposition

9. What is the recommended retention period? ________ **Record Copy** ________ **Duplicate Copies**

Applicable Statutes, Rules, Ordinances ____

Will this record series be microfilmed? ____ Yes ____ No
Will this record series be scanned into an optical imaging system? ____ Yes ____ No

Authorization

10. Submitted by:

______________________________________ ________________________
Authorized Signature, Title Date

EXHIBIT C

FLORIDA DEPARTMENT of STATE

CHARLIE CRIST Governor | **STATE LIBRARY AND ARCHIVES OF FLORIDA** | **KURT S. BROWNING** Secretary of State

MEMORANDUM

To: Department / Agency Head

From: Department of State / Division of Library and Information Services

Subject: Records Management Liaison Officer (RMLO) status

Please provide current information about your agency Records Management Liaison Officer (RMLO) in the space below. Thank you.

Agency Name: ____

RMLO Name: ____

RMLO E-mail Address: ____

RMLO Mailing Address____

____

____

Telephone #______________________ **Fax #**______________________

Authorizing Official: **Name (please print)** ______________________________

Title ______________________________

Signature ______________________ **Date**______________

RETURN TO: Division of Library and Information Services
Florida Department of State
Mail Station 9A
Tallahassee, FL 32399-0250
Phone: (850) 245-6750 **FAX: (850) 245-6795**

DIRECTOR'S OFFICE
R.A. Gray Building • 500 South Bronough Street • Tallahassee, Florida 32399-0250
850.245.6600 • FAX: 850.245.6735 • TDD: 850.922.4085 • **http://dlis.dos.state.fl.us**

COMMUNITY DEVELOPMENT
850.245.6600 • FAX: 850.245.6643

STATE LIBRARY OF FLORIDA
850.245.6600 • FAX: 850.245.6744

STATE ARCHIVES OF FLORIDA
850.245.6700 • FAX: 850.488.4894

LEGISLATIVE LIBRARY SERVICE
850.488.2812 • FAX: 850.488.9879

RECORDS MANAGEMENT SERVICES
850.245.6750 • FAX: 850.245.6795

ADMINISTRATIVE CODE AND WEEKLY
850.245.6270 • FAX: 850.245.6282

EXHIBIT D

RECORDS DISPOSITION DOCUMENT

NO.

PAGE OF PAGES

1. AGENCY NAME and ADDRESS

2. AGENCY CONTACT (Name and Telephone Number)

( ) - Ext.

3. NOTICE OF INTENTION: The scheduled records listed in Item 5 are to be disposed of in the manner checked below (specify only one).

☐ a. Destruction ☐ b. Microfilming and Destruction ☐ c. Other ______

4. SUBMITTED BY: I hereby certify that the records to be disposed of are correctly represented below, that any audit requirements for the records have been fully justified, and that further retention is not required for any litigation pending or imminent.

Signature Name and Title Date

5. LIST OF RECORD SERIES

a. Schedule No.	b. Item No.	c. Title	d. Retention	e. Inclusive Dates	f. Volume In Cubic Feet	g. Disposition Action and Date Completed After Authorization

6. DISPOSAL AUTHORIZATION: Disposal for the above listed records is authorized. Any deletions or modifications are indicated.

Custodian/Records Management Liaison Officer Date

7. DISPOSAL CERTIFICATE: The above listed records have been disposed of in the manner and on the date shown in column g.

Signature Date

Name and Title

Witness

OPERATIONS COMMITTEE REPORT

Disaster Recovery Matters

At its December 3rd meeting, the Operations Committee confirmed the Executive Director's modifications to the Disaster Recovery & Emergency Preparedness Plan (DR&EP Plan). Generally, the Plan was modified to reflect Board action taken in June 2007 regarding systems backup as well as to incorporate auditor recommendations included in the 2006 Market Conduct Exam. The Revised September 2007 version of the FWCJUA DR&EP Plan has been distributed in accordance with the Plan document.

No Board action is required on this item.

OPERATIONS COMMITTEE REPORT

Service Provider Audit Report

At its December 3rd meeting, the Operations Committee received a report on the FWCJUA's audit of the policy administration and managed care service provider, Travelers.

The staff audit report found that Travelers is fulfilling its obligations as a service provider for the FWCJUA. This is based on an overall rating of 92.9% that the service provider received for its compliance with established FWCJUA performance standards. The Travelers' dedicated units for the FWCJUA continue to be well run, and perform well in all aspects of policy administration, loss prevention and claims handling. There continues to be a positive working relationship between the FWCJUA and the Travelers' management team as well as the Travelers' front line personnel. Further, the report found the Travelers Anti-Fraud and Disaster Recovery Plans to be comprehensive and adequate.

No Board action is required on this item.

PRODUCER APPEALS COMMITTEE REPORT

Agency/Producer Request for Reinstatement of Privilege to Submit Business

The Producer Appeals Committee was to consider an agency/producer request for reinstatement of privilege to submit business to the FWCJUA at a meeting scheduled on December 10, 2007; however, the meeting was postponed until after the first of the year at the request of the agency/producer.

No Board action is required on this item.

2007 BUSINESS PLAN STATUS REPORT

The following status of the FWCJUA's key activities and objectives indicates that the FWCJUA is on target to meet its 2007 Business Plan.

1. **MANAGE THE SUBPLAN "D", TIER 1, TIER 2 & TIER 3 DEFICITS IN ACCORDANCE WITH OUR FILED PROGRAM TO ELIMINATE THE INDIVIDUAL RATING PLAN DEFICITS AND ADDRESS ANY FUTURE STATUTORY DEFICITS.**
   - **a.** Identify and pursue legislative opportunities, with input from OIR, legislative staff and the Governor's office that will enable the Legislature to more effectively address Subplan "D" deficiencies during the 2007 Session.
     Second Quarter: The Florida legislature enacted Senate Bill 1894 which substantially affects the governance and operations of the FWCJUA. Following the enactment of SB 1894, the legislature went on to enact House Bill 7169 which grants public records and public meetings exemptions to the association. Each bill is subject to approval by the Governor, and each bill provides that it will take effect on July 1, 2007. At its June 12th meeting, the Board directed staff and General Counsel to redraft the Seventh Amended Bylaws in accordance with the reorganization issues related to the enactment of SB 1894 and HB 7169. Further, the Board engaged Thomas Howell Ferguson to file the private letter request for tax exempt status and to perform the financial audit and prepare the tax return for the period ending June 30, 2007. In addition, Staff timely responded to five requests for information and assistance from DFS on behalf of the CFO in her effort to learn more about FWCJUA operations.
     First Quarter: The FWCJUA legislation which our Board supports has been introduced in both the House and Senate. Sen. Mike Bennett and Rep. Mike Grant introduced SB 2276 and HB 1429, respectively.
   - **b.** As a last resort, request OIR to levy a "below-the-line" assessment to fund the remaining Subplan D deficit in accordance with the filed deficit elimination program and implement assessment collections methodology.
     Third Quarter: The Subplan D actuarial cash flow model has been updated using June 30, 2007 actual results as well as the updated Subplan D loss ratio based on the FWCJUA's 6/30/2007 reserve analysis and indicates that no assessment is necessary and that no additional state funds should be required to fund the Subplan D deficit.
     Second Quarter: The Subplan D actuarial cash flow model has been updated using March 31, 2007 actual results as well as the Subplan D loss ratio based on the FWCJUA's 12/31/2006 booked loss ratio and indicates that no assessment is necessary and that no additional state funds should be required to fund the Subplan D deficit.
     First Quarter: The Subplan D actuarial cash flow model has been updated using December 31, 2006 actual results as well as the Subplan D loss ratio based on the FWCJUA's 12/31/2006 booked loss ratio and indicates that no assessment is necessary and that no additional state funds should be required to fund the Subplan D deficit.
   - **c.** Identify any future statutory deficits and develop and timely file a program to eliminate said deficits.
     Third Quarter: The program to eliminate the 2006 Subplan D deficit utilizing May actuals was filed June 21, 2007.
     Second Quarter: At its June 12th meeting, the Board authorized staff to finalize the proposed draft letter to OIR outlining the program for eliminating the 2006 Subplan D deficit utilizing May actuals and to submit the deficit elimination program to OIR no later than June 28, 2007.
     First Quarter: The FWCJUA recognized a $48,794,092 surplus in 2006. Only one of individual rating plans posted a 2006 year-end deficit, that being Subplan D with a deficit of $2,430,546. Given the FWCJUA is in a surplus position; it is not statutorily required pursuant to section 627.311(5)(g), Florida Statutes, to submit a deficit elimination plan to the Office of Insurance Regulation ("OIR"). However, with Subplan D posting a deficit, the FWCJUA will update its plan to eliminate this individual rating plan deficit and submit said updated plan to the Office of Insurance Regulation ("OIR") within 90 days of filing our audited 2006 financial statements, which we anticipate filing on April 1st.

2. **MAINTAIN RATE ADEQUACY.**
   - **a.** Implement actuarially sound rates and minimum premiums effective January 1, 2007 for Tier 1 and Tier 2.

First/Second Quarters: Based upon Board action at its March 13th meeting, amended rates and minimum premiums retroactive to January 1, 2007 were successfully implemented and available on the FWCJUA's website March 22, 2007. The FWCJUA's January 1, 2007 rate revision was successfully implemented and timely made available on the FWCJUA's website.

b. Assure rate adequacy through conducting semiannual rate adequacy analyses culminating in the implementation, as appropriate, of revised rates and/or rating plans consistent with the FWCJUA's mission and statutory charge to provide workers' compensation and employer's liability coverage to those unable to obtain it in the voluntary market.

Third/Fourth Quarters: On November 19th staff filed revised rates to reflect the impact of the approved voluntary market rate decrease effective January 1, 2008 and to effectuate an overall average premium level change of -4.9% in Tier 1, -7.0% in Tier 2 and -18.1% in Tier 3. At its October 15th meeting, the Board resolved to pursue an overall premium level change of at least -7.1% and pursue a reinsurance retention level of at least $1M to include a maximum minimum premium of $2,400, to be effective January 1, 2008 for new and renewal business to be adjusted to reflect any approved voluntary market level and class relativity changes that may also become effective January 1, 2008.

First Quarter: At its March 13th meeting, the Board shall receive a Rates & Forms Committee recommendation regarding premium level change that may be appropriate given the 2006 year-end reserve analysis.

3. MINIMIZE THE OPERATING LOSS.

a. Identify and pursue legislative opportunities, with input from OIR, legislative staff and the Governor's office that effectively position the FWCJUA to apply for and receive a federal income tax exemption at the earliest reasonable opportunity without unduly jeopardizing operations or operating expenses.

Fourth Quarter: At its November 30th meeting, the Audit Committee reviewed THF's audit report and directed its finalization for presentation to the Board at its December 11th meeting. In addition, the Audit Committee shall recommend that the Board adopt revisions to the FWCJUA's Code of Business Conduct and Ethics Policy.

Third Quarter: Thomas Howell Ferguson is on target to complete the 6/30/07 tax exempt filing by November 1, 2007, and assist the FWCJUA position itself to receive a favorable private letter ruling related to its application for tax exemption.

Second Quarter: The Florida legislature enacted two bills related to the FWCJUA. The legislature enacted Senate Bill 1894 that substantially affects the governance and operations of the FWCJUA. Following the enactment of SB 1894, the legislature went on to enact House Bill 7169 which grants public records and public meetings exemptions to the association. Each bill is subject to approval by the Governor, and each bill provides that it will take effect on July 1, 2007. At it's June 12th meeting, the Board authorized a 2007 out-of-budget expense of $20,000 for Milliman to perform a loss reserve analysis as of 6/30/2007 to assist in positioning the FWCJUA to receive a favorable ruling related to its application for a federal tax exemption by January 1, 2008 as required by SB 1894 and authorized staff to negotiate a delay in filing the Second Quarter Statement with OIR of no later than September 15th, given the timing of completion of the loss reserve analysis.

First Quarter: The FWCJUA legislation which our Board supports has been introduced in both the House and Senate. Sen. Mike Bennett and Rep. Mike Grant introduced SB 2276 and HB 1429, respectively.

b. The operation will continue to concentrate on underwriting - determination of actual exposures and proper pricing, prompt policy issuance, premium collection, fraud prevention, market assistance, and evaluation of current performance standards.

(1) Analyze the composition and experience of new and renewal business, and modify as appropriate, underwriting, collections and fraud prevention practices and procedures to ensure that existing programs realize maximum effectiveness and efficiencies. Develop new practices, procedures, or programs as analysis dictates.

Second Quarter: **1.** Staff's ongoing analysis of the composition and experience of new and renewal business resulted in revisions to (10) FWCJUA supplemental application forms to remove the indicator that the notary to witness and authenticate an employer's authorized signer's signature should be a Florida state notary. **2.** The ACORD 133 FL (2007/07) and the Assessable Policy Notice Endorsement (FWCJUA 04 01), was amended to implement SB 1894. These form revisions were adopted by the Board at its June 12th meeting, filed with OIR on June 13th and approved by OIR to become effective July 1, 2007. **3.** The Board also approved Operations Manual revisions to implement SB 1894; one Safety Committee recommendation; a Producer Committee recommendation; and several housekeeping items. **4.** In accordance with DBPR, staff will report any licensed contractor for which a final premium judgment exists and DBPR will give the licensed contractor 90 days to pay or resolve the outstanding premium issue with the FWCJUA before it rescinds the contractor's license. For licensed contractors for which no final premium judgment exists, DBPR suggested that the FWCJUA file a written complaint against the licensed contractor and DBPR will require a written response from the contractor regarding it's outstanding premium issue within 20 days. Then, the FWCJUA's complaint as well as the contractor's response will be forwarded to the Probable Cause Panel to evaluate for legal sufficiency and if the licensed contractor has previously been sanctioned, the license will be revoked or the contractor will be denied a renewal license. If the license holder has not been previously sanctioned, the issue will be referred to arbitration and the Arbitrator's order will be binding, if not contested within 30 days. **5.** Staff is working with a Payroll Service Company to enroll as an Authorized Payroll Service Partner under the FWCJUA's Optional Payroll Service with Premium Withholding Program. **6.** Based on Board action at it's March 13th meeting, the Contractor's Supplemental Application was filed and approved for use effective April 1, 2007 as well as revisions to the Operations Manual to reflect OIR approved updates in the FCCPAP that were implemented in 2006. The form as well as the manual revisions were successfully implemented April 1, 2007, and made available on the FWCJUA's website. **7.** In accordance with the FWCJUA's Anti-Fraud Plan, staff assisted Travelers SIU conduct a premium fraud training class for its underwriting personnel on Tuesday, May 22, 2007. **8.** In accordance with s. 440.10(d)(1), Florida Statutes, the FWCJUA is pursuing an uninsured subcontractor for all benefits paid and payable, plus interest to an injured worker, as a result of the subcontractors negligence to allow his coverage to lapse without notice to the General Contractor, the FWCJUA's policyholder, who became legally obligated to make payments to the injured worker because the subcontractor improperly breached his duty to have workers' compensation coverage in force at the time of the accident.

First Quarter: 1. Staff's ongoing analysis of the composition and experience of new and renewal business resulted in revisions to the ACORD 134 FL (Instructions for Completing ACORD 130 FL) to accurately reflect the current surcharge percentage amount that is being utilized for Tier 1, Tier 2 and Tier 3 as well as update the FWCJUA Deposit Premium Threshold amount that is being used for all three rating tiers. Further, the Employer's Affidavit was amended to advise contractors of the FWCJUA's handling of leased workers and to remove any specific reference to a tier surcharge percentage amount to prevent filing this form each time the tier surcharge percentage amounts change. **2.** The Contractor's Supplemental Application was amended to clarify several of the questions that seem to confuse many FWCJUA applicants within the construction industry. These revisions will be presented to the Board in the form of a Rates & Forms Committee recommendation at the March 13th meeting. The Board will also consider revisions to the Operations Manual to reflect OIR approved updates in the Florida Contracting Classification Premium Adjustment Program (FCCPAP) that were implemented in 2006. **3.** In accordance with the FWCJUA's Anti-Fraud Plan, a premium fraud training class for FWCJUA personnel has been scheduled for March 14, 2007 with Travelers SIU**.**

(2) File and implement the FWCJUA Loss Sensitive Rating Plan, as warranted.

Third/Fourth Quarter: The third and fourth quarter review of the Book of Business identified only one non-profit account exceeding $300K EAP. Therefore, given that the FWCJUA currently only has one account at that premium level, there remains insufficient growth to warrant activating the Plan.

Second Quarter: The second quarter review of the Book of Business identified no accounts exceeding $300K EAP. Therefore, the FWCJUA Loss Sensitive Rating Plan remains a ready "shelf-product" to be filed and implemented, if warranted.

First Quarter: The first quarter review of the Book of Business identified five accounts exceeding $300K EAP. Accordingly, staff determined that there remains insufficient activity to warrant activating the LSRP. However, the FWCJUA Loss Sensitive Rating Plan remains a ready "shelf-product" to be filed and implemented, if warranted.

c. Ensure that the final audit for 2006 is completed no later than April 1, 2007.

Completed First/Second Quarters: The 2006 Statutory Financial Audit performed by THF, was received and accepted by the Audit Committee on March 27th and filed with OIR on March 30th. The FWCJUA received an unqualified opinion with no material weaknesses. Additionally, THF made no recommendations to management with regards to internal controls, accounting practices or procedures. The 2006 financial audit commenced March 5th and is on target for an April 1, 2007 completion date.

d. Satisfy any recommendations presented in the Auditor's Letter to Management no later than June 1, 2007.

Completed First/Second Quarters: There were no recommendations to satisfy

e. Promptly address any OIR Order regarding noncompliance that may result from the Market Conduct Exam as well as timely address or satisfy any recommendations regarding deficiencies.

Fourth Quarter: At its November 30th meeting, the Audit Committee reviewed materials related to the 2006 Market Conduct Final Examination Report and the Committee recognized that the report was a positive and responses drafted by staff to OIR were adequate.

Second Quarter: At its June 12, 2007 meeting, the Board was provided with a summary of OIR's draft findings of the Market Conduct Exam which was favorable. There were no compliance issues raised in OIR's report.

First Quarter: The FWCJUA has yet to receive the results of OIR's Market Conduct Exam completed October 31, 2006.

f. Manage to the G&A budget.

Fourth Quarter: At its December 11th meeting, the Board of Governors shall consider an out-of-budget expense of $10,000 to file for tax exempt status.

Third Quarter: The FWCJUA is currently under budget for G&A expenses by $216,243 as of June 30, 2007.

Second Quarter: At its June 12th meeting, the Board authorized out-of-budget expenses to contemplate the reorganization and implementation resultant from the passage of SB 1894 and HB 7169, which may include, but shall not be limited to, increased expenses for legal, audit, tax and actuarial services; increased IT/system expenses for physical storage, document management, disaster recovery and audit recording of meetings to include consulting services; increased expenses associated with staffing to include travel and training; and increased expenses associated with board members to include travel and training. The FWCJUA is currently under budget for G&A expenses by $129,445 as of March 31, 2007

First Quarter: The FWCJUA is under budget for G&A expenses by $199,117 as of December 31, 2006

g. Prepare and file the FWCJUA Annual Financial Statement no later than March 1, 2007 and the Quarterly Financial Statements no later than May 15, August 15, and November 15, 2007.

Third/Fourth Quarter: The Third Quarter Financial Statement was timely filed on November 15, 2007. The Second Quarter Financial Statement was filed on August 31, 2007, upon completion of the June 30, 2007 Reserve Analysis.

Second Quarter: The First Quarter Financial Statement was timely filed on May 15th. At its June 12th meeting, the Board shall consider authorizing staff to negotiate a filing date for the Second Quarter statement of not later than September 15, 2007.

First Quarter: The FWCJUA's 2006 Annual Statement was timely filed on February 28, 2007.

Other:

Second Quarter: At its May 28th meeting, the Rates & Forms Committee agreed not to recommend a declaration of a return of premium dividend for the 2001, 2002 and 2003 policy years at this time.

First Quarter: At its March 13th meeting, the Board resolved that a return of premium dividend to policyholders was not advisable at this time. **2.** Staff filed the FWCJUA's 2007 Reinsurance Program with OIR on January 19, 2007.

4. MAINTAIN SOLVENCY WITHOUT AN FWCJUA POLICYHOLDER ASSESSMENT PROVIDED RATE ADEQUACY EXISTS.

a. Manage the Cash Flow and Projection Models by subplan and tier to anticipate potential solvency problems and recommend courses of action to the Board.

Third/Fourth Quarters: The cash flow and projection models by subplan and tier continue to be monitored with no new trends or solvency problems being observed.

Second Quarter: Revisions to the Cash Management Policy and an out-of-budget expense of $1,200 for the creation of a Loss Payout Pattern Report by Milliman to be utilized for cash management purposes shall be presented to the Board in the form of an Investment Committee recommendation at the Board's June 12th meeting.

First Quarter: The cash flow and projection models by subplan and tier continue to be monitored with no new trends or solvency problems being observed. The Subplan D actuarial cash flow model using December 31, 2006 actual results was updated in February and indicates no additional funding needs for Subplan D obligations through the contingency reserve. This dramatic improvement can largely be attributed to the 2006 reserve reductions.

b. Provide Actuarial Cash Flow Model results and any other required information to OIR quarterly, or as required, to ensure access to the allocated Trust Fund monies for Subplan "D" cash needs as made available by the Legislature.

Third Quarter: The Subplan D actuarial cash flow model has been updated using June 30, 2007 actual results as well as the Subplan D loss ratio based on the FWCJUA's 06/30/2007 booked loss ratio and indicates that no assessment is necessary and that no additional state funds should be required to fund the Subplan D deficit.

First Quarter: The Subplan D actuarial cash flow model has been updated using December 31, 2006 actual results as well as the Subplan D loss ratio based on the FWCJUA's 12/31/2006 booked loss ratio and indicates that no assessment is necessary and that no additional state funds should be required to fund the Subplan D deficit.

c. Manage the Loss Emergence Model to anticipate potential reserve adjustments and recommend courses of action to the Board.

Third Quarter: Milliman completed its loss reserve analysis as of 6/30/2007 and the Rates & Forms Committee as well as the Board took action on August 17, 2007 to book Milliman's best estimate indicated net reserves for the years 1994 through 2006 as well as for the period January 1, 2007 through June 30, 2007 and further, to book Milliman's best estimate for ULAE.

Second Quarter: The Board shall receive a Rates & Forms Committee recommendation to authorize a 2007 out-of-budget expense of $20,000 for Milliman to perform a loss reserve analysis as of 6/30/2007 to assist in positioning the FWCJUA to receive a favorable ruling related to its application for a federal tax exemption as required by SB 1894, if enacted. Therefore, it will not be necessary to update the Loss Emergence Model at this time.

First Quarter: All 2006 loss information has been sent to Milliman for annual reserve analysis.

d. Ensure that the Statement of Actuarial Opinion for 2006 is completed no later than March 1, 2007.

Completed First Quarter: The Statement of Actuarial Opinion for 2006 was submitted by Milliman on February 28th and filed with OIR on March 6th. It is the opinion of the actuary that carried reserves meet the requirements of the insurance laws of Florida; are consistent with the reserves computed in accordance with Standards of Practice issued by the Actuarial Standards Board; and make a reasonable provision for all unpaid loss and loss expense obligations.

e. Conduct a reserve analysis on the loss liabilities of the FWCJUA to include case reserves and IBNR losses, the adequacy of case reserves to pay reported open claims; and a comparison of assets and liabilities with a recommendation by subplan as to the necessity of an assessment to fund outstanding liabilities.

Third Quarter: At its August 17th meeting, the Rates & Forms Committee and the Board reviewed Milliman's analysis of reserves and authorized staff to book Milliman's best estimate indicated net reserves for the years 1994 through 2006 as well as for the period January 1, 2007 through June 30, 2007 and further, to book Milliman's best estimate for ULAE.

First Quarter: 1. The reserve analysis on the loss liabilities of the FWCJUA to include case reserves and IBNR losses, the adequacy of case reserves to pay reported open claims; and a comparison of assets and liabilities with a recommendation by subplan as to the necessity of an assessment to fund outstanding liabilities will be completed in March. **2.** At its February 22nd meeting, the Board reviewed Milliman's preliminary findings and authorized staff to book Milliman's best estimate indicated net reserves for the years 1994 through 2003; 20% in excess of Milliman's best estimate indicated net reserve for each of the years 2004, 2005 and 2006 to approximate a total of $5.6 million; and Milliman's best estimate for ULAE. Given the surplus position of the FWCJUA, no assessment was necessary to fund any outstanding liabilities.

f. Explore funding options for the purchase of a liability transfer product for accident years 2000 through 2006 inclusive of Subplan "D" activity.

First/Second/Third/Fourth Quarters: As a result of the FWCJUA's positive financial position, a Liability Transfer Product for accident years 2000 through 2006 inclusive of Subplan "D" activity was deemed unwarranted at this time.

g. Review the existing reinsurance program early in the renewal cycle to ensure it meets both current and anticipated needs; release the renewal submission early in order to review additional options; and negotiate an appropriate renewal.

Third/Fourth Quarters: At its December meeting, the Board shall consider recommendation by the Reinsurance Committee regarding the 2008 reinsurance program. From October 28-31, staff met with numerous reinsurers in Boston, MA to discuss the FWCJUA's 2008 Reinsurance Goals and opportunities to improve renewal terms. On October 17th, the Reinsurance Committee as well as the Board established the goals and marketing strategy for the 2008 reinsurance program. On September 21, 2007, Staff issued notice of cancellation of the Catastrophe Workers' Comp. Excess of Loss Reinsurance to ensure the re-evaluation of the FWCJUA's reinsurance structure for the 2008 treaty year.

Second Quarter: On April 12th, the Reinsurance Committee and then the Board resolved to accept a commutation offer received from Quanta RE and confirmed Benfield Group as the Reinsurance Intermediary for the placement of the 2008 Reinsurance program.

First Quarter: Staff filed the FWCJUA's 2007 Reinsurance Program with OIR on January 19, 2007.

h. Confirm one or more reinsurance intermediaries to act on behalf of the FWCJUA and approach selected direct markets with respect to the placement of the FWCJUA's 2008 reinsurance program.
Completed Second Quarter: On April 12th, the Reinsurance Committee and the Board confirmed Benfield Group as the Reinsurance Intermediary for the placement of the 2008 Reinsurance program.

i. From a strategic perspective, review different types of reinsurance programs that are available and recommend any strategic perspective alternatives to the current casualty-based program.
Third/Fourth Quarters: On October 15th, Benfield will provide a draft submission to markets for the January 1, 2008 renewal of the FWCJUA Excess of Loss Reinsurance Program.

j. Conduct a risk assumption analysis in conjunction with either the reinsurance intermediary's actuary or the FWCJUA's consulting actuary that describes how much risk the FWCJUA could assume at various attachment points and the implications of that risk assumption.

k. Ensure timely and accurate reporting to the reinsurers with full disclosure of large and/or serious injuries.
First/Second/Third/Fourth Quarters: Reinsurers continue to receive timely, accurate reporting of large and/or serious injuries on an ongoing basis.

l. Continue the proactive role in monitoring serious injury claims, the regular, formal review of "old" and large open claims and the requirement for settlement authorization for amounts of $50,000 or greater.
Fourth Quarter: The semi-annual review of serious injury claims and claim operations will be conducted Wednesday, December 12, 2007.
Third Quarter: The next review of serious injury claims and claim operations will be conducted in the fourth quarter.
Second Quarter: The semi-annual review of serious injury claims and claim operations will be conducted Thursday, June 14, 2007.
First Quarter: The semi-annual review of serious injury claims and claim operations will be completed in the second quarter.

m. If a deficit is recognized at the 2006 audit, a program to eliminate the deficit will be developed and filed with OIR.
Third Quarter: The program to eliminate the 2006 Subplan D deficit utilizing May actuals was filed June 21, 2007.
Second Quarter: At its June 12th meeting, the Board shall consider proposed correspondence to OIR outlining the program for eliminating the 2006 Subplan D deficit through May actuals and file it no later than June 28, 2007.
First Quarter: The FWCJUA recognized a $48,794,092 surplus in 2006. Only one of individual rating plans posted a 2006 year-end deficit, that being Subplan D with a deficit of $2,430,546. Given the FWCJUA is in a surplus position; it is not statutorily required pursuant to section 627.311(5)(g), Florida Statutes, to submit a deficit elimination plan to the Office of Insurance Regulation ("OIR"). However, with Subplan D posting a deficit, the FWCJUA will update its plan to eliminate this individual rating plan deficit and submit said updated plan to the Office of Insurance Regulation ("OIR") within 90 days of filing our audited 2006 financial statements, which we anticipate filing on April 1st.

n. Monitor the 1994 – 1999 LPT transaction to determine the status of the restrictive surplus and the status of the aggregate limit.
First/Second/Third Quarter: The LPT transaction is reviewed monthly and there continues to be no change in the status of the restrictive surplus and the aggregate limit.

o. Complete the Management Discussion and Analysis on schedule.
First Quarters: The Management Discussion and Analysis was timely completed and filed on March 30, 2007.

5. PURSUE SOUND INVESTMENTS.

a. Evaluate short-term and intermediate cash flow needs along with current economic conditions and modify the investment strategy as warranted.
Third Quarter: The Loss Payout Pattern Report has been received from Milliman as part of the June 30, 2007 Reserve Analysis and is being implemented for use with the Cash Management Policy. The FWCJUA continues to monitor its investments and cash due to recent changes in interest rates.
Second Quarter: On May 24th, the Investment Committee met and conducted its annual review of the FWCJUA's portfolio and cash flow situation. Given the performance of the FWCJUA's portfolio and our cash needs, the Investment Committee is making no new recommendations for modifications to the current Investment Strategy or Policy at the Board's June 12th meeting. However, the Board shall consider the Investment Committee's recommendation to amend the Cash

Management Policy and purchase an out-of-budget expense of $1,200 for the creation of a Loss Payout Pattern Report by Milliman to be utilized for cash management purposes.

b. Evaluate, direct, and monitor the performance of the investment manager to ensure that performance is at or above market benchmark returns.

Second Quarter: At its June 12th meeting, the Board shall consider the Investment Committee's recommendation to continue the relationship with the current investment manager, Evergreen Investment Management Company. The Investment Committee met on May 24th and conducted its annual review of the performance of the investment manager. Noting that the FWCJUA investments have consistently outperformed their comparable benchmarks as well as the excellent performance and competitive fee structure of the current investment manager, the Committee agreed to recommend an ongoing relationship.

6. MANAGE UNCOLLECTIBLE PREMIUM WITHIN ACCEPTABLE LIMITS.

a. Evaluate and monitor the collection activity by subplan and tier to ensure that uncollectible premium is held to or below our average policy year uncollectible premium for policy years 1994 through 2004 of 18.0% as of 12/31/06.

Fourth Quarter: As of September 30, 2007, the current cumulative uncollectible premium was 17.9%, which is slightly lower than the 18% target established for 2007.

Third Quarter: As of June 30, 2007, the current cumulative uncollectible premium was 17.8%, which is slightly lower than the 18.0% target established for 2007.

Second Quarter: As of March 31, 2007, the current cumulative uncollectible premium was 18.2%, which is slightly over the 18.0% target established for 2007.

First Quarter: As of December 31, 2006, the current cumulative uncollectible premium was 15.3%, which was below the 18.2% target established for 2006.

b. Identify the leading drivers of uncollectible premium and adjust collection programs to enhance collection efforts.

Second Quarter: On April 30th, staff contacted Linda Butler with DBPR, Division of Regulations to discuss active licensed contractors that owe outstanding premium to the FWCJUA and what, if anything, could the FWCJUA do to cause DBPR to terminate or suspend a contractor's license in order to facilitate payment of an outstanding premium obligation. According to Linda Butler, DBPR will revoke any reported license holder, if the insurance company has a judgment against that license holder. She further explained that DBPR will give the license holder 90 days to pay or resolve the outstanding premium issue before rescinding its license. Therefore, we are working with RSI to develop procedures to report a licensed contractor with a final premium judgment against it. In addition, for licensed contractors for which no judgment exists, DBPR suggested that the FWCJUA file a formal complaint against the license holder and DBPR will address the outstanding premium issue with the license holder and will require a response from the license holder within 20 days. Then, the FWCJUA's complaint as well as the license holder's response will be forwarded to the Probable Cause Panel to evaluate for legal sufficiency and if the license holder has previously been sanctioned, the license will be revoked or denied a renewal license. If the license holder has not been previously sanctioned, the issue will be referred to arbitration and the Arbitrator's order will be binding, if not contested within 30 days.

First Quarter: 1. On January 22nd, Cleary and Robertson met with RSI to discuss the leading drivers of uncollectible premium as well as the actions that the FWCJUA might consider to enhance collection efforts. **2.** A leading driver of uncollectible premium relates to the appropriateness of a subcontractor exemption when the subcontractor's activities go beyond the trade or business listed on the exemption; thus on February 15th, staff issued a bulletin advising producers of potential exposures clients engaged in construction work may have when their subcontractors activities go beyond the trade or business listed on the certificate of exemption and encouraged producers to discuss with those clients engaged in construction work to carefully examine all Certificates of Election to be Exempt to determine that the work being conducted by the subcontractor is definitely represented on the certificate of exemption.

7. MAINTAIN A DYNAMIC, RESPONSIVE ORGANIZATION CAPABLE OF RESPONDING TO MARKET FLUCTUATIONS IN A TIMELY MANNER.

a. Reseat the Board of Governors consistent with the Bylaws, to include conducting elections and seeking appropriate appointments.

Fourth Quarter: On October 16, 2007, the Financial Services Commission appointed eight of the nine members of the Board of Governors.

Third Quarter: On August 21, 2007 a list of FAIA nominations were submitted to OIR for consideration to fill the vacant seat by the largest property and casualty insurance agent's association in Florida. Further, on August 20th, the Executive Director submitted a list of nominees to the Financial Services Commission for consideration to fill the two vacant Foreign Insurer seats and the two vacant Domestic Insurer seats. On August 3, 2007, letters to insurers regarding Board nominations were issued following the approval of the Seventh Amended Bylaws.

b. Revamp the current website to improve user responsiveness, increase security, and ensure the ease of updating and replication to the secondary web-site.

Third/Fourth Quarters: The FWCJUA has redesigned the management interface and portal access section of the website to improve content changes more efficiently.

Second Quarter: Implementation of the Agency Producer Agreement on-line application process was delayed due to several issues with the redesign of the authorization process in FLARE4. The on-line process is currently in its final testing stage and will be available July 1, 2007.

First Quarter: The FWCJUA's website was updated February 5th to include the Agency Producer Agreement. The Agency Producer Agreement on-line application process is scheduled to be available by March 1, 2007.

c. Redesign the FWCJUA Operations Manual to a more manageable format, i.e., improve ability to promptly update and ensure the document is web-site "friendly"

Fourth Quarter: The FWCJUA Operations Manual was amended to incorporate revised rates, rating values, minimum premiums, and deposit premium threshold, effective January 1, 2008. In addition, upon OIR approval, the Manual will be updated to include the revised ACORD 134 FL form, effective 01/01/2008.

Third Quarter: Adobe InDesign for the Operations Manual has been upgraded and staff training on the upgraded software will begin in the fourth quarter.

Second Quarter: 1. At its June 12th meeting, the Board approved an Operations Committee recommendation to maintain the Operations Manual within its current application, Adobe InDesign, recognizing that upgraded versions of the appropriate Adobe products and an additional license will be purchased within the current constraints of the 2007 budget. **2.** The FWCJUA Operations Manual was also amended to implement SB 1894 and HB 7169, which included form revisions. **3.** The FWCJUA Operations Manual was amended to incorporate the amended 1/1/2007 rates and minimum premiums effective March 22, 2007. **4.** The Contractor's Supplemental; ACORD 134 FL; and FCCPAP class code revisions were implemented April 1, 2007. **5.** Staff tested Microsoft Word and Microsoft Publisher as well as other publishing applications and determined that it would be more cost effective and efficient to maintain the Operations Manual document in the Adobe InDesign application.

First Quarter: Staff has begun efforts to re-design the FWCJUA Operations Manual to a more manageable format.

d. Continue FLARE4 enhancements, to include updates required due to procedural changes, and conduct on-going maintenance to ensure its continued effectiveness.

Fourth Quarter: FLARE4 has been updated to incorporate the revised rates, rating values, minimum premiums, and deposit premium threshold, effective January 1, 2008.

Second Quarter: Staff continues report enhancements to FLARE4. In addition, staff continues to document the FLARE 4 processes which will be completed July 1, 2007.

First Quarter: The project to rebuild FLARE4 for applications, claims and producers was completed for use January 1, 2007, with on-going maintenance. However, FLARE4 was amended to add the Agency Producer authorization process, which was released for use Wednesday, February 14, 2007.

e. Convert to SQL 2005 to enhance recovery and security by increasing encryption capabilities.

Third Quarter: On August 17, 2007, staff completed the 2005 version upgrade on the SQL database servers.

Second Quarter: Staff has started researching the migration path to update from SQL 2000 to SQL 2005.

f. Explore external audit of recovery plans and implement subject to Board approval.

Second Quarter: On May 30th, the Operations Committee considered an outside disaster recovery analysis of IT Systems and resolved to postpone any decision until the reorganization issues related to the enactment of SB 1894 and HB 7169 have been integrated. Staff had received three (3) quotes for consideration regarding an internal IT Systems analysis. The purpose of which was to ensure the reliability of documentation of IT Systems, Disaster Recovery and Continuity, and Personnel succession.

First Quarter: On February 7th, staff met with RSM McGladrey to discuss auditing the FWCJUA's recovery plan. A proposal has been submitted by RSM McGladrey and staff is in the process of identifying other firms to secure similar proposals.

g. Improve security on external access to Citrix by installing a new hardware device that works in conjunction with the firewall to improve security and encryption for management access to internal Citrix servers.

First Quarter: New Citrix Access Gateway hardware was installed to improve security and encryption for management access to internal Citrix servers.

h. Replace the two primary servers for data storage and domain management to improve reliability, performance and energy efficiency, while recycling the old servers as test machines for development and recovery testing.

Second Quarter: New servers have been installed and are in full production. Old servers have been phased out and are being recycled for development and recovery testing.

First Quarter: Ordered new server hardware and software to replace the existing servers for data storage and domain management to improve reliability and performance.

i. Ensure that the FWCJUA website is "real-time" with respect to: 1) rules; 2) procedures; 3) applications; 4) forms; 5) rates; 6) the premium calculator; 7) the "authorized producer" locator; 8) answers to FAQ's; 9) MAP reports; and 9) general information.

Fourth Quarter: The website has been amended to incorporate the amended 2008 Tier surcharges, minimum premiums and deposit premium threshold. The website shall also be updated to include the revised ACORD 134 FL form upon OIR approval.

Third Quarter: Staff is currently working to develop a number of website enhancements that will affect the MAP portal connection and the Agency login function of the website to take advantage of the new SQL Database Management system as well as the multi site network system.

Second Quarter: The website was amended to incorporate the amended 2007 Tier surcharges, minimum premiums and deposit premium threshold. The FWCJUA's website was also updated to include the new Contractor's Supplemental; FCCPAP class code updates; and the revised ACORD 134 FL form.

First Quarter: The website was amended to incorporate the 2007 rates and revised Tier surcharges. The FWCJUA's website was also updated February 5, 2007 to incorporate the changes necessary to transition to the Agency Producer Agreement, effective April 1, 2007. In addition, the secure transfer for Agency Producer data from the FWCJUA to Travelers is being implemented in conjunction with the Agency Producer Agreement changes. Staff is currently working to revamp the Q& A's section of the website to be more user friendly.

j. Continue to explore and implement disaster recovery initiatives as deemed appropriate by the Board.

Fourth Quarter: On October 4, 2007 and October 11, 2007 staff conducted a Disaster Recovery & Emergency Preparedness Plan test by department. The office as well as individual work areas were prepared for disaster recovery by dismantling computer equipment; moving computer equipment into a secure room; placing the open underwriting files into cabinets in the secure room; and secured the facility. A checklist by department was used to ensure procedures were followed properly. Further, a post test assessment was conducted to identify further improvements in the process.

Third Quarter: On August 25, 2007, staff successfully installed the SAN Storage server to increase the FWCJUA's storage needs due to the passage of SB 1894, which expressly made the FWCJUA subject to the Public Records Act. In addition, the FWCJUA's primary servers were shipped Thursday, August 23rd to Sungard, in Alpharetta, GA and installed on Saturday, August 25th, to allow the FWCJUA to operate from anywhere in case its main facility is no longer operational.

Second Quarter: Staff continues to replicate data to an offsite server for disaster recovery initiatives. However, as a result of the enactment of SB 1894 and HB 7169, staff has identified four primary IT areas that will need to be addressed with the Board at its June 12th meeting to facilitate the implementation of both SB 1894 and HB 7169, which are physical storage, document management, disaster recovery and audit recording for meetings. Staff is currently revisiting an option for data backup to send the data over a secure connection to a vendor for online backups in a process called "remove vaulting". Staff has modified the Disaster Recovery & Emergency Preparedness Plan (DR&EP Plan) to move the distribution list to the Appendix section as Appendix A and re-label the remaining appendices, reflect staffing adjustments, and clarify or specify procedures, which the Operations Committee confirmed on May 30th.

k. Continue to evaluate the effectiveness of MAP and implement enhancements as deemed appropriate by the Board.

Third Quarter: Staff continues to work with the MAP Partner, CompLinx to assist employers obtain voluntary market coverage.

Second Quarter: Staff is currently working with the FWCJUA's MAP Partner, CompLinx/Cennairus, to re-examine seven (7) in-force policies with premiums of $100,000 or greater for placement in the voluntary market. As of 5/1/07, the FWCJUA's MAP Partner has quoted 33 accounts and bound 19.

First Quarter: On January 19th, Cleary and Robertson met with representatives from Florida Contractor Insurance and Payroll Consulting to discuss employee leasing arrangements as well as the Take-Out and Keep-Out Programs. On January 30th, Cleary had again met with MICM to respond to additional questions regarding the Take-Out and Keep-Out Programs.

l. As directed by the Board, implement procedures to facilitate transition to the Agency Producer Agreement in an effective, efficient, and timely manner.

Second Quarter: At it's June 12th meeting, the Board shall receive a recommendation from the Rates & Forms Committee to implement a May 24th Producer Committee recommendation to change a procedure for the Agency Producer Agreement that permits and Agency principal to add or delete a Designated Producer or Customer Service Representative form the original Agreement by adopting the proposed Agency Producer Agreement Addendum to Exhibit A form and the associated Operations Manual revisions as soon as practicable. To date, the FWCJUA has contracted with 270 Agencies and 890 Producers.

First Quarter: On March 13th, the Board will be asked to confirm the Operations Manual revisions that were ultimately filed and approved to implement the Agency Producer Agreement. At its December 12, 2006 meeting, the Board authorized revisions to the Operations Manual to implement the Agency Producer Agreement. Subsequent to the Board's action, staff determined that the Operations Manual revisions should be refined prior to filing, particularly to reflect the specific termination provisions appearing in the Agreement in the appropriate section of the Manual. Given time was of the essence and the amended revisions were not material given the Board approved Agreement, staff filed the Operations Manual revisions with the necessary amendments on January 22, 2007 and they were approved by OIR on February 1, 2007. On February 5th, the FWCJUA Operations Manual to become effective April 1st to implement the new agency authorization process was available on our website. Additionally, staff implemented procedures to transition Authorized Producers to an Agency Producer Authorization Process, which included contacting each Authorized Producer with a renewal policy, effective 4/1/07, to ensure a smooth transition from a Producer's Agreement to an Agency Producer Agreement. To date, the FWCJUA has contracted with 87 Agencies and 133 Producers. Staff is currently working with General Counsel to develop a more suitable way to address appeals to coincide with the implementation of the Agency Producer Agreement.

m. Confirm Milliman as the FWCJUA's actuary for the rate/reserve analyses to be conducted in 2008 or implement a selection process for said services.

Fourth Quarter: At its December 11, 2007 meeting, the Board shall consider a Rates & Forms Committee recommendation to engage Milliman for the 2007 year-end actuarial reserve study analysis with opinion. The Board shall also consider a recommendation from the Rates & Forms Committee to include an RFP process in the 2008 Business Plan for the five-year engagement of an actuary.

Third Quarter: At its August 17, 2007 meeting, the Board authorized staff to conduct an informal quotation process for the 12/31/07 reserve study with opinion recognizing an anticipated cost of $25,000 or less from Milliman and a competitive selection process for the other anticipated 2008 actuarial activities as well as those anticipated for a reasonable period into the future.

n. Confirm Thomas, Howell, Ferguson's engagement as auditor/tax adviser for the 2007 fiscal year.

Fourth Quarter: At its December 11, 2007 meeting, the Board shall consider the Audit Committee's recommendation to retain THF as auditor for the 2008 fiscal year.

Third Quarter: At its August 17, 2007 meeting, the Board confirmed THF's engagement as audit/tax advisor for the 2007 fiscal year.

o. Actively pursue Producer, Employer and Claimant fraud through conducting cooperative investigation with the Service Provider; preparing and submitting fraud reports; and participating in the state's prosecution activities.

Third/Fourth Quarter: In the pursuit of fraud, the FWCJUA/Travelers partnership has submitted thirty-five (35) accounts to SIU for investigation: six (6) to the Division of Insurance Fraud; twenty* (20) to DBPR; nineteen (19) to Bureau of Compliance; eleven (11) to Agent & Agency Services; nine (9) to other carriers' SIUs; one (1) to the Office of Insurance Regulation; and one (1) to the Dept of Revenue.

Second Quarter: On June 11th, the Producer Appeals Committee will meet to hear from an Agency and a Producer that have appealed the termination of their authorization to act as an Agency and a Producer for the FWCJUA. On June 5th, Torrence, Cleary and Canton have a meeting scheduled with a DFS Investigator from the Division of Agent & Agency Services, Bureau of Investigations to discuss a specific referral regarding an agent who was engaged in the questionable practice of including an addendum to a premium finance agreement, whereby the consumer acknowledged that the broker fee is fully earned, non-refundable, and that it accrues interest from the date of signing the agreement, regardless of whether the policy was bound or not. On May 24th, jury trial with respect to an insurance fraud case was scheduled to take place and the SIU Prosecution Coordinator, the onsite case manager who assisted the handling of the claim, and the treating physician were all in attendance and prepared to testify. Instead, the injured worker entered a guilty plea to charges of insurance fraud and perjury. We are currently pursuing restitution in the amount of $10,000 for legal expenses. To date, the FWCJUA/Travelers have submitted fourteen (14) accounts to SIU; six (6) to the Division of Insurance Fraud; four (4) to DBPR; nine (9) to Bureau of Compliance; and seven (7) to Agent & Agency Services.

First Quarter: To date, the FWCJUA has revoked four (4) producers and suspended one (1) for their failure under the Agreement not to charge additional fees or issue "bogus" certificates of insurance. The four revoked producers have been reported to DFS, Agent and Agency Services, Bureau of Investigations. On February 5, 2007, staff performed a compliance audit of an Authorized Producer's FWCJUA files to find out if the Producer was following FWCJUA guidelines concerning certificates of insurance and discovered that the Producer had issued several COI's without permission and issued two 2 "bogus" COI's. In the pursuit of fraud, the FWCJUA/Travelers partnership submitted seventy (70) accounts to SIU for investigation; six (6) to the Division of Insurance Fraud; 5 to DBPR; 19 to the Bureau Compliance; and 13 to Agent & Agency Services in 2006. To date, seven (7) cases have been referred to SIU; one (1) to the Division of Fraud; three (3) to DBPR; five (5) to Bureau of Compliance; and four (4) to Agent & Agency Services.

p. Support the Division of Compliance's monitoring of FWCJUA employers who are cancelled or do not renew coverage and also applicants who do not purchase FWCJUA coverage.

First/Second/Third/Fourth Quarters: At the end of each month, the FWCJUA submits two reports to DFS, Division of Workers' Compensation, Bureau of Compliance that identifies the names and addresses of employers whose policies have either been cancelled or non-renewed and a report that provides the names and addresses of applicants who have applied but do not end up purchasing FWCJUA coverage. Further, staff continues to work with Bureau of Compliance regarding the applicability of exemptions when the exemption holders activities go beyond the trade or business listed on the exemption.

q. Prepare a comparative analysis of the FWCJUA's policy administration fees paid versus other workers compensation residual markets to document the reasonableness of the compensation paid for said services.

r. Conduct quarterly reviews of the policy administration/managed care service provider's performance to ensure adherence to FWCJUA rules and service standards.

Third Quarter: Staff conducted an Operational Performance Audit of Travelers at Travelers Orlando office from July 23 – 25. Travelers received a Satisfactory rating and is fulfilling its obligations as a service provider for the processing of FWCJUA business.

Second Quarter: Travelers' 2007 First Quarter Operations Review of policy administration and claim services to ensure compliance with FWCJUA performance standards was measured at an overall compliance percentage of 94.5%. In addition, the FWCJUA received the results of NCCI's 2006 Data Quality Report that evaluates an insurance carrier's timeliness and quality of data being reported. The FWCJUA scored an "A" as well as a "PASS" grade in the timeliness and quality of the 2006 Financial and Unit Statistical information reported. In July, Staff plans to conduct a physical audit of Travelers to ensure adherence to FWCJUA rules and service standards. In April, Travelers, in conjunction with FWCJUA staff, completed an in-depth review of the FWCJUA's book of business to identify the current composition of the book of business as well as identify any trends. The report also provides recommendations for enhancing standards or improving performance to benefit FWCJUA policyholders.

First Quarter: Staff expects to receive Travelers' first quarter performance results April 10, 2007, and a physical audit process to assess Travelers performance has been scheduled for the week of May 21st.

Other:

Fourth Quarter: 1. Staff continues to conduct a cost analysis of office service vendors that have been used within the last three years to comply with Procurement Procedures. **2.** An inventory of current electronic and paper records have been updated and record retention schedules have been established as well as identifying record series for document retention using the General Records schedule GS1-SL. **3.** Agency specific records have been identified and will be submitted to the Department of State Records & Management Program.

Third Quarter: 1. As of July 1, 2007, all incoming and outgoing mail is being scanned into the FWCJUA's Document Management System, ISynergy. **2.** Staff has consulted with the ISynergy vendor, IDatix to analyze the current incoming and outgoing correspondence workflow, as well as the Underwriting workflow. Reviewed current virtual file folder design and indexes used. Received recommendations for consolidating virtual file folders and indexes to increase scanning and indexing efficiency, as well as document searching.

Second Quarter: At its June 12th meeting, the Board was briefed on the reorganization issues related to the enactment of SB 1894 and HB 7169 and provided direction to staff regarding implementation, such as procedures related to the Board selection and appointment process, the committee structure, and the new Board and Committee meeting protocols as well as operational workflows and procurement procedures to develop to address various provisions of the law. The Plan of Operation was reviewed and the Bylaws and Operations Manual, including policy and application forms, were redrafted. The Code of Business Conduct and Ethics and the Conflict of Interest policies were also reviewed and will be redrafted as warranted. The financial disclosure requirements for board members, officers and senior managers were identified and readied for dissemination. Preparations have also begun to ensure the association is positioned to effectively apply to the IRS for a determination of eligibility as a tax exempt entity by January 1, 2008. Board also authorized staff to file the FWCJUA's current Policy Information Page, commonly referred to as the "Declarations Page"; Extension of Information Page – Schedules; and Policy Change Document with OIR as soon as practicable. Further, at it June 12th meeting, the Board authorized changes to ten (10) supplemental application forms to reflect the current practice of the FWCJUA to permit notaries, other than Florida notaries, to notarize an employer's authorized signer's signature with such form amendments becoming effective as soon as practicable.

8. IMPLEMENT AN ASSESSMENT, IF ONE BECOMES NECESSARY.

a. Continue to explore alternative ways to minimize assessment potential.

Second Quarter: The Florida Legislature enacted Senate Bill 1894 which permits the use of Subplan C surplus to be used to fund any deficits in other former Subplans as well as Tiers 1 or 2, before OIR can levy below-the-line assessments. Also, SB 1894 provides that policyholders in former Subplan C will no longer be subject to assessment liability.

First Quarter: The FWCJUA legislation which our Board supports has been introduced in both the House and Senate. Sen. Mike Bennett and Rep. Mike Grant introduced SB 2276 and HB 1429, respectively. These bills contain specific legislative language containing several potential solutions related to the implementation of assessments.

9. PROMOTE LOSS PREVENTION AND SAFETY IN THE WORK PLACE OF OUR POLICYHOLDERS.

a. Conduct causes of loss analyses and modify the safety program as warranted to satisfy any deficiencies given our emerging book of business.

Completed Second Quarter: The 2006 year-end cause of loss analysis conducted in conjunction with Travelers was completed and presented April 26, 2007, to the Safety Committee. The Committee concluded that the FWCJUA-Travelers Loss Control and Safety Program successfully satisfies the FWCJUA Safety Policy. The Board will be presented with the Safety Committee's findings in June. On March 21st, Cleary met with Travelers (Desmond, Vicory, McLaughlin, Shaffer, and Furr) to discuss the causes of loss analyses and the safety program.

First Quarter: The 2006 year-end cause of loss analysis is scheduled for completion in March. Accordingly, the evaluation of the loss prevention and safety programs will commence shortly thereafter with the results subsequently presented to the Safety Committee.

b. Explore "alternative" methods and techniques for accepting and using safety programs and make appropriate recommendations to the Safety Committee.

Completed Second Quarter: At its June 12th meeting, the Board approved the Safety Committee's recommendations to promote loss prevention and safety through additional resources available at the Travelers Risk Control website (www.riskcontrol.com) and authorized a revision to the Operations Manual to exclude a requirement that all premium bills address the most severe and frequent causes of accidents.

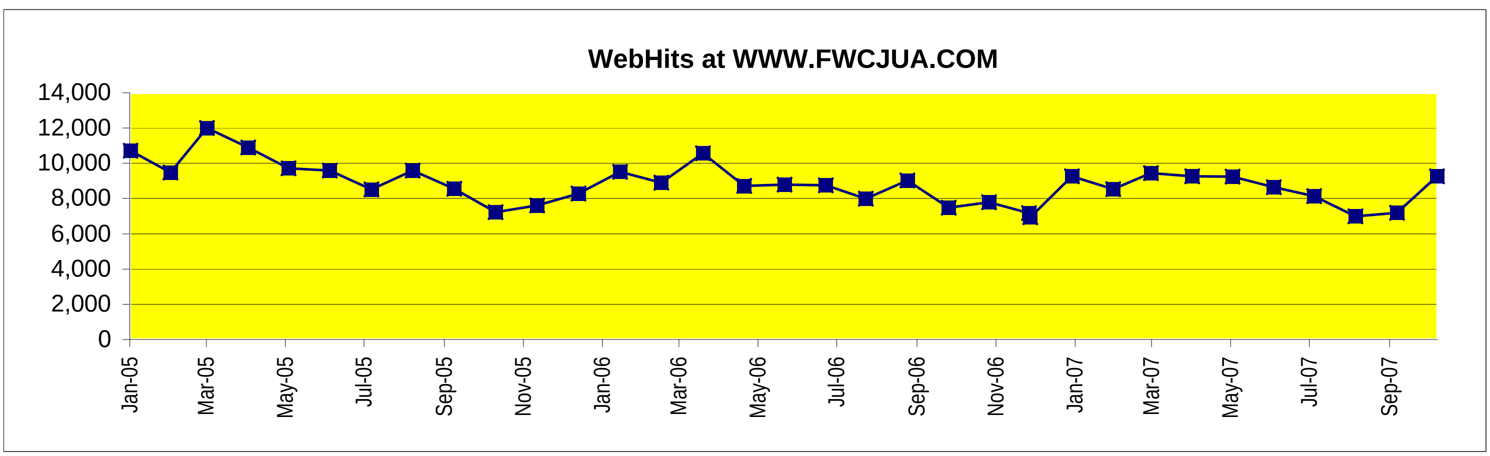
First Quarter: Staff continues to explore "alternative" methods and techniques for accepting and using safety programs.

FWCJUA OPERATIONS ANALYSIS
THROUGH OCTOBER 31, 2007

TOTAL PREMIUMS WRITTEN as of October 31, 2007 - Policy Count: 2,278 - Premium: $19,321,590

POLICIES IN FORCE BY SUBPLAN / TIER - as of October 31, 2007	Policies	TEAP & Deposit
Tier 1	815	$5,240,713
Tier 2	1,068	$7,432,913
Tier 3	409	$8,004,012
TOTAL	2,292	$20,677,638

NEW BUSINESS INFORMATION	M-T-D 2006	M-T-D 2007	% CHG	Y-T-D 2006	Y-T-D 2007	% CHG
Phone Calls	4,047	3,565	-12%	40,413	39,186	-3%
External Web Hits	7,783	9,262	19%	87,501	85,973	-2%
Timeliness (Days to Process)	7.3	7.4	1%	7.6	7.2	-4%
Apps Received	193	147	-24%	2,758	1,846	-33%
Apps Rejected	93	83	-11%	1,374	986	-28%
TOTAL APPS BOUND	81	61	-25%	1,314	789	-40%
TOTAL EAP	$746,592	$485,412	-35%	$14,909,634	$7,391,241	-50%
AVERAGE POLICY PREMIUM SIZE	$9,217	$7,958	-14%	$11,347	$9,368	-17%
Tier 1: Apps Bound	5	5	0%	81	81	0%
Tier 1: Premium Bound	$47,641	$39,881	-16%	$772,324	$537,116	-30%
Tier 2: Apps Bound	52	33	-37%	937	474	-49%
Tier 2: Premium Bound	$261,536	$171,131	-35%	$6,284,192	$2,847,908	-55%
Tier 3: Apps Bound	24	23	-4%	296	234	-21%
Tier 3: Premium Bound	$437,415	$274,400	-37%	$7,853,118	$4,006,217	-49%
TOTAL: Apps Bound	81	61	-25%	1,314	789	-40%
TOTAL: Premium Bound	$746,592	$485,412	-35%	$14,909,634	$7,391,241	-50%



TOTAL AUTHORIZED PRODUCERS: 1,319

FWCJUA MID-TERM CANCELATION REPORT
October 1, 2006 - September 30, 2007

INDUSTRY GROUPS		CATEGORY											TOTALS			
		1A	1B	2	3B	4A	4B	4C	4D	4E	4F	5	Number	$ Amount	Avg. Days	%
1	Manufacturing	4	2				6		1		1	5	19	$326,193.00	198	2.03%
2	Contracting	152	40		8	2	96		28	16	16	170	528	$11,039,504.00	188	69.00%
3	Office and Clerical	23	10		2	5	74		12	9	8	68	211	$1,333,579.00	192	8.33%
4	Goods & Services	36	15		3		50		13	4	3	60	184	$1,853,792.00	176	11.58%
5	Miscellaneous	23	9				19		4	3	5	46	109	$1,419,216.00	193	8.87%
6	USL&HWC												0			
7	Maritime											1	1	$25,816.00	153	0.1900%
8	Other												0			
TOTALS		**238**	**76**		**13**	**7**	**245**		**58**	**32**	**33**	**350**	**1052**	**$15,998,100.00**	**183.3**	**100.00%**

Average Active Policies = **2,788**
Policies Cancelled Mid Term = **1,052 or 37.8%**

Average Active Policies Premium = **$29,193,750**
Policies Cancelled Mid Term Premium = **$15,998,100 or 54.8%**

FWCJUA, Producer, Finance Company Request = **327 or 31.1%**
1A + 1B + 2 + 3B

Insured Request = **375 or 35.7%**
4A + 4B + 4C + 4D + 4E+4F

Other = **350 or 33.2%**
5

KEY: CATEGORY

1A Company Request - Nonpayment of Premium
1B Company Request - Underwriting
2 Producer
3B Finance Company Request
4A Insured Request - Business Sold
4B Insured Request - Placed w/ Another Carrier
4C Insured Request - Rewrite
4D Insured Request - No Employees
4E Insured Request - Work Completed
4F Insured Request - Out of Business
5 Other (e.g., deceased)

FWCJUA Loss Summary as of September 30, 2007

Category	# of Claims	Case Reserve	Paid	Expense	Incurred
Claims > $100K (No IBNR)	274	$6,641,054	$51,339,672	$2,682,610	$60,663,336
Claims < $100K (No IBNR)	7,842	$1,693,893	$50,279,269	$5,662,972	$57,636,134
All Claims (No IBNR)	**8,116**	**$8,334,947**	**$101,618,941**	**$8,345,582**	**$118,299,470**
Average / All Claims		**$1,027**	**$12,521**	**$1,028**	**$14,576**
No. of Claims > $100K	-----	48	272	264	-----
No. of Claims < $100K	-----	151	7,391	5,227	-----
Average / Claims > $100K	1	$138,355	$188,749	$10,161	$337,265
Average / Claims < $100K	1	$11,218	$6,803	$1,083	$19,104

Category	# of Claims	Case Reserve	Paid	Expense	Incurred
Open Claims (No IBNR)	199	$8,334,947	$8,001,423	$997,355	$17,333,725
Closed Claims (No IBNR)	7,917	$0	$93,617,518	$7,348,227	$100,965,745
All Claims (No IBNR)	**8,116**	**$8,334,947**	**$101,618,941**	**$8,345,582**	**$118,299,470**
Average / All Claims		**$1,027**	**$12,521**	**$1,028**	**$14,576**
No. of Claims Open	-----	199	170	127	-----
No. of Claims Closed	-----	0	7,493	5,364	-----
Average / Open Claim	1	$41,884	$47,067	$7,853	$96,805
Average / Closed Claim	1	$0	$12,494	$1,370	$13,864

Category	# of Claims	Case Reserve	Paid	Expense	Incurred
Open Claims (By Sub Plan / Tier)					
Sub Plan A	0	$0	$0	$0	$0
Sub Plan C	8	$946,121	$405,273	$100,890	$1,452,284
Sub Plan D1	13	$2,258,067	$1,135,713	$156,633	$3,550,413
Sub Plan D2	4	$36,507	$29,779	$21,385	$87,671
Sub Plan - Prior to 7/26/03	20	$1,223,866	$39,213	$156,456	$1,419,535
Tier 1	26	$244,412	$612,531	$66,330	$923,273
Tier 2	59	$2,367,030	$3,168,714	$282,873	$5,818,617
Tier 3	69	$1,258,944	$2,610,200	$212,788	$4,081,932
Total	**199**	**$8,334,947**	**$8,001,423**	**$997,355**	**$17,333,725**

FWCJUA Loss Summary as of September 30, 2007

LOSS RATIO - WITHOUT IBNR					
Premium & Losses	**Net Earned Premium**	**Case Reserves**	**Paid & Expense**	**Total Incurred**	**Loss Ratio**
Accident Year 1994	42,051,708	410,422	21,223,597	21,634,019	51.4%
Accident Year 1995	72,570,197	226,820	25,642,596	25,869,416	35.6%
Accident Year 1996	35,170,675	6,526	16,017,971	16,024,497	45.6%
Accident Year 1997	18,208,853	0	5,430,287	5,430,287	29.8%
Accident Year 1998	14,549,457	196,275	4,832,306	5,028,581	34.6%
Accident Year 1999	7,438,919	0	1,650,449	1,650,449	22.2%
Accident Year 2000	3,783,912	0	2,055,520	2,055,520	54.3%
Accident Year 2001	4,981,868	54,722	913,427	968,149	19.4%
Accident Year 2002	15,218,231	292,746	1,519,883	1,812,629	11.9%
Accident Year 2003	39,260,404	1,084,894	6,632,968	7,717,862	19.7%
Accident Year 2004	51,308,817	2,082,878	11,731,765	13,814,643	26.9%
Accident Year 2005	65,708,267	1,878,384	7,342,537	9,220,921	14.0%
Accident Year 2006	44,111,668	1,186,532	4,191,533	5,378,065	12.2%
Accident Year 2007	16,641,486	914,748	779,684	1,694,432	10.2%
Cumulative @ 9-30-2007	**$431,004,462**	**$8,334,947**	**$109,964,523**	**$118,299,470**	**27.4%**
Policy Year 1994	82,540,615	580,522	35,081,201	35,661,723	43.2%
Policy Year 1995	53,574,994	56,720	20,743,737	20,800,457	38.8%
Policy Year 1996	27,708,509	6,526	9,340,033	9,346,559	33.7%
Policy Year 1997	15,455,054	175,910	6,379,807	6,555,717	42.4%
Policy Year 1998	6,637,706	20,365	2,514,672	2,535,037	38.2%
Policy Year 1999	4,552,470	0	1,671,325	1,671,325	36.7%
Policy Year 2000	4,836,521	0	1,479,008	1,479,008	30.6%
Policy Year 2001	11,386,355	120,795	1,245,481	1,366,276	12.0%
Policy Year 2002	21,742,135	226,673	2,595,173	2,821,846	13.0%
Policy Year 2003	54,162,201	1,135,513	9,941,650	11,077,163	20.5%
Policy Year 2004	57,632,790	3,384,355	10,348,346	13,732,701	23.8%
Policy Year 2005	52,604,081	1,457,661	6,507,135	7,964,796	15.1%
Policy Year 2006	34,158,140	643,811	2,019,122	2,662,933	7.8%
Policy Year 2007	4,012,891	526,096	97,833	623,929	15.5%
Cumulative @ 9-30-2007	**$431,004,462**	**$8,334,947**	**$109,964,523**	**$118,299,470**	**27.4%**

FWCJUA Loss Summary as of September 30, 2007

LOSS RATIO - WITH IBNR						
Premium & Losses -	**Loss Ratio**	**Net Earned Premium**	**IBNR Reserves**	**Case Reserves**	**Paid & Expense**	**Total Incurred**
Accident Year 1994 -	55.2%	42,051,708	1,575,981	410,422	21,223,597	23,210,000
Accident Year 1995 -	37.4%	72,570,197	1,270,584	226,820	25,642,596	27,140,000
Accident Year 1996 -	48.2%	35,170,675	925,503	6,526	16,017,971	16,950,000
Accident Year 1997 -	31.8%	18,208,853	359,713	0	5,430,287	5,790,000
Accident Year 1998 -	35.6%	14,549,457	151,419	196,275	4,832,306	5,180,000
Accident Year 1999 -	23.3%	7,438,919	79,551	0	1,650,449	1,730,000
Accident Year 2000 -	57.6%	3,783,912	124,480	0	2,055,520	2,180,000
Accident Year 2001 -	22.3%	4,981,868	141,851	54,722	913,427	1,110,000
Accident Year 2002 -	12.4%	15,218,231	67,371	292,746	1,519,883	1,880,000
Accident Year 2003 -	22.0%	39,260,404	906,138	1,084,894	6,632,968	8,624,000
Accident Year 2004 -	32.1%	51,308,817	2,668,357	2,082,878	11,731,765	16,483,000
Accident Year 2005 -	23.4%	65,708,267	6,155,079	1,878,384	7,342,537	15,376,000
Accident Year 2006 -	29.5%	44,111,668	7,651,935	1,186,532	4,191,533	13,030,000
Accident Year 2007 -	31.5%	16,641,486	3,542,566	914,748	779,684	5,236,998
Cumulative @ 9-30-2007	**33.4%**	**$431,004,462**	**$25,620,528**	**$8,334,947**	**$109,964,523**	**$143,919,998**
Policy Year 1994 -	46.3%	82,540,615	2,528,835	580,522	35,081,201	38,190,558
Policy Year 1995 -	39.4%	53,574,994	317,730	56,720	20,743,737	21,118,187
Policy Year 1996 -	37.7%	27,708,509	1,105,360	6,526	9,340,033	10,451,919
Policy Year 1997 -	44.5%	15,455,054	315,565	175,910	6,379,807	6,871,282
Policy Year 1998 -	39.0%	6,637,706	55,486	20,365	2,514,672	2,590,523
Policy Year 1999 -	39.0%	4,552,470	102,016	0	1,671,325	1,773,341
Policy Year 2000 -	31.9%	4,836,521	62,240	0	1,479,008	1,541,248
Policy Year 2001 -	13.4%	11,386,355	157,057	120,795	1,245,481	1,523,333
Policy Year 2002 -	13.2%	21,742,135	52,165	226,673	2,595,173	2,874,011
Policy Year 2003 -	22.2%	54,162,201	970,986	1,135,513	9,941,650	12,048,149
Policy Year 2004 -	36.0%	57,632,790	7,034,052	3,384,355	10,348,346	20,766,753
Policy Year 2005 -	29.8%	52,604,081	7,730,960	1,457,661	6,507,135	15,695,756
Policy Year 2006 -	17.0%	34,158,140	3,150,656	643,811	2,019,122	5,813,589
Policy Year 2007 -	66.3%	4,012,891	2,037,422	526,096	97,833	2,661,351
Cumulative @ 9-30-2007	**33.4%**	**$431,004,462**	**$25,620,528**	**$8,334,947**	**$109,964,523**	**$143,919,998**

OPEN LOSSES EXCEEDING $400,000 AS OF 10/10/2007 - DETAIL

Claim ID	Policy Year	Accident Year	Total Paid	Total Reserve	Total Incurred	Accident Description & Current Status
TRAVELERS 556	1999	1999	2,141,005	842,077	2,983,082	45 yr. old IW fell while climbing down a ladder hitting his head resulting in a closed head injury requiring a bi-frontal craniotomy with a plate inserted. PARADIGM has completed their process and the case has been determined to be PTD requiring supervision and 24 hour care. 03/00: Travelers has recommended establishing the Medical Reserves at $999,735 and will establish the Indemnity Reserves as soon as a proper guardian can be appointed. 06/00: IW sufficiently stable to establish medical & indemnity reserves. 09/00: Long term care plan being developed. 12/00: Will accept as PT; push for MMI and prepare a custodial settlement plan. 03/01: Paradigm contract complete; settlement options being presented to claimant's attorney. 06/01: Pre-mediation conference scheduled for 10/01 to determine settlement potential. 09/01: Private mediation scheduled for 12/12/01 and structure options will be presented. Final authority TBD at 12/4/01 settlement conference. 12/01: Guardian continues unwilling to settle; therefore, actuarial reserves will be established in first quarter '02. Anticipate increase of $489K mostly medical for long term care facility. 03/02: Reserves actuarially increased to reflect long term exposure; no change in status. 06/02: No activity. Will stay the course & reopen settlement negotiations next year. 09/02: Reserves are adequate. 12/02: No change; reserves are adequate. 03/03: No change. Reserves adequate. 06/03: No change. Reserves adequate. 09/03: No intent by guardian to settle. Reserves adequate. 12/03: No change. Reserves adequate. 04/04: No change. Reserves adequate. 06/04: No change in condition. A complete actuarial review of reserves will be completed in the third quarter and adjustments made where necessary. 09/04: Actuarial reserves established and are considered adequate. 12/04: No change; reserves adequate. 03/05: As it has been four years, are conducting a complete medical evaluation and will take the appropriate action. Reserves adequate. 06/05: Medical evaluation continuing; reserves adequate. 09/05: Pre-condition hypertension caused diabetis 2. Given health developments there is some settlement interest & a mediation has been set for 2/23/06. 12/05: Mediation rescheduled for 03/26/06 for Claimant attny to prepare a life plan. Reserves reduced as living expenses reduced by 50% with new rehab facility. 03/06: Mediation rescheduled for 08/31/06; medical data supplied to OC for their life plan computation. 06/06: Mediation rescheduled for October due to tropical storm. 09/06: Mediation scheduled for December 7, 2006. 12/06: SETTLED FOR $880,750 inclusive of fees and costs. 03/07: The possibility of settlment being approved in its current form is limited as both the guardian and guardian ad litem have concerns relating to unrelated costs and the availabiltiy of funds based upon the annual pay-out quoted. We are looking at alternatives quotes to include unrelated conditions of diabetes and hypertension, while staying within settlement value. However, if not accepted, it is likely that the agreement will not be approved. We have received additional quotes that will provide periodic increases in teh annual annuity payment. Guardianship hearing has been pushed back to 3/14/07 due to the Guardian Ad Litem's schedule. 05/07: Our counsel is still working with the guardian ad litem on the settlement, but he is frustrated that the guardian ad litem will not make a recommendation for settlement or demand. Counsel has provided guardian ad litem with all details of the settlement and our last offer. Other than refuse it, the guardian ad litem is not telling us what it will take to settle. If we do not see any progress in the next few months, we will ask for a refund on the annuity premium because settlement will not be likely at that time. **08/07: Meeting with the Guardian Ad Litem on 8/31/07. The Guardian Ad Litem has raised a number of issues regarding the claimant's issues regarding the claimant's residency status and social security status and more, the Guardian is "working through them". It looks as though the Guardian Ad Litem is looking very carefully at the Guardian (Caresource). 10/07: Meeting with Guardian Ad Litem was postponed and rescheduled for 11/13/07. 11/27/07: Meeting scheduled for 11/13/07 was postponed due to the guardians unavailability. It will be rescheduled and our attorney will present updated annuity quotes for settlement. We continue to pay PT benefits, so it is recommended we keep indemnity estimates on actuarial until settlement is reached. Also, increased claim-legal estimates of $5K to cover guardianship fees and attorney fees.**
HARTFORD 19175	1994	1994	368,114	151,821	519,935	56 yr. Old IW doing data entry for 5 years; RSD in right wrist; poor prognosis. Reserves have been reevaluated and are now deemed adequate. 6/99: Settlement analysis being completed as there is a 3rd party that has been settled. 9/99: Received $7K from 3rd party settlement. Will set mediation and increase settlement offer. 12/99: Exposure analysis indicates a total exposure of $289,430, pushing attorney for a demand. 03/00: Accepted as PT, settlement efforts continuing. 06/00: No change. 09/00: No change. 12/00: Accepted for SDTF. Changing defense attorneys & completing a case assessment. 03/01: Assessment completed, settlement authority granted and a private mediation scheduled. 06/01: Mediation went to impasse as I/W's demand is excessive; negotiations continue. 09/01: Mediation rescheduled due to son's motorcycle accident. Demand remains $325K + fee. Authority adequate. 12/01: SETTLED for $245K via structure & cash. Reserves to be reduced upon JOC ruling. 03/02: Remaining imediment to closing and reducing reserves is finalizing medicare Set-aside agreement. Approval taking 4+ months. 06/02: Rejected settlement; structure credit in process. Reserves to be evaluated & surviellance continues. 09/02: No change. Reserves adequate. 12/02: No change; reserves adequate. 03/03: No change. Reserves adequate. 06/03: No change. Reserves adequate. 09/03: Mediation scheduled prior to year end. Reserves adequate. 12/03: Have recovered $33K SDTF. In litigation in GA for a subsequent slip & fall; will be no settlement activity until that is resolved. 04/04: No settlement interest. Reserves adequate. 06/04: No change. Reserves adequate. 09/04: No change. Reserves adequate. 12/04: If no further activity, will consider placing in maintenance and reserving accordingly. Reserves currently adequate. 03/05: Proactively monitoring meds. Reserves adequate. 06/05: No change; reserves adequate. 09/05: No change; reserves adequate. 12/05: No change; reserves adequate. 03/06: No change; reserves adequate. 06/06: No change; reserves adequate. 09/06: No change - maintenance. Reserves adequate. 03/07: File is marked as Benefit Management with life time benefits. We continue to pay PTD benefits under the claim and reserves are properly set for life of the claim. IW did settle a malpractice suit and we have recovery on future medical at 6.34% up to $46,723. 05/07: Reserves remain as posted on actuarial, however, we have $42,976.00 posted under medical settlement which can be removed as settlement is not expected to happen on this claim as IW has no interest in any type of settlement. **08/07: No change since last update. 11/07: Still no change - IW has no interest in settlement.**

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TRAVELERS 378	2004	2003	1,240,012	-	1,240,012	SUBPLAN "C" MINIMUM PREMIUM "0" PAYROLL POLICY. 17 yr. old IW fell while on a roof and grabbed a bucket of tar causing 2nd & 3rd burns over 30% of his body. Paradigm involved. IW on the job 2 days. Illegal alien issues involved and SIU is investigating. 04/04: IW currently moved to rehab facility. Reserves adequate. 06/04: IW stable and in initial rehab. Paradigm contract completed & permanent program is being developed by Paradigm. Reserves adequate. 09/04: Additional graphs required to be completed as part of Paradigm in early 2005. Reserves adequate. 12/04: Claimant Attny has elected to pursue Coverage B and we will take the appropriate steps available under the new law. 03/05: Claimant attorney has not filed a liability claim. IW has shown improvement resulting from the head injury program and anticipate a 20% IR from the burns. IW expressed interest in returning to Mexico. Settlement evaluation is being prepared. Reserves adequate. 06/05: Settlement negotiations are underway. 09/05: Arranging for a guardian for settlement mediation;Subro monitoring suite against Developer. Reserves adequate for settlement; if does not settle will complete a reevaluation. 12/05: Neuro says guardian not now required. Mediation scheduled for 03/13/06. 03/06: Mediation rescheduled for 07/10/06 where a structure including cash and a custodial trust account through Medvest will be offered. 06/06: Mediation cancelled as additional surgery required; will reschedule w/i six months. 09/06: All indications are that IW wants to settle and return to work. 05/21/07: Settled for $575,000 inclusive of fees and costs, which included an annuity costing $102,893.91 **. 08/07: Claim CLOSED.**
TRAVELERS 1146	2004	2004	149,330	817,026	966,356	SUBPLAN "C" Multiple claimants (2 injuries). Potential premium fraud involved with SIU investigating. Late reported claim by the attorney. 37 yr IW old fell 30' from IW constructed makeshift scaffold landing on his back and leg causing a collapsed lung, broken ribs and broken rt ankle. Initial surgeries completed and the initial IR is 35% due to extensive ankle damage and anticipated future surgeries. Reserves have been increased to reflect PTD potential. 09/05: Ankle fusion is definitely required and a private mediation is scheduled with authority granted. 12/05: Awaiting MMI as fusion not yet performed. Reserves adequate. 03/06: IW refuses mediation; reserves adequate. 06/06: Accepted PTD; additional surgery will be required. Reserves adequate. 09/06: IW has no interest in settlement until pending ankle surgery is completed in January 2007. 03/07: Still no interest in settlement and the surgery issue continues to drag on due to IW. IW expresses that he wants the surgery, but never schedules it. Next doctor's appointment was scheduled for 2/20/07 and it will be interesting to see if IW is scheduled for surgery. 05/07: IW declined to have the surgery and has not scheduled follow up. Reserves are properly set at this time. **08/07: No interest in settlement. We are currently waiting for SSDI information back which was submitted to Social Security office last month. We do expect we will have to offset on this file. We have no medical issues. Claimant continues to refuse, as in the past, to have foot surgery as recommended by treating physician.11/07: IW finally received right ankle surgery, which he had put off for almost 2 years. We are also waiting for SSDI information back which was submitted to Social Security back in July of 2007. Still no interest in settlement, however, once we receive SSDI offset and reduce benefits, IW may consider settlement talks on the claim.**
TRAVELERS 407*	1996	1996	1,276,550	2,293,713	3,570,263	03/00: Mediation went to impasse. We will take no further settlement action for 6 to 12 months then determine if there is any potential for movement. If not, we will actuarially reserve. 06/00: No change; will evaluate in 4th quarter. 09/00: Settlement evaluation continuing; no activity. 12/00: Requiring a Voc Rehab; settlement authority adequate. 03/01: Filed a lien pending outcome of civil litigation against the ladder manufacturer. 06/01: Little progress; attempting to schedule an independent voc. rehab. evaluation. 09/01: Will determine the Medicare Set-aside & obtain approval based on current authority. Will reevaluate reserves in first qtr. 02. 12/01: As no current interest in settlement, anticipate actuarially increasing reserves in first quarter '02 by $2.21million ($300K indemnity & $1.89M medical.). 03/02: Reserves actuarially increased to reflect long term exposure. 06/02: Upon review with TIC Home Office, JUA Litigation Mgr & attorneys, the settlement offer will be increased and a serious attempt to settle will be made this fall. 09/02: Negotiations continue. Reserves adequate. 12/02:Negotiations continue; reserves adequate. 03/03: No change. Reserves adequate. 06/03: No change. Reserves adequate. 09/03: No change. Reserves adequate. 12/03: No change. Reserves adequate. 04/04: Has a new attorney; will pursue settlement. Reserves adequate to cover authorized settlement. 06/04: No change in condition. A complete actuarial review of reserves will be completed in the third quarter and adjustments made where necessary. 09/30: Actuarial reserve completed, reserves adjusted and are considered adequate. No change in condition. 12/04: Attempting to resolve multiple attorney fee issues and continue to pursue settlement. Reserves adequate. 03/05: Private mediation set for June 6th. Reserves adequate. 06/05: Hurricane Katrina has delayed negotiations but will resume. Reserves adequate. 09/05: Team concluded no settlement interest as met demand & treatment is consistent; therefore "backing off" aggressive settlement approach for 6 - 12 months then will reveluate. 12/05: No change. Reserves adequate. 03/06: A mediation is scheduled for late May and an offer will be made with the MSA structured. 06/06: Mediation cancelled by IW; will take no further aggressive action in 2006 and revisit in first qtr. 2007. 09/06: IW filed increase for hourly rate on attendant care and will defend. 03/07: Litigation over the hourly rate for attendant care continues. Impasse at Mediation and a final hearing has not yet been scheduled. 05/07: Still no hearing date on an increase in attendant care hourly rates. We expect claimant will withdraw claim rather than go to mediation, but if he doesn't we can address settlement and the CMA again. **08/07: Increased claimant's attendant care benefit to coincide with new federal minimum wage law, effective 7/24/07. The new rate is $5.85 per hour. State mediation is set for 9/27/07, but there are no issues. It was set because the JCC wanted to close file and O/C filed a motion that it remain open. 11/07: Received preliminary Medicare Set Aside (MSA) and currently awaiting response from O/C as to whether we can begin settlement discussions.**

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Claim ID	Policy Year	Accident Year	Total Paid	Total Reserve	Total Incurred	Accident Description & Current Status
TRAVELERS 3750*	1998	1999	515,022	895,312	1,440,335	36 yr old IW fell 20' causing multiple fractures. Denied claim as claimant stated was exempt; determined he was not & our insured is responsible. 12/02: Settlement authority granted to include fees; anticipate settlement. 03/03: Claimant refused settlement. Continuing to fight PT as physicians say he is capable of sedentary work. 06/03: Settlement authority granted & negotiations have commenced. 09/03: Accepted as PTD as MMI is now 35%. Surgery to follow and reserves to be adjusted prior to year end. 12/03: Attorney issues resolved; having surgery; settlement talks will commence w/i 90 days. 04/04: Final surgery complete; anticipate settlement w/i authorized amount. 06/30/04: Settlement negotiations continuing. 09/04: No change. Reserves adequate. 12/04: No change. Reserves adequate. 03/05: Resetting a private mediation to attempt a structured settlement. 06/05: IW moved to Oregon and is undergoing treatment & pain management. Indemnity reserves increased to reflect lact of settlement activity. 09/05: Team determined IW does not want to settle as doubled demand. Reserves adequate. 12/05: No change. Reserves adequate. 03/06: No change; reserves adequate. 06/06: No change; reserves adequate. 09/06: Settlement is on hold due to increase in medical treatment. 03/07: IW is recovering from his most total hip replacement. 05/07: IW is tentatively scheduled for a permanent spinal cord stimulator for 6/13/2007, since the experimental spinal cord stimulator was effective. **08/07: Received request once again for trial of pain pump stimulator, which was unsuccessful because the IW did not comply with psychiatric evaluation, but Pain Managment Doctor wants to try again with different leads. 11/07: File marked benefit managment.**
TRAVELERS 1811	1997	1998	323,618	275,686	599,305	52 yr. old IW was hooking up safety harness when he fell 130 ft. suffering multiple open fractures to legs and feet. Declared PT as IR 28%. 06/00: Settlement Authority granted. Pursuing a structured settlement. 09/00: No change. 12/00: Structure plans developed to be presented at a private mediation. Authority adequate. 03/01: No change. 06/01: Settlement meeting scheduled. 09/01: As not represented, will present structure options at a 1st qtr. settlement conference. Authority adequate. 12/01: No change. 03/02: Spanish speaking adjuster assigned to commence settlement negotiations. 06/02: Having a medical reevaluation with Spanish speaking case manager/nurse. Reserves & Authority still adequate. 09/02: IW requires additional surgery on foot. Will revisit settlement upon recovery. 12/02: No change; reserves adequate. 03/03: No change. Reserves adequate. 06/03: Accepted for SSI & surgery is complete. Will resume negotiations upon recovery. 09/03: Not yet at MMI. Reserves adequate. 12/03: No change. Reserves adequate. 04/04: No change. Reserves adequate. 06/04: No change. Reserves adequate. 09/04: No change. Reserves adequate. 12/04: No change. Reserves adequate. 03/05: Pursuing a structured settlement with a cash component that will provide for future medicals and a regular income. 06/05: No change; reserves adequate. 09/05: No change; reserves adequate. 12/05: No change. Reserves adequate. 03/06: No change; reserves adequate. 06/06: No change; reserves adequate. 09/06: No change - no interest in settlement. Reserves adequate. 03/07: No change; last medical treatment was on 7/11/06. This is a PTD claim that we continue to pay indemnity and supplemental benefits. We have completed our 2007 correction of the supplemental benefits and filed the appropriate forms. The orthopedist opined in July that he did not anticipate any additional surgical intervention and the IW would most likely be better served with a podiatrist. 05/07: No change - maintenance. **08/07: No change. 11/07: No change at this time.**
USF&G8681	1995	1995	340,571	701,330	1,041,901	57 yr. old IW injured her knee requiring multiple surgeries including a replacement. Declared PTD in 2003. She has applied to SSD and turned down; is on appeal. Not motivated to settle after several mediations. 12/03: No change. Reserves adequate. 04/04: No change in settlement attitude. Will perform another reserve analysis in the 4th quarter which may result in an actuarial reserve. 06/04: No change. 09/04: No change. Reserves adequate. 12/04: No change. Reserves adequate. 03/05: IW appealing the SS Disability benefits decision; if unsuccessful, will renew settlement efforts. Reserves adequate. 06/05: No change; reserves adequate. 09/05: No change; reserves adequate. 12/05: Claim actuarially reserved. No other activity. 03/06: No change. 06/06: No change. 09/06: No change - maintenance; reserves adequate. 03/07: We continue to pay PTD and Supps under the claim. Most recent issue is once again physical therapy treatment which we have denied based on defense attorney's conference with Dr.Hunter which resulted in the doctor noting that no further physical therapy is necessary. Claimant's attorney filed petition with script from Dr.Hunter dated July 2006 and we will be going to hearing on this issue. We are also following IW's appeal for SSDI which if accepted will result in an offset of the PTD benefits. 05/07: We continue to pay PTD and Supps with an SSDI offset. **08/07: No Change. 11/07: No change - no interest in settlement.**
TRAVELERS 9364	2004	2005	875,791	356,219	1,232,010	Tier 2. 62 yr. old IW was driving on I-95 when he struck a disabled vehicle causing a severe laceration to his liver (2" deep"). 03/05: IW stabilized and out of ICU; exploring transfer to step-down facility as soon as possible. Long term home care is anticipated. SIU and Subrogation conducting investigations. Reserves are adequate at this time. 06/05: Medical evaluation and treatment continues. Reserves adequate. 09/05: IW requiring 7hrs/day attendant care. Have a demand & have granted settlement authority. 12/05: Mediation scheduled for 03/31/06. Reserves adequate. 03/06: IW claiming extensive memory loss but a reasonable settlement is possible. Reserves adequate. 06/06: Given age and anticipated high IR, will increase settlement value but medical reserves should be reduced. 09/06: Current settlement estimate and authorization have been reduced. Reserves adequate. 03/07: Unable to reach settlement agreement at mediation on 1/10/07, and accepted IW PTD. IW is now 64 years old and is receiving social security retirement benefits, therefore, no supplementals will be due or owing under the claim. 5/07: We have settlement in this matter and the terms are as follows: 1.$85,000, inclusive of fees/costs; 2.$32,155 MSA, to be self administered; 3. Should CMS not approve this MSA amount, E/C will agree to fund the difference up to $5,000; 4. Should the difference exceed $5,000, either party may, but is not required, to fund the balance over $5,000. If either party is willing to do this, the settlement is void; 5. E/C will continue to pay the claimant the balance of the 104 weeks, after which indemnity and medical benefits will cease; 6. E/C will waive recoupment of the remainder of the overpayment; and 7. Paperwork will not be submitted to JCC for approval until CMS approval is received. This is a pretty good settlement in light of the medical and PTD issues facing us in this case. We have spent well over $600,000 in medicals due to the claimant's extended hospitalizations and it seems that every time he needs a fairly minor procedure, he has significant complicati **08/07: We have now received CMS approval on MSA of $34,330 as they had increased our intial recommendation. Settlement paperwork can now go to JCC. We have entered into settlement agreement on this claim for $85K inclusive. 10/07: Reserves have been posted based on settlement order. File impact $271K.**

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TRAVELERS 1907	2004	2005	443,538	4,604,435	5,047,973	TIER 2. USL&H. Represented. 41 yr old short term general laborer struck his head on a 2X4 in what appeared to be a minor accident. Went home, became ill, and admitted with a subarachnoid hemorrhage. SIU and counsel investigated and accident deemed compensable under Section 20, Presumption under the Long shore Act. There are serious cognitive issues with the current prognosis indicating IW can become functional with semi-autonomous living. Paradigm is managing the medical recovery. Substance abuse is impacting the recovery process. 12/30: Exposure analysis will be performed in the second quarter when a more realistic prognosis is available. 03/06: Anticipate IW will be able to ultimately return to sedentary work. Will re-evaluate at MMI. Reserves adequate. 06/06: Still do not consider IW to be PTD; reserves adequate. 09/06: Will obtain a vocational consultant involvement and pursue settlement. Full file review scheduled for year end. May have to increase medical reserves. 03/07: Completed a comprehensive review of the case involving the Catastrophe Management Team, Paradigm, the Orlando and New Orleans teams and concluded that the IW's current mental condition and the future prognosis warrented actuarially reserving with the resulting $4.4million dollar increase in reserves. In summary, at this stage it is highly unlikely that the IW will return to work in any meaningful capacity. Medically, it is anticipated that the IW will be placed in a long term residential facility that is capable of dealing with violent behavior (the projected annual medical rate is $137,390). The IW has a history of prior conditions, but under the Longshore Act, if a work injury combines with pre-existing conditions but under disability or injury, the medical becomes the responsibility of the insurer (employer) for as long as the work related condition remains. Paradigm continues to pursue the goal of achieving Level IV and efforts to reduce the lifetime expenses will be agressively pursued. **08/07: Claimant's attorney filed a Jones Act claim and we are considering termination of USL&H benefits. We elected to controvert benefits, but continue to pay until issue is resolved. Paradigm continues to medically manage file. 10/07: The contract with Paradigm is coming to a close and we have obtained treatment plan from Supervisor of IW, once he reaches MMI. Apparently, IW will be unable to return to gainful employment and Communicare is proposing we pay $124,100 per year for housing and supervision of this IW. The proposed cost is $324 per day and includes all aspects of daily living. We are reviewing this proposal and will discuss with Defense Attorney before making any decision. 11/07: Jones Act Claim has been dismissed without prejudice.**
TRAVELERS 6018	2004	2004	385,552	2,432,025	2,817,577	Subplan D - Roofer. 42 yr. old IW fell through a skylight fracturing his spine resulting in fusion surgery. 03/05: IW is in rehab with some paralysis in the right leg; future surgery may be required to remove some bone fragments. Reserves will be reviewed when medical issues are resolved. 06/05: Paradigm contract purchased. Ind reserves under review. 09/05: IW has returned to MI for family care. Will adjust reserves in January upon receipt of revised medical evaluation; anticipate PTD. 12/05: Deposing Insured & IW to establish correct AWW. Will complete exposure analysis upon resolution of AWW & attempt settlement. Reserves will be increased. 03/06: Settlement authority granted. Our insured not cooperating. If cannot settle, will declare PTD and provide our insured with an attorney to resolve the AWW issue. 06/06: AWW resolved in our favor; attempting to set a private mediation. 09/06: Mediation scheduled for 12/15/06. 03/07: IW was accepted PTD. Defense Attorney is in the process of scheduling a conference with all doctors to determine what expected future medical needs and costs will be. We have already reduced attendant care provided by the wife from 12 hours to 4 hours per day. Will continue to monitor file. 05/07: No change. **08/07: Continue to monitor and assess pain relief. Mediation is scheduled for 9/18/07. Initial mediation resulted in an impasse, as their demand for $4M was unreasonable. 10/07: Mediation was moved to November 15th. 11/07: Mediation resulted in an impasse.**
TRAVELERS 9252	2003	2003	211,325	688,370	879,695	Subplan D. 41 yr old IW fell 12' off upper roof to lower roof injuring both knees. IW has a learning disability and psych problems. IW declared PTD and knee surgeries recently completed with future replacements contemplated in the settlement authority granted. 03/06: Will pursue settlement when recovery from surgeries is complete. 06/06: Awaiting completion of psych evaluation before pursuing settlement. Reserves adequate. 09/06: No interest in settlement. Will obtain SSDI reduction. 03/07: No change in reserves at this time under the PTD claim. 05/07: IW was awarded SSDI and will determine SSDI offset on this file . **08/07 Reserves are on actuarial basis and no change is needed at this time. No interest in settlement to date has been expressed by the IW or the IW's attorney. 10/07: Mediation is scheduled for October 29, 2007. 11/07: Mediation was cancelled due to high MSA with 3 total knee replacements. Trying to set conference with treating physician regarding this issue.**
TRAVELERS 6633	2005	2006	120,036	370,809	490,845	Tier 3. 64 yr old IW was at a customer site when a forklift backed into him rolling over his right foot resulting in multiple compound fractures to ankle, foot and leg. Given age and nature of the injuries, IW declared PTD. 03/06: IW at home and is stable but will require future surgeries. Reserves adequate. 06/06: Medicals are active and progress is slow. Reserves adequate. 09/06: Surgery scheduled for 11/12/06, which may delay 11/20/06 mediation. There is a desire by IW to settle. 03/07: Mediation was initially scheduled for 2/12/07, but has been postponed to 4/24/07, as IW had hardware removal surgery. 05/07: Entered into settlement for $150,000 inclusive with open lien. IW settled third party claim for $1.2 million. IW should clear approximately $650K, so we have directed the subrogation unit to resolve the lien at this time. We will continue to pay TTD benefits and medical needs until we recieve the signed settlement order. We have also agreed should CMS not accept the recommended MSA amount, we will pay up to an additional $5,000 should CMS require additional set aside. **08/07: Continue to pay TTD and Medical under the claim until settlement paperwork is signed by the JCC. 10/07: Settlement checks have been issued to injured worker and his attorney. Reserves remain for final medical billing and possible additional MSA cost, expense to cover defense billing.**

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TRAVELERS 9319	2005	2006	327,705	33,623	358,329	Tier 2. 49 yr old IW fell three floors down an elevator shaft fracturing his jaw, breaking his right leg in three places and injuring his knee and back. This was late reported by a reporter. IW worked for a sub-contractor who was insured by a PEO but the IW was not listed as he was "hired" that morning and was being shown the job site when injured. There are many coverage issues & SIU is heavily involved. The Division of Fraud is investigating the Sub-contractor and the PEO's carrier has been declared insolvent. 03/06: Reserves are adequate at this time. 06/06: Settlement authority has been granted and negotiations are underway. 09/06: **Settled for $145,000 Inclusive**, including a confidentiality agreement. Action against PEO carrier will continue. Reserves will be adjusted accordingly. 03/07: Continue to pursue subrogation against the subcontractor who hired the claimant - hearing in this matter is scheduled for April 20, 2007. 05/07: JCC ruled against us but will appeal that decision due to the JCC's failure to properly address premissory estoppel- the estoppel argument was essentially our entire case and the judge never really addressed it. Instead the JCC focused attention on whether the claimant was ever an actual employee of LF. Whether the claimant was or wasn't with LF was not the point. The point was that LF and their carrier provided a COI to our insured which was relied upon. If it is determined that the short paragraph that the JCC dedicated to addressing the estoppel argument was sufficient, then the JCC misapplied the doctrine in making the decision. We will also make an argument that the JCC lacked competent substantial evidence to rule against the promissory estoppel doctrine. Finally, we will argue that the JCC lacked competent substantial evidence to rule that the claimant was an employee of LC. While it shouldn't matter whether the claimant was an actual employee of LF, we believe it will be important to show that the claimant was in the very least employed by SD. **08/07: File remains open due to subrogation. 10/07:Contacted attorney relative to the status of the appeal as to our claim against Labor Finders. Their answer brief is past due and should have been due on 9/11/07. They never called to request an extension and no motion for extension was ever filed. Attorney expects to show cause order from the First DCA any day now. They will have to have a good explanation as to why their brief was not served on time in order for the courts to accept it. At this point, there is nothing more we can do but wait for the First DCA. If they ever get around to filing the answer brief, attorney can file a motion to dismiss.**
TRAVELERS 5900	2004	2004	502,480	2,335	504,815	Tier 3. 58 yr. old IW, first day on the job, was standing on the ground when struck on the head by a piece of stone falling from the 17th floor causing spinal cord compression and closed head trauma. 03/05: Making considerable progress and mental and physical rehab is continuing. SIU and Subrogation actively investigating. Reserves adequate at this time. 06/05: Investigation continue; reserves adequate. 09/05: Private mediation set and authority granted. Optimistic in pursuit of subrogation. 12/05: Another mediation set as accepted by SSDI; if can't settle will declare PTD. 03/06: **SETTLED for $253,750 Inclusive** via a temporary life annuity (16 years). 06/06: Awaiting paperwork. 09/06: Still awaiting paperwork. 03/07: Claim previsously settled, but remains open for subrogation recovery. 05/07: Do not anticipate subrogation case to be resolved for at least a year when appellant court decides the constitutional issues involved. We continue to monitor. **08/07: File is open for subrogation purposes only. 11/07: MSJ made by defendant. Will want to follow outcome and any additional information on a scheduling order. Although, there may be an appeal, if the MSJ is ruled in favor of the pla settlement. A mediation may be scheduled at that point.**
TRAVELERS 1175	2006	2006	208,847	-	208,847	Tier 3. Not represented. Date reported 10/09/06. Amusement industry. IW is 79 years old. IW was driving up to PA and was involved in a multi vehicle accident, suffering a broken neck. Does not appear to have spinal cord or brain injury and is recovering from the cervical spine surgery. IW will be transferred to rehab center. 09/06: On-site nurse monitoring treatment. Reserves have been established and will pick up as PTD, given the IW age and injuries. $171,000 in hospital bills are being reviewed. 03/07: IW has returned to work as of 1/15/07 within his restriction of no lifting over 10 lbs. 05/07: Reduced reserves in all categories of $170,000, as IW is back to work, discharged from medical care and placed a MMI with 6% impairment rating. **08/07: File is CLOSED. IW is back at work.**
TRAVELERS 8410	2004	2004	509,934	51,880	509,934	Tier 3, bound on 08/06/04. Late reported. 52 year old IW was taking pictures for insured on a wet second story when he slipped and fell, fracturing ankle, damaged, cut his knee, and dislocated his right shoulder. IW underwent emergency surgery and was sent home to receive family attendant care. IW was readmitted for additional surgery due to infection in right leg. 09/06: Reserves increased to reflect current and future medicals. IW is motivated to return to work. 03/07: IW continues out of work, pursuant to Doctor. We continue to follow all medical issues and needs. 5/07: IW is doing well. He has been released to light duty work, but employer has no work available at this time. We continue to pay TPD under the file at this time. **08/07:IW has returned to work full duty full time with no restrictions. IW has now been placed at MMI, but physicial will not address rating until 1 year from MMI, which will be August of 2008. 11/07: No change.**

OPEN LOSSES EXCEEDING $400,000 AS OF 10/10/2007 - DETAIL

Claim ID	Policy Year	Accident Year	Total Paid	Total Reserve	Total Incurred	Accident Description & Current Status
TRAVELERS 6231	2004	2004	70,356	411,993	482,350	Subplan D. Late Reported (01/16/06). 19 year old IW at time of accident. IW fell 12' to 14' on to concrete floor fracturing skull causing severe brain injury. Claim was initially denied. IW was employed by subcontractor insured with a PEO. However, PEO claims IW was not on policy at time of injury. Our insured is statutory employer, therefore, picked up claim. 09/06: We are currently evaluating the care required while aggressively pursuing recovery from PEO based on estoppel defense that it was the PEO's practice to accept employees mid week for the entire weekly reporting period with the exception being if a claim occurs. Currently, IW is in a continuing care facility undergoing treatment and rehab with future surgeries anticipated. Reserves will be reevaluated and a complete resolution plan, including litigation strategy, will be established upon completion of the case/exposure evaluation. 03/07: No change in incurreds at this time. We are the carrier for the GC and had paid some benefits that the subcontractor's carrier had not agreed to pay. In the past two weeks, the subcontractor's carrier started paying medical and indemnity benefits and would like the JUA to contribute to a settlement at mediation which is scheduled for this May. We continue with discovery to reduce our exposure, but will keep current estimates which are based on settlement value. 05/07: Attended mediation, which was an impasse. It is possible that the final hearing in the comp. case is set. If it is set for trial, we intend to file a third party complaint against Labor Contractor in circuit court. If the LC continues to pay benefits in this case and resets mediation, then we will keep third party case as a deterrent from them to seek contribution from us in the future. **08/07: Reviewed estimates and increased legal expense estimates by $10,000. This is for ongoing defense fees associated with litigation over coverage/compensability. We have fought for hte carrier of the subcontractor to take over responsibility for this claim and the attorney for this carrier just agreed to do so. The carrier will pay future claim and medical benefits but reserves the right to seek contribution from us. We reserved the right to file a 3rd party claim against the subcontractor, if they file a claim for contribution. Will keep claim and medical estimates where they are at this time.** **11/07: We have fought for the carrier of the subcontractor to take over responsibility for this claim and the attorney for the carrier has just agreed to do so. The carrier will pay future claim and medical benefits but reserves the right to seek contribution from us. We accepted this agreement because we reserve the right to file a 3rd party claim against the subcontractor if they file a claim for contribution. We do not recommend any takedown in claim or medical estimates at this thime, as we may have to reach a settlement in the future to fully seal our position. I am not recommending it at this time, but do not want to decrease and then increase the estimate unnecessarily. Remaining claim expense of $66,804 and medical expense of $339,927 is for settlement value, not lifetime benefits.**
TRAVELERS 2532	2003	2003	159,391	458,731	618,123	Subplan D. Late Reported (05/08/06). 45 year old IW fell 28' from a scaffold causing several bond fractures. There are also kidney problems but they appear to be personal in nature. There is potential having to provide attendant care for the past three years as well as in the future. IW is at MMI with a 15% IR. 04/06: IW has been accepted PTD. We continue to pay PTD and supps based on 3% for this date of loss. Benefits are due and owing until age 75, medical of course would be for lifetime should we not reach settlement. We do expect SSDI offset. 05/07: Reserves are properly set based on lifetime of claim. Mediation scheduled for 8/31/07. **08/07: No change - awaiting results of mediation. 11/07: On 8/31/07, adjuster attended private mediation with defense attorney. Mediation was at an impasse due to extensive medical issues that have been raised by the IW and his attorney. They have alleged additional lumbar surgery. We will follow up with treating physicians regarding current medical needs, possible surgery and expected future medical care and cost. We will consider private mediation once again in the future. We did accept IW PTD and continue to pay out PTD and supps under the file.**
TRAVELERS 5926	2006	2007	150,625	82,412	223,038	Tier 2. Death Claim. 39 year old IW at time of accident. IW was on a 6 story building when he fell 6 stories onto a roof of an adjacent building. IW sustained significant facial, head and spinal injuries and passed away on 1/17/07. IW has two 2 children. 05/07: Mediation scheduled for 5/23/07, but we do not expect to settle at that time. Continue to pay fatality benefits. Actively pursuing uninsured subcontractor for reimbursement, as he intentionally allowed workers compensation coverage to cancel for non-payment of premium. **08/07: Settled for 67,500 inclusive, plus cost of trust fund attorney to protect minor children (which will run approximately $4,000 to $5,000). 11/07: We have paid FA benefits to the minor children up to 6/28/07 and stopped FA benefits as of that date per mediation agreement. Hearing is now scheduled for 9/28/07 to appoint the children's uncle as the guardian, once the Judge approves we can move forward with workers comp settlement paperwork. Reserves have been adjusted to pay out settlement. Expect closure of file by year end.**

* These claims are on minimum premium policies. ** USF&G Claims are now being handled by The Hartford.

Note: All claims are now being handled by the Travelers **Total Active:** **20** **$25,734,725**

FWCJUA Collections Report
RSI Performance Report
July 27, 1998 to October 31, 2007

	RSI - Total		RSI - Actual		RSI - 3X	
Category - *(First Placements)*	**Number**	**$ Amount**	**Number**	**$ Amount**	**Number**	**$ Amount**
Accounts Submitted for Collection	2,542	104,476,803	1,122	54,088,304	1,420	50,388,498
Adjustments & Revisions	623	37,515,345	111	11,650,185	512	25,929,785
Prinicipal after Adjustments	1,919	66,803,676	1,011	42,438,120	908	24,365,556
Principal Recovered		12,444,430		9,954,981		2,489,449
Collection Fees Recovered		464,624		379,174		85,450
Total Recovery		12,909,054		10,334,155		2,574,899
Collection Fees		1,204,835		979,668		225,167
Average Balance Submitted (after adj.)		26,280		37,824		17,159
Paid in Full	602	6,247,191	438	4,790,706	164	1,456,485
Settled in Full	201	4,079,820	173	3,572,302	28	507,518
Collected / Settled	**803**	**10,327,010**	**611**	**8,363,007**	**192**	**1,964,003**
Legal in Progress	75	16,012,544	50	13,309,602	25	2,702,941
Active (still in collection process)	278	6,627,974	123	3,764,301	155	2,863,673
Work in Progress	**353**	**22,640,517**	**173**	**17,073,903**	**180**	**5,566,614**
Judgment Awarded	43	7,414,454	26	6,315,471	17	1,098,983
On Hold	63	3,247,652	20	987,078	43	2,260,574
Potentially Collectible	**106**	**10,662,106**	**46**	**7,302,549**	**60**	**3,359,557**
Uncollectible / Write-Offs	**657**	**18,945,206**	**181**	**6,454,682**	**476**	**12,490,524**
Withdrawn / Revised to Zero	**623**	**14,947,564**	**111**	**5,506,697**	**512**	**9,440,868**
Principal Recovered but returned		157,782		64,624		93,158
Summary Statistics - On Submitted						
% of Accounts Collected / Settled		31.6%		54.5%		13.5%
% of Accounts Withdrawn / Revised to Zero		24.5%		9.9%		36.1%
% of Accounts Uncollectible / Written-Off		25.8%		16.1%		33.5%
% of Accounts Potentially Collectible / In Progress		18.1%		19.5%		16.9%
% of Premium Collected / Settled		9.9%		15.5%		3.9%
% of Premium Withdrawn / Revised to Zero		14.3%		10.2%		18.7%
% of Premium Uncollectible / Written-Off		18.1%		11.9%		24.8%
% of Premium Potentially Collectible / In Progress		31.9%		45.1%		17.7%
% of Premium Adjusted		25.8%		17.4%		34.9%
Summary Statistics - On Principal after Adjustments						
Total Recovery % (Premium & Fees Collected)		19.3%		24.4%		10.6%
Total Recovery % (Accounts Collected)		41.8%		60.4%		21.1%
Premium Recovery %		18.6%		23.5%		10.2%
RSI Fees Recovery %		38.6%		38.7%		37.9%
FWCJUA Average Collection Expense %		5.9%		6.0%		5.6%

FWCJUA Collections Report

2007 Collections Activity compared to 2006
January 1, 1994 to October 31, 2007
(1st and 2nd Placements)

1st 10 months of 2007 Activity	As of 10/31/2007	As of 12/31/2006	Difference	% Difference
Accounts Submitted for Collection - #	5,414	5,183	231	4.46%
Accounts Submitted for Collection - $	$135,185,601	$125,957,372	$9,228,229	7.33%
Total Gross Recovery (includes fees recovered)	$20,766,350	$18,775,098	$1,991,252	10.61%
Collection Fees	$2,182,420	$2,028,455	$153,966	7.59%
Total Net Recovery (less fees)	$18,583,930	$16,746,644	$1,837,286	10.97%
Recovery % - (Gross)	15.36%	14.91%		0.46%
Recovery % - (Net)	13.75%	13.30%		0.45%

1st 10 months of 2006 Activity	As of 10/31/2006	As of 12/31/2005	Difference	% Difference
Accounts Submitted for Collection - #	5,128	4,774	354	7.42%
Accounts Submitted for Collection - $	$124,489,888	$111,323,901	$13,165,987	11.83%
Total Gross Recovery (includes fees recovered)	$18,499,354	$15,926,518	$2,572,836	16.15%
Collection Fees	$2,004,811	$1,756,586	$248,226	14.13%
Total Net Recovery (less fees)	$16,494,543	$14,169,933	$2,324,610	16.41%
Recovery % - (Gross)	14.86%	14.31%		0.55%
Recovery % - (Net)	13.25%	12.73%		0.52%

FWCJUA Collections Report

RSI Recovery Analysis

by size type of account *(1st placements)*

July 27, 1998 to October 31, 2007

	# of Accounts	% of Total	Principal after Adjustments	% of Total	Principal Recovered	% Recovery of category	% Recovery of Total
$100,000 & Over	**130**	**6.8%**	**41,829,470**	**62.6%**	**2,573,565**	**6.2%**	**20.9%**
3X	61	3.2%	13,236,541	19.8%	942,597	7.1%	7.7%
Actual	69	3.6%	28,592,929	42.8%	1,630,968	5.7%	13.3%
$50,000 - $99,999	**118**	**6.1%**	**8,225,554**	**12.3%**	**2,870,840**	**34.9%**	**23.4%**
3X	47	2.4%	3,146,446	4.7%	212,466	6.8%	1.7%
Actual	71	3.7%	5,079,108	7.6%	2,658,374	52.3%	**21.6%**
$15,000 - $49,999	**398**	**20.7%**	**10,482,153**	**15.7%**	**3,841,404**	**36.6%**	**31.3%**
3X	190	9.9%	4,837,746	7.2%	493,746	10.2%	4.0%
Actual	208	10.8%	5,644,407	8.4%	3,347,658	59.3%	**27.2%**
$0- $14,999	**1,273**	**66.3%**	**6,266,499**	**9.4%**	**3,000,840**	**47.9%**	**24.4%**
3X	610	31.8%	3,144,823	4.7%	747,482	23.8%	6.1%
Actual	663	34.5%	3,121,676	4.7%	2,253,357	72.2%	**18.3%**
Grand Total	**1,919**	**100.0%**	**66,803,676**	**100.0%**	**12,286,648**	**18.4%**	**100.0%**
3X	**908**	**47.3%**	**24,365,556**	**36.5%**	**2,396,291**	**9.8%**	**19.5%**
Actual	**1,011**	**52.7%**	**42,438,120**	**63.5%**	**9,890,357**	**23.3%**	**80.5%**

24,102 policies were issued from August 1, 1998 - October 31, 2007 - therefore 8% of these policies issued have actually ended up in collections. Of the 1,919 policies in collections, 803 have paid or been settled in full. So 4.6% of policies issued are generating the uncollectible premium situation for the FWCJUA.

Of the 130 accounts over $100K - only 5 accounts are over $1M for a total of $12.3M of the $41.8M uncollectible. (.26% of all uncollectible accounts are generating 29% of the total uncollectible premium.) 37 of the 130 accounts totaling $9.5M are either bankrupt, corporation dissolved or out of business and therefore collection efforts are not possible. 6 of the 130 accounts have been paid or settled in full.

Balance Sheet	Final Balances 9/30/2007	Final Balances 9/30/2006	12 - month Dollar Change	Percent Change	Final Balances 12/31/2006	Year to Date Dollar Change	Percent Change	Comments
Assets:								
Bonds	**72,481,372**	**64,545,376**	7,935,996	12.3%	**69,552,329**	2,929,043	4.2%	Result of operations
Cash	**12,287,343**	**40,061,415**	(27,774,072)	-69.3%	**32,730,725**	(20,443,382)	-62.5%	Result of operations
Short-term investments	**13,482,382**	**2,843,155**	10,639,227	374.2%	**5,825,425**	7,656,957	131.4%	Result of operations
Cash and invested assets	**98,251,097**	**107,449,946**	(9,198,849)	-8.6%	**108,108,479**	(9,857,382)	-9.1%	Result of operations
Premiums receivable	**8,240,747**	**13,999,670**	(5,758,923)	-41.1%	**11,751,864**	(3,511,117)	-29.9%	Due to decline in premium writings
Premiums deferred	**3,547,125**	**8,667,410**	(5,120,285)	-59.1%	**4,608,268**	(1,061,143)	-23.0%	Due to decline in premium writings
Premiums EBUB	**320,234**	**1,406,108**	(1,085,874)	-77.2%	**1,190,846**	(870,612)	-73.1%	SAP codification requirement in 2001
Misc. Receivable	**231,182**	**1,203,731**	(972,549)	-80.8%	**1,296,754**	(1,065,572)	-82.2%	Servicing Carrier Receivable
EDP Equipment	**115,970**	**69,847**	46,123	66.0%	**61,283**	54,687	89.2%	New Equipment & Depreciation
Interest income accrued	**912,758**	**839,457**	73,301	8.7%	**829,060**	83,698	10.1%	Investment Income
Reinsurance Recovery Receivabl	**56,250**	**43,736**	12,514	28.6%	**848,534**	(792,284)	-93.4%	Have recovered $1,981,226 YTD
Federal Income Tax Recoverable	**112,935**	**-**	112,935	0.0%	**-**	112,935	0.0%	Final tax payment made and DTA no longer
Deferred Tax Asset	**-**	**5,982,196**	(5,982,196)	0.0%	**3,261,516**	(3,261,516)	-100.0%	applicable as applying for tax exemption
Excess Deposits from Reinsurers	**1,778,940**	**-**	1,778,940	0.0%	**-**	1,778,940	0.0%	When Rate < Deposit Premium
Total Assets	**$113,567,238**	**$139,662,100**	**$(26,094,863)**	**-18.7%**	**$131,956,604**	**$(18,389,366)**	**-13.9%**	
Liabilities:								
Loss and ALAE reserves	**33,955,475**	**83,411,066**	(49,455,591)	-59.3%	**41,952,067**	(7,996,592)	-19.1%	2007 Activity
Retroactive Reinsurance	**(5,228,926)**	**(7,466,866)**	2,237,940	-30.0%	**(5,376,511)**	147,585	-2.7%	Losses transferred under LPT
ULAE reserves	**3,227,062**	**5,977,513**	(2,750,451)	-46.0%	**2,700,000**	527,062	19.5%	Statutory ULAE required
Servicing carrier fees payable	**1,685,064**	**3,861,475**	(2,176,411)	-56.4%	**2,501,970**	(816,906)	-32.7%	Due to decline in premium writings
Commissions payable	**402,168**	**1,602,879**	(1,200,711)	-74.9%	**990,372**	(588,204)	-59.4%	Due to decline premium writings
Other accrued expenses	**6,004,300**	**3,911,012**	2,093,288	53.5%	**4,542,463**	1,461,837	32.2%	Servicing Carrier & Other Expenses
Unearned premiums	**10,588,460**	**23,128,625**	(12,540,165)	-54.2%	**17,611,448**	(7,022,988)	-39.9%	Due to decline in premium writings
Reins. premiums payable	**0**	**1,959,202**	(1,959,202)	0.0%	**1,569,351**	(1,569,351)	0.0%	Additional reinsurance premium due
Federal income taxes	**0**	**1,271,744**	(1,271,744)	0.0%	**10,465,096**	(10,465,096)	0.0%	Federal income tax due
Deposit premiums	**3,578,097**	**5,599,395**	(2,021,298)	-36.1%	**5,337,830**	(1,759,733)	-33.0%	Deposit requirements effective 1/1/97
Advance premiums	**167,011**	**373,777**	(206,766)	-55.3%	**551,466**	(384,455)	-69.7%	SAP codification requirement in 2001
State authorization payable	**76,740**	**90,540**	(13,800)	-15.2%	**86,760**	(10,020)	-11.5%	Active agent authorizations
Provision for Reinsurance	**923,942**	**-**	923,942	N/A	**230,000**	693,942	N/A	Reinsurance Recovery > LOC
Unearned producer fees	**40,397**	**-**	40,397	0.0%	**200**	40,197	0.0%	New agency 2 year authorizations
Total liabilities	**$ 55,419,790**	**$123,720,361**	$(68,300,572)	-55.2%	**$ 83,162,512**	$(27,742,722)	-33.4%	
Surplus / (Deficit):								
Unassigned surplus / (deficit)	**52,052,740**	**9,847,032**	42,205,708	428.6%	**42,699,383**	9,353,357	21.9%	
Assigned/Special surplus	**6,094,708**	**6,094,708**	-	0.0%	**6,094,708**	-	0.0%	Restricted surplus from LPT
Total Surplus / (Deficit)	**58,147,448**	**15,941,740**	42,205,708	264.7%	**48,794,091**	9,353,357	19.2%	
Total liabilities and surplus	**$113,567,238**	**$139,662,100**	**$(26,094,862)**	**-18.7%**	**$131,956,604**	**$(18,389,366)**	**-13.9%**	

	Final Balances 9/30/2007	Final Balances 9/30/2006	12 - month Dollar Change	Percent Change	Final Balances 12/31/2006	Year to Date Dollar Change	Percent Change	Comments
Income Statement								
Premiums written - direct	**14,736,703**	**39,613,999**	(24,877,296)	-62.8%	**42,070,305**	(27,333,602)	-65.0%	2007 Activity
Premiums written - EBUB	**(967,347)**	**226,548**	(1,193,895)	100.0%	**(12,632)**	(954,715)	100.0%	SAP codification requirement in 2001
Premiums written - ceded	**(3,113,145)**	**(6,819,202)**	3,706,057	-54.3%	**(8,049,351)**	4,936,206	-61.3%	Due to decline in premium writings
Change in unearned	**5,985,273**	**4,586,170**	1,399,103	30.5%	**10,103,347**	(4,118,074)	-40.8%	Due to decline in premium writings
Premiums earned	**16,641,484**	**37,607,515**	(20,966,031)	-55.7%	**44,111,669**	(27,470,185)	-62.3%	
Losses paid - direct	**5,024,148**	**6,585,717**	(1,561,569)	-23.7%	**9,221,265**	(4,197,117)	-45.5%	2007 Activity
Change in reserves - direct	**(3,756,925)**	**11,885,503**	(15,642,428)	-131.6%	**(41,950,548)**	38,193,623	-91.0%	2007 Activity
Losses incurred - direct	**1,267,223**	**18,471,220**	(17,203,997)	-93.1%	**(32,729,283)**	33,996,506	-103.9%	
Losses paid - ceded	**(1,188,942)**	**(161,076)**	(1,027,866)	638.1%	**(1,024,955)**	(163,987)	16.0%	2007 Activity
Change in reserves - ceded	**(4,239,667)**	**(3,755,681)**	(483,986)	12.9%	**8,621,371**	(12,861,038)	-149.2%	2007 Activity
Losses incurred - ceded	**(5,428,609)**	**(3,916,757)**	(1,511,852)	38.6%	**7,596,416**	(13,025,025)	-171.5%	
Net losses incurred	**(4,161,386)**	**14,554,463**	(18,715,849)	-128.6%	**(25,132,867)**	20,971,481	-83.4%	
Loss expenses incurred	**2,742,103**	**4,213,187**	(1,471,084)	-34.9%	**2,123,820**	618,283	29.1%	
Other underwriting expenses	**4,331,383**	**10,218,860**	(5,887,477)	-57.6%	**14,783,635**	(10,452,252)	-70.7%	Decrease in bad debt write-offs
Total underwriting expenses	**2,912,100**	**28,986,510**	(26,074,410)	-90.0%	**(8,225,412)**	11,137,512	-135.4%	
Net underwriting gain (loss)	**$ 13,729,384**	**$ 8,621,005**	**$ 5,108,379**	**59.3%**	**$ 52,337,081**	**$(38,607,697)**	**-73.8%**	
Net investment income	**3,653,102**	**3,152,690**	500,412	15.9%	**4,396,421**	(743,319)	-16.9%	Slight increase in interest rates
Net realized gains (losses)	**(40,152)**	**(9,553)**	(30,599)	320.3%	**(11,012)**	(29,140)	264.6%	Gain/(loss) on bonds sold to pay taxes
Net investment gain (loss)	**3,612,950**	**3,143,137**	469,813	14.9%	**4,385,409**	(772,459)	-17.6%	
Other income	**(2,282,401)**	**845,022**	(3,127,423)	-370.1%	**532,626**	(2,815,027)	-528.5%	DOL funding for Subplan D, Reinsurance Profit Share & Producer Authorizations
Loss from Reinsurance (LPT)	**(90,000)**	**(937,000)**	847,000	0.0%	**(3,130,000)**	3,040,000	-97.1%	Decrease in LPT reserves (94 - 99)
Income before tax	**14,969,932**	**11,672,164**	3,297,768	28.3%	**54,125,115**	(39,155,183)	-72.3%	
Federal income taxes	**3,408,428**	**3,896,744**	(488,316)	0.0%	**16,590,096**	(13,181,668)	-79.5%	
Net income	**$ 11,561,504**	**$ 7,775,420**	**$ 3,786,084**	**48.7%**	**$ 37,535,019**	**$(25,973,515)**	**-69.2%**	
Gains (losses) in surplus:								
Net income	**11,561,504**	**7,775,420**	3,786,084	48.7%	**37,535,019**	(25,973,515)	-69.2%	2007 Activity
Change in n/a assets	**823,369**	**(221,313)**	1,044,682	-472.0%	**7,282,358**	(6,458,989)	-88.7%	90 days P/R & reinsurance provision
Deferred Tax Asset/Liability	**(3,031,516)**	**(84,766)**	(2,946,750)	3476.3%	**(4,495,684)**	1,464,168	-32.6%	DTA is being reversed as no longer
Change in deficit	**9,353,357**	**7,469,341**	1,884,016	25.2%	**40,321,693**	(30,968,336)	-76.8%	applicable since applying for tax exemption
Beginning surplus/(deficit)	**48,794,091**	**8,472,397**	40,321,694	475.9%	**8,472,397**	40,321,694	475.9%	
Ending surplus/(deficit)	**$ 58,147,448**	**$ 15,941,738**	**$ 42,205,710**	**264.7%**	**$ 48,794,090**	**$ 9,353,358**	**19.2%**	

	Final Balances 9/30/2007	**Final Balances 9/30/2006**	12 - month Dollar Change	Percent Change	**Final Balances 12/31/2006**	Year to Date Dollar Change	Percent Change	Comments

**** EBUB Update:**

As of Sept 30, 2007 - the calculated EBUB is $355,815 which is 1.72% of earned premium.
After deducting for commissions, SCFs, reinsurance premiums and taxes & assessments - the net income effect would be $236,414.

Since the FWCJUA booked the cumulative effect of EBUB in the 2001 financial statements, only the change each quarter is booked on the financial statements. Therefore on the 2007 Quarterly Financials, the following changes were booked:
an earned premium of $(967,347); an decrease in expenses of $(360,304); for a net income effect of $(607,043).

Balance Sheet	Balance Incr.(Decr.) 3rd Qtr. 2007	Balance Incr.(Decr.) 2nd Qtr. 2007	Balance Incr.(Decr.) 1st Qtr. 2007
Assets:			
Bonds	10,404,543	2,550,128	(10,025,628)
Cash	(17,840,201)	(6,098,176)	3,494,995
Short-term investments	6,336,501	2,875,575	(1,555,119)
Cash and invested assets	(1,099,157)	(672,473)	(8,085,752)
Premiums receivable	(1,494,942)	(1,081,642)	(934,533)
Premiums deferred	163,605	(1,592,213)	367,465
Premiums EBUB	(44,593)	(141,117)	(684,902)
Misc. Receivables	115,649	(127,533)	(1,053,688)
EDP Equipment	50,598	(3,156)	7,245
Interest income accrued	165,574	81,453	(163,329)
Reinsurance Recovery Receivable	(192,008)	173,650	(773,926)
Federal Income Tax Recoverable	112,935	-	-
Deferred Tax Asset	-	(2,950,100)	(311,416)
Excess Deposits from Reinsurers	889,470	552,189	337,281
Total Assets	$ (1,332,869)	$ (5,760,942)	$ (11,295,555)
Liabilities:			
Loss and ALAE reserves	667,096	(8,647,514)	(16,174)
Retroactive Reinsurance	40,889	66,958	39,738
ULAE reserves	126,832	360,219	40,011
Servicing carrier fees payable	(190,234)	(449,104)	(177,568)
Commissions payable	(53,881)	(124,502)	(409,821)
Other accrued expenses	(571,569)	297,914	1,735,492
Unearned premiums	(2,865,728)	(3,320,575)	(836,685)
Reins. premiums payable	-	-	(1,569,351)
Federal income taxes	(2,521,363)	2,365,266	(10,308,999)
Deposit premiums	(518,920)	(814,625)	(426,188)
Advance Premiums	(26,978)	(21,030)	(336,447)
State authorization payable	8,280	34,140	(52,440)
Provision for Reinsurance	923,942	-	(230,000)
Unearned producer fees	(559)	18,076	22,680
Total liabilities	$ (4,982,193)	$ (10,234,777)	$ (12,525,752)
Surplus / Deficit:			
Change in unassigned surplus/deficit	3,649,324	4,473,835	1,230,198
Change in assigned surplus/deficit	-	-	-
Total Surplus / Deficit	$ 3,649,324	$ 4,473,835	$ 1,230,198
Total liabilities and surplus	(1,332,869)	(5,760,942)	(11,295,555)

	Balance Incr.(Decr.) 3rd Qtr. 2007	Balance Incr.(Decr.) 2nd Qtr. 2007	Balance Incr.(Decr.) 1st Qtr. 2007
Income Statement			
Premiums written - direct	4,828,182	2,633,530	7,274,991
Premiums written - EBUB	(49,548)	(156,797)	(761,002)
Premiums written - ceded	(1,037,715)	(930,260)	(1,145,170)
Change in unearned	1,828,013	3,320,575	836,685
Premiums earned	5,568,932	4,867,048	6,205,504
Losses paid - direct	1,102,841	1,852,282	2,069,025
Change in reserves - direct	1,106,948	(6,344,247)	1,480,374
Losses incurred - direct	2,209,789	(4,491,965)	3,549,399
Losses paid - ceded	(96,190)	(982,419)	(110,333)
Change in reserves - ceded	(439,852)	(2,303,267)	(1,496,548)
Losses incurred - ceded	(536,042)	(3,285,686)	(1,606,881)
Net losses incurred	1,673,747	(7,777,651)	1,942,518
Loss expenses incurred	786,660	1,031,561	923,882
Other underwriting expenses	1,523,350	1,480,380	1,327,653
Total underwriting expenses	3,983,757	(5,265,710)	4,194,053
Net underwriting gain (loss)	$ 1,585,175	$ 10,132,758	$ 2,011,451
Net investment income	1,307,416	1,160,385	1,185,301
Net realized gains (losses)	-	-	(40,152)
Net investment gain (loss)	1,307,416	1,160,385	1,145,149
Other income	28,963	97,603	(2,408,967)
Loss from Reinsurance (LPT)	-	(90,000)	-
Income before tax	2,921,554	11,300,746	747,633
Federal income taxes	(112,935)	3,365,266	156,097
Net income	$ 3,034,489	$ 7,935,480	$ 591,536
Gains (losses) in surplus:			
Net income	3,034,489	7,935,479	591,536
Change in n/a assets	614,835	920,525	(711,991)
Deferred Tax Asset/Liability	-	(4,382,169)	1,350,653
Change in deficit	3,649,324	4,473,835	1,230,198
Beginning surplus/(deficit)	-	-	48,794,091
Ending surplus/(deficit)	$ 3,649,324	$ 4,473,835	$ 50,024,289

Florida Workers' Compensation Joint Underwriting Association, Inc.
Budget Variance
For January 1, 2007 - September 30, 2007

	Actual $	Budget $	Variance	% of Budget	Actual % (% of earned premium)	Budget % (% of earned premium)	Variance (% of earned premium)
REVENUE:							
PY 2007 Written Premium	18,286,704	33,952,500	(15,665,796)	54%			
EBUB Written Premium	(967,347)	0	(967,347)	N/A			
Prior PY Written Premium	(3,271,958)	2,250,000	(5,521,958)	-145%			
PY 2007 Earned Premium	23,993,934	25,464,375	(1,470,441)	94%			
EBUB Earned Premium	(967,347)	0	(967,347)	N/A			
Prior PY Earned Premium	(3,271,958)	2,250,000	(5,521,958)	-145%			
Reinsurance Premium	3,113,145	3,912,716	(799,570)	80%			
Net Earned Premium	16,641,484	23,801,660	(7,160,176)	70%			
Interest Income	3,612,950	2,568,750	1,044,200	141%			
Producers Authorization	105,334	37,500	67,834	281%			
Other Income	74,265	45,000	29,265	165%			
DOL Funding	(2,462,000)	0	(2,462,000)	N/A			
Gain/(Loss) from Reinsurance	(90,000)	0	(90,000)	N/A			
TOTAL REVENUE	**17,882,033**	**26,452,910**	**(8,570,876)**	**68%**			
OPERATING EXPENSES:							
Losses and LAE Incurred	3,146,253	13,325,024	(10,178,772)	24%	15.18%	48.08%	-32.90%
Reinsurance Recoveries	(5,428,609)	(2,347,629)	(3,080,980)	231%	-26.20%	-8.47%	-17.73%
Net Losses and LAE Incurred	(2,282,356)	10,977,395	(13,259,751)	-21%	-11.01%	39.61%	-50.62%
Servicing Carrier Fees	2,157,684	5,629,656	(3,471,972)	38%	10.41%	20.31%	-9.90%
Commissions & Producers Fees	(100,095)	681,087	(781,182)	-15%	-0.48%	2.46%	-2.94%
EBUB Expenses	(367,659)	0	(367,659)	N/A	-1.77%	0.00%	-1.77%
NCCI Admin. Fees	83,902	75,000	8,902	112%	0.40%	0.27%	0.13%
Bad Debt Write-Off / Recoveries	1,318,874	7,342,875	(6,024,001)	18%	6.36%	26.49%	-20.13%
Collection Expense	85,291	190,983	(105,692)	45%	0.41%	0.69%	-0.28%
Taxes & Assessments	5,304	33,953	(28,649)	16%	0.03%	0.12%	-0.10%
TOTAL OPERATING EXPENSES	**900,946**	**24,930,949**	**(24,030,003)**	**4%**	**4.35%**	**89.96%**	**-85.61%**
GENERAL & ADMINISTRATIVE EXPENSES:							
Professional Services							
Actuarial Service	34,677	57,750	(23,073)	60%	0.17%	0.21%	-0.04%
Auditing/Taxes Finance	53,250	78,000	(24,750)	68%	0.26%	0.28%	-0.02%
Audit Fee Recovery - Travelers	(31,206)	(15,750)	(15,456)	198%	-0.15%	-0.06%	-0.09%
Consulting - Systems/Financial	19,138	65,400	(46,262)	29%	0.09%	0.24%	-0.14%
Legal	100,348	63,750	36,598	157%	0.48%	0.23%	0.25%
Security & Other Services	11,438	14,925	(3,487)	77%	0.06%	0.05%	0.00%
Temporary Employees	344	7,500	(7,156)	5%	0.00%	0.03%	-0.03%
Total Professional Services	**187,990**	**271,575**	**(83,585)**	**69%**	**0.91%**	**0.98%**	**-0.07%**

Florida Workers' Compensation Joint Underwriting Association, Inc.
Budget Variance
For January 1, 2007 - September 30, 2007

	Actual $	Budget $	Variance	% of Budget	Actual % (% of earned premium)	Budget % (% of earned premium)	Variance (% of earned premium)
General							
Rent	117,881	118,556	(676)	99%	0.57%	0.43%	0.14%
Bank Charges	9,475	750	8,725	1263%	0.05%	0.00%	0.04%
Telecommunications	30,643	36,795	(6,152)	83%	0.15%	0.13%	0.02%
Insurance	142,723	145,475	(2,751)	98%	0.69%	0.52%	0.16%
Licenses & Fees	74	1,125	(1,052)	7%	0.00%	0.00%	0.00%
Office Equipment & Supplies	57,913	72,844	(14,930)	80%	0.28%	0.26%	0.02%
Disaster Recovery Plan Maintenance	7,913	8,568	(655)	92%	0.04%	0.03%	0.01%
Utilities	9,894	13,500	(3,606)	73%	0.05%	0.05%	0.00%
Postage & Printing	15,404	23,040	(7,637)	67%	0.07%	0.08%	-0.01%
Depreciation / Amortization	135,192	138,375	(3,183)	98%	0.65%	0.50%	0.15%
Total General	**527,112**	**559,028**	**(31,916)**	**94%**	**2.54%**	**2.02%**	**0.53%**
Personnel							
Compensation	803,162	915,078	(111,916)	88%	3.88%	3.30%	0.57%
Benefits	144,057	176,933	(32,876)	81%	0.70%	0.64%	0.06%
Payroll Tax	58,654	67,578	(8,924)	87%	0.28%	0.24%	0.04%
Training/Education/Recruitment	5,926	27,750	(21,824)	21%	0.03%	0.10%	-0.07%
Total Personnel	**1,011,800**	**1,187,339**	**(175,540)**	**85%**	**4.88%**	**4.28%**	**0.60%**
Travel & Entertainment							
Travel - Employee	5,037	22,500	(17,463)	22%	0.02%	0.08%	-0.06%
Travel - Board/Committee Meeting	5,640	15,000	(9,360)	38%	0.03%	0.05%	-0.03%
Total Travel & Entertainment	**10,676**	**37,500**	**(26,824)**	**28%**	**0.05%**	**0.14%**	**-0.08%**
Total General & Administrative Expenses	**1,737,577**	**2,055,442**	**(317,865)**	**85%**	**8.39%**	**7.42%**	**0.97%**
SPECIAL PROJECTS EXPENSES							
Litigation	0	10,000	(10,000)	0%	0.00%	0.04%	-0.04%
Legal - Legislative Matters	150,287	175,000	(24,713)	86%	0.73%	0.63%	0.09%
Legal - Special Projects	0	70,000	(70,000)	0%	0.00%	0.25%	-0.25%
Second Rate Filing	0	15,000	(15,000)	0%	0.00%	0.05%	-0.05%
Market Assistance Plan	0	10,000	(10,000)	0%	0.00%	0.04%	-0.04%
Disaster Recovery Analysis	0	TBD	0	N/A	0.00%	0.00%	0.00%
Disaster Recovery Deployment	0	TBD	0	N/A	0.00%	0.00%	0.00%
Operations Manual Redesign	0	TBD	0	N/A	0.00%	0.00%	0.00%
Market Conduct Exam	1,274	0	0	100%	0.01%	0.00%	0.00%
SB1894 Implementation	122,016	0	122,016	100%	0.59%	0.00%	0.00%
Total Special Projects Expenses	**273,577**	**280,000**	**(6,423)**	**98%**	**1.32%**	**1.01%**	**-0.29%**
Total G&A and Special Project Expenses	**2,011,155**	**2,335,442**	**(324,287)**	**86%**	**9.71%**	**8.43%**	**1.28%**
GRAND TOTAL OF EXPENSES	**2,912,101**	**27,266,391**	**(24,354,290)**	**11%**	**14.05%**	**98.38%**	**-84.33%**
Federal Income Tax	3,408,428	0	3,408,428	100%			
GAIN / (LOSS) BEFORE ASSESSMENT	**11,561,505**	**(813,481)**	**12,374,986**	**-1421%**			
less fixed assets	*0*						
GAIN / (LOSS) BEFORE ASSESSMENT	**11,561,505**						

Florida Workers' Compensation Joint Underwriting Association, Inc.
Proposed Capital Expenditures
For Year Ending December 31, 2007
As of September 30, 2007

		Budget	Actual	Variance
Hardware				
Printers		7,000	0	(7,000)
Servers Replacements - 2		22,000	13,532	(8,468)
ThinClient Replacements - 5		4,000	3,487	(513)
Monitor		450	521	71
Citrix Access Gateway		3,000	2,898	(102)
Software				
SQL Server 2005		12,500	8,303	(4,197)
Development Tools		2,000	0	(2,000)
Phone System Call Accounting Software		1,600	0	(1,600)
Remote Sync Software for Offsite Server		3,850	0	(3,850)
Visio 2007		1,500	876	(624)
Adobe Creative Suite		2,600	0	(2,600)
Property, Plant & Equipment				
Conference Room Speaker Phone		3,000	1,785	(1,215)
Projector & Sound System		10,000	0	(10,000)
	Total	**73,500**	**31,402**	**(42,098)**

24,500
annual depreciation / amortization *

SB1894 - Disaster Recovery Enhancements *(approved out-of-budget 6/12/07 board meeting)*

Public Records Physical Storage		47,000	44,254	(2,746)
Document Management		31,000	10,045	(20,955)
Disaster Recovery		41,800	26,074	(15,726)
	Total	**119,800**	**80,373**	**(39,427)**

FWCJUA - Effective PRIOR to 7/26/2003
Cash Flow Analysis

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Total 2007
Cash Inflows													
Premiums Collected/Deposits	12,840	0	31,616	28,652	54,131	53,016	10,135	41,162	22,473	33,308			287,331
Net Collections Activity	(2,679)	33,398	5,523	41,868	7,523	7,405	3,791	1,349	15,418	9,993			123,589
Producer Authorizations	9,500	2,218	55,284	29,481	14,029	11,500	4,800	4,400	5,100	3,600			139,912
Interest Income	84,598	21,202	42,833	33,559	42,742	32,316	47,801	92,254	22,175	31,804			451,284
Reinsurance Recoveries	0	0	(23,701)	281	760,399	(683,477)	0	288,198	0	79,042			420,742
Miscellaneous Income	0	0	0	0	0	0	0	0	0	0			0
Total Cash Inflows	***104,259***	***56,818***	***111,555***	***133,841***	***878,824***	***(579,241)***	***66,527***	***427,363***	***65,166***	***157,747***	***0***	***0***	***1,422,858***
Cash Outflows													
Loss and LAE payments	820,054	0	491,098	72,117	89,726	141,671	484,661	(19,757)	20,269	52,078			2,151,918
Underwriting expenses	7,758	0	4,150	10,244	6,270	6,334	1,468	5,040	3,638	4,479			49,382
General & Administrative expenses	428,902	(370,795)	126,825	134,632	(43,845)	(67,896)	(82,915)	101,671	24,063	(12,790)			237,852
Taxes & Assessments	0	0	(3,406,916)	300,000	0	0	0	(366,212)	0	0			(3,473,128)
Reinsurance Premiums	0	952,915	473,470	0	337,280	0	0	0	0	0			1,763,665
Interest Expense	3,345	0	968	232	158	378	1,721	(13)	5	72			6,866
Investments	(941,775)	(2,091,650)	0	0	(1,000,000)	1,000,000	0	1,000,000	1,987,556	(991,928)			(1,037,797)
Total Cash Outflows	***318,283***	***(1,509,530)***	***(2,310,405)***	***517,226***	***(610,410)***	***1,080,486***	***404,936***	***720,729***	***2,035,531***	***(948,089)***	***0***	***0***	***(301,242)***
SunTrust Bank													
Beginning	2,159,878	1,945,854	3,512,202	5,934,161	5,550,777	7,040,010	5,380,283	5,041,874	4,748,508	2,778,143	3,883,978	3,883,978	2,159,878
Net Activity	(214,024)	1,566,348	2,421,959	(383,385)	1,489,234	(1,659,727)	(338,409)	(293,366)	(1,970,366)	1,105,836	0	0	1,724,100
SunTrust Ending	1,945,854	3,512,202	5,934,161	5,550,777	7,040,010	5,380,283	5,041,874	4,748,508	2,778,143	3,883,978	3,883,978	3,883,978	3,883,978
Cash (to) / from MMF	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash (to) / from Commerical Paper	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	**1,945,854**	**3,512,202**	**5,934,161**	**5,550,777**	**7,040,010**	**5,380,283**	**5,041,874**	**4,748,508**	**2,778,143**	**3,883,978**	**3,883,978**	**3,883,978**	**3,883,978**
SouthTrust Money Market Fund													
Beginning	1,984,023	2,910,397	6,201,014	90,913	321,211	1,197,052	1,155,621	3,906,994	4,287,593	3,818,512	4,646,409	4,646,409	1,984,023
Interest Income	94,293	171,001	120,254	111,903	65,841	109,161	70,261	91,955	110,772	107,897			1,053,338
Additions / (Withdrawals)	0	(2,000,000)	(5,000,000)	0	0	0	0	0	0	0			(7,000,000)
Sales & Matured Securities	832,081	6,594,526	924,000	810,000	810,000	2,464,355	2,681,112	1,892,744	140,000	720,000			17,868,818
Purchases	0	(1,474,910)	(2,154,355)	(691,605)	0	(2,614,947)		(1,604,100)	(719,853)	0			(9,259,770)
Ending	**2,910,397**	**6,201,014**	**90,913**	**321,211**	**1,197,052**	**1,155,621**	**3,906,994**	**4,287,593**	**3,818,512**	**4,646,409**	**4,646,409**	**4,646,409**	**4,646,409**
Total **Prior** JUA Funds	36,799,992	36,532,730	34,018,570	33,746,924	34,301,209	34,747,935	33,469,730	35,257,635	34,385,541	33,599,703			33,599,703
Liquidity (<1 yr. maturity)	11,233,304	14,105,312	19,087,005	20,090,182	20,113,427	18,869,421	17,290,011	15,362,496	13,504,219	14,186,047			14,186,047
Liquidity Percentage *(should be 5% or >)*	30.53%	38.61%	56.11%	59.53%	58.64%	54.30%	51.66%	43.57%	39.27%	42.22%			42.22%

FWCJUA - SubPlan A
Cash Flow Analysis

	Actual Jan-07	Actual Feb-07	Actual Mar-07	Actual Apr-07	Actual May-07	Actual Jun-07	Actual Jul-07	Actual Aug-07	Actual Sep-07	Actual Oct-07	Actual Nov-07	Actual Dec-07	Total 2007
Cash Inflows													
Premiums Collected/Deposits	0	0	0	0	0	0	0	0	0	0			0
Net Collections Activity	0	0	0	0	0	0	0	0	0	0			0
Interest Income	406	367	308	296	306	298	309	302	290	284			3,164
Reinsurance Recoveries	0	0	0	0	0	0	0	0	0	0			0
Miscellaneous Income	0	0	0	0	0	0	0	0	0	0			0
Total Cash Inflows	***406***	***367***	***308***	***296***	***306***	***298***	***309***	***302***	***290***	***284***	***0***	***0***	***3,164***
Cash Outflows													
Loss and LAE payments	0	0	0	0	0	0	0	0	0	0			0
Underwriting expenses	0	0	0	0	0	0	0	0	0	0			0
General & Administrative expenses	0	0	188	19	19	19	31	19	19	19			332
Taxes & Assessments	0	0	24,168	0	0	0	0	(468)	0	0			23,700
Reinsurance Premiums	0	0	0	0	0	0	0	0	0	0			0
Interest Expense	0	0	0	0	0	0	0	0	0	0			0
Total Cash Outflows	***0***	***0***	***24,356***	***19***	***19***	***19***	***31***	***(449)***	***19***	***19***	***0***	***0***	***24,032***
SunTrust Bank													
Beginning	95,089	95,494	95,861	71,813	72,090	72,377	72,656	72,934	73,685	73,955	74,221	74,221	95,089
Net Activity	406	367	(24,048)	277	287	279	278	751	271	265	0	0	(20,868)
SunTrust Ending	**95,494**	**95,861**	**71,813**	**72,090**	**72,377**	**72,656**	**72,934**	**73,685**	**73,955**	**74,221**	**74,221**	**74,221**	**74,221**
Deposit Liability	0	0	0	0	0	0	0	0	0	0	0	0	0
Available Cash	**95,494**	**95,861**	**71,813**	**72,090**	**72,377**	**72,656**	**72,934**	**73,685**	**73,955**	**74,221**	**74,221**	**74,221**	**74,221**

FWCJUA - SubPlan C
Cash Flow Analysis

	Actual Jan-07	Actual Feb-07	Actual Mar-07	Actual Apr-07	Actual May-07	Actual Jun-07	Actual Jul-07	Actual Aug-07	Actual Sep-07	Actual Oct-07	Actual Nov-07	Actual Dec-07	Total 2007
Cash Inflows													
Premiums Collected/Deposits	200	(500)	68	0	0	0	0	0	0	0			(232)
Net Collections Activity	3,062	1,549	1,388	260	940	440	380	940	440	777			10,175
Interest Income	30,037	21,345	16,438	16,319	16,702	16,240	43,717	1,449	8,731	13,061			184,040
Reinsurance Recoveries	0	(218)	0	0	0	0	0	0	0	0			(218)
Miscellaneous Income	0	0	0	0	0	0	0	0	0	0			0
Total Cash Inflows	***33,299***	***22,176***	***17,894***	***16,579***	***17,642***	***16,680***	***44,097***	***2,389***	***9,171***	***13,837***	***0***	***0***	***193,765***
Cash Outflows													
Loss and LAE payments	40,683	0	(164,277)	11,431	9,207	4,230	13,848	9,982	5,169	3,991			(65,736)
Underwriting expenses	1,080	0	86	0	0	0	0	0	0	0			1,166
General & Administrative expenses	0	0	255	78	799	71	782	72	62	54			2,171
Taxes & Assessments	0	0	106,549	100,000	0	0	0	97,065	0	0			303,614
Reinsurance Premiums	0	0	0	0	10	0	0	0	0	0			10
Interest Expense	172	0	252	49	35	17	50	40	18	12			645
Investments (CP)	1,493,813	(1,493,813)	0	0	0	0	0	0	993,778	1,849			995,627
Investments (LT)	(1,000,000)	0	0	0	0	0	0	1,000,000	0	0			0
Total Cash Outflows	***535,748***	***(1,493,813)***	***(57,134)***	***111,558***	***10,050***	***4,318***	***14,680***	***1,107,159***	***999,027***	***5,906***	***0***	***0***	***1,237,498***
SunTrust Bank													
Beginning	2,797,340	2,294,891	3,810,880	3,885,908	3,790,929	3,798,521	3,810,883	3,840,301	2,735,531	1,745,675	1,753,606	1,753,606	2,797,340
Net Activity	(502,449)	1,515,989	75,028	(94,979)	7,592	12,362	29,418	(1,104,770)	(989,855)	7,931	0	0	(1,043,733)
SunTrust Ending	**2,294,891**	**3,810,880**	**3,885,908**	**3,790,929**	**3,798,521**	**3,810,883**	**3,840,301**	**2,735,531**	**1,745,675**	**1,753,606**	**1,753,606**	**1,753,606**	**1,753,606**
Deposit Liability	13,590	13,590	13,590	13,590	13,590	13,590	13,590	13,590	13,590	13,590			13,590
Available Cash	**2,281,301**	**3,797,290**	**3,872,318**	**3,777,339**	**3,784,931**	**3,797,293**	**3,826,711**	**2,721,941**	1,732,086	1,740,017	1,753,606	1,753,606	**1,740,017**
LT Investments *(> 1 yr maturity) & CP*	7,824,823	6,372,256	4,374,988	4,383,949	4,384,059	4,406,303	4,423,656	5,442,722	6,443,258	6,463,358			6,463,358
Total - Cash & Invested Assets	**10,106,124**	**10,169,546**	**8,247,307**	**8,161,288**	**8,168,991**	**8,203,596**	**8,250,367**	**8,164,663**	**8,175,344**	**8,203,375**	**1,753,606**	**1,753,606**	**8,203,375**

FWCJUA - SubPlan D
Cash Flow Analysis

	Actual Jan-07	Actual Feb-07	Actual Mar-07	Actual Apr-07	Actual May-07	Actual Jun-07	Actual Jul-07	Actual Aug-07	Actual Sep-07	Actual Oct-07	Actual Nov-07	Actual Dec-07	Total 2007
Cash Inflows													
Premiums Collected	(1,339)	0	96,009	(920)	(1,364)	(13,742)	(5,000)	(7,626)	(2,682)	110	0	0	63,445
Net Collections Activity	6,748	14,674	17,455	4,624	69,887	9,718	10,899	11,001	(18,735)	21,232	0	0	147,502
Interest Income	9,847	43,839	25,485	24,324	24,873	24,139	24,834	(24,994)	59,708	17,850	0	0	229,907
Reinsurance Recoveries	0	10,381	0	0	0	0	0	0	0	0	0	0	10,381
Miscellaneous Income	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Cash Inflows	***15,256***	***68,895***	***138,949***	***28,029***	***93,396***	***20,114***	***30,733***	***(21,618)***	***38,290***	***39,192***	***0***	***0***	***451,236***
Cash Outflows													
Loss and LAE payments	29,866	0	234,284	83,155	85,524	75,018	34,819	51,547	26,763	176,090	0	0	797,066
Underwriting expenses	1,234	0	31,251	4	(658)	1,032	(1,657)	(2,834)	(528)	39	0	0	27,883
General & Administrative expenses	0	0	401	96	88	125	3,013	88	66	49	0	0	3,927
Taxes & Assessments	0	0	0	0	0	0	0	0	0	0	0	0	0
Reinsurance	0	0	0	0	(14,844)	0	0	0	0	0	0	0	(14,844)
Interest Expense	134	0	692	363	326	301	138	226	101	547	0	0	2,828
Investments (CP)	4,979,375	(4,979,375)	0	0	0	0	0	0	1,987,556	(991,929)	0	0	995,627
Investments (LT)	0	0	0	0	0	0	0	2,417,750	0	0	0	0	2,417,750
Total Cash Outflows	***5,010,609***	***(4,979,375)***	***266,628***	***83,619***	***70,436***	***76,476***	***36,313***	***2,466,778***	***2,013,958***	***(815,204)***	***0***	***0***	***4,230,236***
SunTrust Bank													
Beginning	5,793,713	798,360	5,846,630	5,718,950	5,663,360	5,686,321	5,629,959	5,624,379	3,135,983	1,160,316	2,014,712	2,014,712	5,793,713
Net Activity	(4,995,353)	5,048,270	(127,679)	(55,590)	22,960	(56,361)	(5,580)	(2,488,396)	(1,975,668)	854,396	0	0	(3,779,001)
SunTrust Ending	**798,360**	**5,846,630**	**5,718,950**	**5,663,360**	**5,686,321**	**5,629,959**	**5,624,379**	**3,135,983**	**1,160,316**	**2,014,712**	**2,014,712**	**2,014,712**	**2,014,712**
Deposit Liability	183,381	183,381	183,381	183,381	183,381	183,381	184,275	183,381	183,418	183,418	0	0	183,418
Available Cash	**614,979**	**5,663,249**	**5,535,569**	**5,479,979**	**5,502,940**	**5,446,578**	**5,440,104**	**2,952,602**	**976,898**	**1,831,295**	**2,014,712**	**2,014,712**	**1,831,295**
Commerical Paper	4,979,375	0	0	0	0	0	0	2,417,750	4,405,306	3,418,968	0	0	3,418,968
Total - Cash & Invested Assets	**5,594,354**	**5,663,249**	**5,535,569**	**5,479,979**	**5,502,940**	**5,446,578**	**5,440,104**	**5,370,352**	**5,382,204**	**5,250,262**	**2,014,712**	**2,014,712**	**5,250,262**

FWCJUA - Tier 1
Cash Flow Analysis

	Actual Jan-07	Actual Feb-07	Actual Mar-07	Actual Apr-07	Actual May-07	Actual Jun-07	Actual Jul-07	Actual Aug-07	Actual Sep-07	Actual Oct-07	Actual Nov-07	Actual Dec-07	Total 2007
Cash Inflows													
Premiums Collected/Deposits	778,498	670,425	815,757	502,001	434,200	156,052	263,916	330,930	416,094	291,115			4,658,989
Net Collections Activity	0	11,351	8,937	(969)	3,190	57,749	210.39	7,036	18,933	14,437			120,874
Interest Income	23,399	42,416	19,613	15,100	14,200	42,254	28,147	9,902	54,539	38,737			288,308
Reinsurance Recoveries	0	206,847	0	0	0	0	0	0	0	0			206,847
Miscellaneous Income	0	0	0	0	0	0	0	0	0	0			0
Total Cash Inflows	***801,897***	***931,039***	***844,308***	***516,132***	***451,591***	***256,055***	***292,274***	***347,868***	***489,566***	***344,289***	***0***	***0***	***5,275,019***
Cash Outflows													
Loss and LAE payments	38,326	40,507	71,083	61,879	52,257	41,547	22,570	66,731	30,067	24,566			449,533
Underwriting expenses	167,846	154,554	186,078	111,276	125,156	69,521	75,487	95,564	108,092	70,758			1,164,330
General & Administrative expenses	0	24,077	7,923	4,864	17,433	14,032	13,292	14,688	14,141	8,550			118,999
Taxes & Assessments	0	0	1,708,314	100,000	0	0	0	610,582	0	0			2,418,896
Reinsurance Premiums	482,450	0	0	482,450	(289,740)	250,000	0	0	250,000	0			1,175,160
Interest Expense	(2,147)	(1,881)	(2,115)	(1,045)	(844)	(28)	(350)	(525)	(904)	(529)			(10,368)
Investments (CP)	4,481,438	(4,481,438)	0	0	0	0	0	0	993,778	1,849			995,627
Investments (LT)	(1,000,000)	1,000,000	1,000,000	1,000,000	0	0	0	967,100	0	(1,000,000)			1,967,100
Total Cash Outflows	***4,167,912***	***(3,264,181)***	***2,971,282***	***1,759,424***	***(95,738)***	***375,071***	***110,999***	***1,754,140***	***1,395,174***	***(894,807)***	***0***	***0***	***8,279,276***
SunTrust Bank													
Beginning	5,443,076	2,077,060	6,272,280	4,145,305	2,902,014	3,449,342	3,330,326	3,511,601	2,105,330	1,199,722	2,438,818	2,438,818	5,443,076
Net Activity	(3,366,015)	4,195,220	(2,126,975)	(1,243,292)	547,328	(119,016)	181,276	(1,406,272)	(905,607)	1,239,096	0	0	(3,004,258)
SunTrust Ending	**2,077,060**	**6,272,280**	**4,145,305**	**2,902,014**	**3,449,342**	**3,330,326**	**3,511,601**	**2,105,330**	**1,199,722**	**2,438,818**	**2,438,818**	**2,438,818**	**2,438,818**
Deposit Liability	923,931	912,255	928,048	895,072	796,077	723,853	695,641	696,338	680,070	664,056			664,056
Available Cash	**1,153,129**	**5,360,025**	**3,217,257**	**2,006,942**	**2,653,265**	**2,606,473**	**2,815,960**	**1,408,991**	**519,653**	**1,774,762**	**2,438,818**	**2,438,818**	**1,774,762**
LT Investments *(> 1 yr maturity) & CP*	5,970,505	2,489,067	3,494,342	4,494,342	4,494,342	4,499,679	4,499,679	5,466,779	6,460,557	5,469,991			5,469,991
Total - Cash & Invested Assets	**7,123,634**	**7,849,092**	**6,711,599**	**6,501,283**	**7,147,607**	**7,106,152**	**7,315,639**	**6,875,770**	**6,980,210**	**7,244,753**	**2,438,818**	**2,438,818**	**7,244,753**

FWCJUA - Tier 2
Cash Flow Analysis

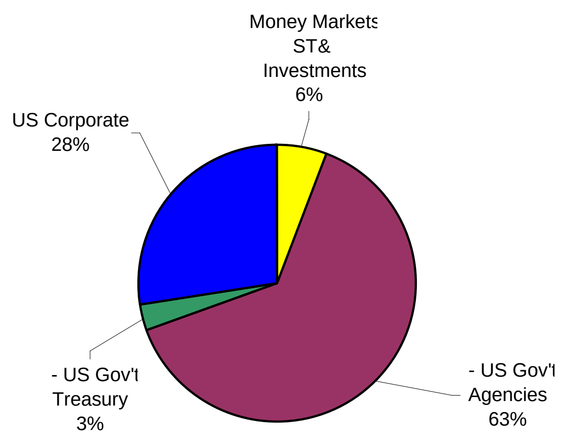
	Actual Jan-07	Actual Feb-07	Actual Mar-07	Actual Apr-07	Actual May-07	Actual Jun-07	Actual Jul-07	Actual Aug-07	Actual Sep-07	Actual Oct-07	Actual Nov-07	Actual Dec-07	Total 2007
Cash Inflows													
Premiums Collected/Deposits	1,222,605	876,306	1,202,221	697,777	455,881	199,671	510,613	493,625	411,024	313,502			6,383,224
Net Collections Activity	47,048	57,929	68,341	72,980	116,404	45,044	85,647	139,992	153,882	29,667			816,934
Interest Income	60,346	103,031	35,538	77,254	27,344	88,683	116,861	22,399	38,221	89,140			658,816
Reinsurance Recoveries	0	47,088	23,701	0	0	731,566	0	0	0	0			802,355
Miscellaneous Income	0	0	0	0	0	0	0	0	0	0			0
Total Cash Inflows	***1,329,998***	***1,084,355***	***1,329,801***	***848,011***	***599,628***	***1,064,964***	***713,122***	***656,015***	***603,126***	***432,309***	***0***	***0***	***8,661,329***
Cash Outflows													
Loss and LAE payments	256,183	153,502	172,300	472,326	303,203	230,754	137,858	131,354	193,300	94,970			2,145,750
Underwriting expenses	298,112	236,396	263,812	216,936	146,222	111,157	149532.54	152,082	137,224	102,194			1,813,668
General & Administrative expenses	0	294,692	83,802	56,921	128,973	116,412	171,088	90,653	91,519	110,409			1,144,470
Taxes & Assessments	0	0	2,942,741	250,000	0	0	0	1,265,207	0	0			4,457,948
Reinsurance Premiums	500,000	0	0	500,000	33,241	682,450	0	0	582,450	0			2,298,141
Interest Expense	(1,677)	(1,216)	(1,943)	853	934	1,416	(8)	(139)	311	78			(1,391)
Investments (CP)	5,975,250	(5,975,250)	0	0	0	0	0	0	993,778	1,849			995,627
Investments (LT)	(1,000,000)	(1,000,000)	1,000,000	1,000,000	0	1,000,000	0	1,000,000	0	(1,000,000)			1,000,000
Total Cash Outflows	***6,027,867***	***(6,291,876)***	***4,460,713***	***2,497,035***	***612,574***	***2,142,188***	***458,471***	***2,639,157***	***1,998,582***	***(690,499)***	***0***	***0***	***13,854,213***
SunTrust Bank													
Beginning	8,286,396	3,588,527	10,964,758	7,833,847	6,184,822	6,171,876	5,094,652	5,349,302	3,366,160	1,970,704	3,093,512	3,093,512	8,286,396
Net Activity	(4,697,869)	7,376,231	(3,130,911)	(1,649,025)	(12,946)	(1,077,224)	254,650	(1,983,142)	(1,395,456)	1,122,808	0	0	(5,192,884)
SunTrust Ending	**3,588,527**	**10,964,758**	**7,833,847**	**6,184,822**	**6,171,876**	**5,094,652**	**5,349,302**	**3,366,160**	**1,970,704**	**3,093,512**	**3,093,512**	**3,093,512**	**3,093,512**
Deposit Liability	2,916,720	2,815,755	2,626,715	2,431,473	2,249,108	2,092,557	1,975,832	1,793,715	1,694,238	1,565,745			1,565,745
Available Cash	**671,807**	**8,149,003**	**5,207,132**	**3,753,349**	**3,922,768**	**3,002,095**	**3,373,470**	**1,572,445**	**276,466**	**1,527,767**	**3,093,512**	**3,093,512**	**1,527,767**
LT Investments *(> 1 yr maturity) & CP*	20,091,780	13,137,123	14,165,399	15,176,024	15,195,380	16,225,281	16,235,445	17,247,632	18,264,379	17,293,593			17,293,593
Total - Cash & Invested Assets	**20,763,587**	**21,286,126**	**19,372,531**	**18,929,373**	**19,118,148**	**19,227,376**	**19,608,915**	**18,820,077**	**18,540,844**	**18,821,360**	**3,093,512**	**3,093,512**	**18,821,360**

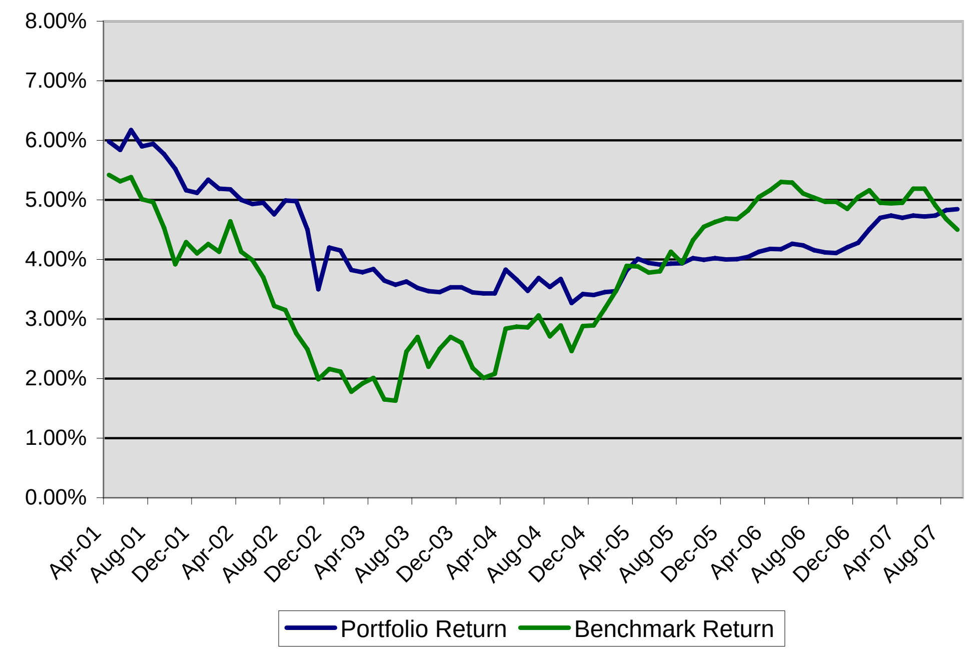
FWCJUA - Tier 3
Cash Flow Analysis

	Actual Jan-07	Actual Feb-07	Actual Mar-07	Actual Apr-07	Actual May-07	Actual Jun-07	Actual Jul-07	Actual Aug-07	Actual Sep-07	Actual Oct-07	Actual Nov-07	Actual Dec-07	Total 2007
Cash Inflows													
Premiums Collected/Deposits	1,428,571	1,051,186	560,882	348,457	933,814	759,521	281,153	983,274	585,558	513,328			7,445,744
Net Collections Activity	30,736	69,946	16,947	54,009	123,746	75,291	45,719	34,512	113,786	25,763			590,455
Interest Income	59,651	114,820	38,736	80,737	33,030	78,538	123,689	40,108	45,602	102,045			716,956
Reinsurance Recoveries	0	3,725	0	0	0	0	0	0	0	0			3,725
Miscellaneous Income	0	0	0	0	0	0	0	0	0	0			0
Total Cash Inflows	***1,518,958***	***1,239,678***	***616,564***	***483,203***	***1,090,590***	***913,350***	***450,560***	***1,057,895***	***744,946***	***641,137***	***0***	***0***	***8,756,880***
Cash Outflows													
Loss and LAE payments	484,025	156,169	280,919	192,660	125,621	116,666	104,577	(10,816)	196,592	207,809			1,854,223
Underwriting expenses	268,629	227,630	152,690	78,652	198,914	83,132	177,234	208,726	163,329	95,999			1,654,935
General & Administrative expenses	0	221,823	78,969	49,168	153,157	82,669	153,159	78,015	82,164	90,076			989,200
Taxes & Assessments	0	0	2,090,240	250,000	0	0	0	915,189	0	0			3,255,429
Reinsurance Premiums	500,000	0	(473,470)	500,000	(65,947)	550,000	0	0	650,000	0			1,660,583
Interest Expense	(1,494)	(1,627)	195	510	(1,537)	428	522	(2,375)	(514)	(157)			(6,049)
Investments (CP)	5,975,250	(5,975,250)	0	0	0	0	0	0	1,987,556	(991,928)			995,627
Investments (LT)	(1,000,000)	(1,090,000)	1,000,000	1,000,000	0	1,000,000	0	1,000,000	0	(1,000,000)			910,000
Total Cash Outflows	***6,226,410***	***(6,461,255)***	***3,129,543***	***2,070,990***	***410,207***	***1,832,894***	***435,493***	***2,188,739***	***3,079,127***	***(1,598,201)***	***0***	***0***	***11,313,948***
SunTrust Bank													
Beginning	8,154,733	3,447,281	11,148,214	8,635,235	7,047,448	7,727,831	6,808,286	6,823,353	5,692,509	3,358,327	5,597,665	5,597,665	8,154,733
Net Activity	(4,707,452)	7,700,933	(2,512,979)	(1,587,787)	680,383	(919,545)	15,067	(1,130,845)	(2,334,181)	2,239,338	0	0	(2,557,067)
SunTrust Ending	**3,447,281**	**11,148,214**	**8,635,235**	**7,047,448**	**7,727,831**	**6,808,286**	**6,823,353**	**5,692,509**	**3,358,327**	**5,597,665**	**5,597,665**	**5,597,665**	**5,597,665**
Deposit Liability	523,676	485,181	449,161	448,968	401,464	372,889	339,869	310,479	299,693	272,006			272,006
Available Cash	**2,923,605**	**10,663,033**	**8,186,074**	**6,598,480**	**7,326,367**	**6,435,397**	**6,483,484**	**5,382,030**	**3,058,634**	**5,325,659**	**5,597,665**	**5,597,665**	**5,325,659**
LT Investments *(> 1 yr maturity) & CP*	19,698,116	12,653,466	13,677,862	14,688,494	14,707,857	15,733,829	15,744,000	16,756,194	18,766,725	16,798,211			16,798,211
Total - Cash & Invested Assets	**22,621,720**	**23,316,498**	**21,863,936**	**21,286,974**	**22,034,223**	**22,169,226**	**22,227,484**	**22,138,224**	**21,825,359**	**22,123,870**	**5,597,665**	**5,597,665**	**22,123,870**

FWCJUA LONG-TERM INVESTMENTS
Asset Subclasses vs. Benchmarks - Annual Yields

Report Period 4/1/2001 to 9/30/2007





BENCHMARK	ASSET SUBCLASS	PORTFOLIO ALLOCATION
Money Market Index	Money Markets & ST Investments	5.9%
Bloomberg US Gov't Agency	US Gov't - Agencies	63.5%
Bloomberg US Treasuries	US Gov't - Treasury	3.0%
Bloomberg AA Industrials	US Corporate	27.6%
Total Portfolio		100.0%

Annual Yield as of Sept 30, 2007	
SUBCLASS RETURNS	BENCHMARK RETURNS
5.32%	4.44%
4.98%	4.40%
3.58%	4.07%
4.57%	4.82%
4.85%	4.51%

FWCJUA - Updated for SunTrust purchases
Investment Portfolio Comparison with Investment Policy

	% allowed	Moody's	S&P	FWCJUA Portfolio Book Value 9/30/2007	% 9/30/2007
1. U.S. Government Treasury Securities	100%				
U.S. Treasury Note		TSY	TSY	2,340,134	2.2%
				2,340,134	2.2%
2. U.S. Government Agency Securities *(subject to 35% limit in any one agency)*	50%				
Federal Home Loan Mortgage Corporation (FHLMC)		AGY	AGY	9,685,655	9.0%
Federal National Mortgage Association (FNMA)		AGY	AGY	6,064,071	5.7%
Federal Home Loan Bank (FHLB)		AGY	AGY	30,037,987	28.0%
Federal Farm Credit Banks (FFCB)		AGY	AGY	3,097,508	2.9%
Federal Agricultural Mortgage Corp (FAMC)		AGY	AGY	-	0.0%
				48,885,221	45.6%
3. Commerical Paper rated A-1 or P-1 provided the LT Debt rating is A or better.	25%			8,944,000	8.3%
4. Corporate Debt with LT Bond ratings of single A or better & a SVO of 1.	50%				
Abbott Labs		A1	AA	82,867	0.1%
Alabama Power Company		A2	A	663,894	0.6%
Allstate Corporation		A1	A+	207,975	0.2%
Anheuser Busch Companies Inc		A1	A+	444,510	0.4%
Bank of America		AA2	AA -	269,436	0.3%
Bank of New York		AA3	A+	492,775	0.5%
Bear Stearns Co Inc		A1	A	514,086	0.5%
Berkshire Hathaway		AAA	AAA	58,661	0.1%
Boeing Cap Corp		A2	A	127,839	0.1%
Canadian Natl RR		A3	A-	348,052	0.3%
Caterpillar Financial Services		A2	A	611,714	0.6%
Chevron Texaco Capital		AA2	AA	408,724	0.4%
CitiGroup Inc.		AA1	AA	1,143,389	1.1%
CitiGroup Holdings		A2	A	205,660	0.2%
Consolidated Edison		A1	A	100,293	0.1%
Coca Cola Enterprises		A2	A	103,333	0.1%
Countrywide Funding Corporation		A3	A	3,661,128	3.4%
El Dupont		A2	A	69,838	0.1%
Emerson Electric		A2	A	321,475	0.3%
First Tennessee Bank		A1	A	99,986	0.1%
General Elec Cap		AAA	AAA	1,223,357	1.1%
Gillette Company		AA3	AA -	681,617	0.6%
Goldman Sachs Group		AA3	A+	430,918	0.4%
Harley Davidson Funding		A1	A+	74,995	0.1%
Hewlett Packard		A3	A -	69,521	0.1%
Home Depot		AA3	AA	134,716	0.1%
Household Finance Corp		AA3	A	269,840	0.3%
IBM Corp		A1	A+	1,082,377	1.0%
International Lease Finance Corp		A1	AA -	69,632	0.1%
JP Morgan Chase Co		AA3	A+	513,435	0.5%
John Deere Cap Corp		A2	N/A	1,180,735	1.1%
Lehman Brothers Holdings		A1	A+	470,439	0.4%
Lowes Companies Inc		A1	A+	1,015,487	0.9%
Merrill Lynch & Co		AA3	A+	532,356	0.5%
MetLife Global		AA2	AA	149,961	0.1%
Nat'l Rural Utilities Cooperative		A1	A+	119,993	0.1%
Pepsi Bottling Holdings		AA3	A+	468,545	0.4%
Phillips Petrlm		A1	A-	142,071	0.1%
PPG Industries		A2	A	2,666	0.0%
Regions Bank Series		AA3	A+	139,064	0.1%
SBC Commmunications		A2	A	48,868	0.0%
Stanley Works		A2	A	79,883	0.1%
Susa Partnership		AAA	AAA	258,150	0.2%
Textron Fincial Corp		A3	A -	558,197	0.5%
TIAA Global Mkt		AAA	AAA	149,364	0.1%
US Bank Natl Assn		AA2	A+	110,446	0.1%
United Technology Corp		A2	A	443,910	0.4%
Wal-Mart Stores		AA2	AA	574,487	0.5%
Washington Mutual		A3	A-	78,894	0.1%
Wells Fargo & Company		AA1	AA -	246,458	0.2%
				21,256,017	19.8%
5. C.D. issued by commerical banks with a deposit rating of AA/Aa or better.	25%				
6. Banker Acceptances issued & guaranteed by domestic commercial banks with commercial paper rated A1/P1 and bank deposit ratings of AA/Aa.	25%				
7. Repurchase agreements consisting of US Gov't and Gov't Agency Securities	100%				
8. Pooled fixed income funds consisting of securities in categories 1-7 provided securities are held in a member of the FRB & maturity does not exceed 2.5 years.	10%				
9. Municipal bonds - state and local general obligation bonds with no less than an "A" rating by Moody's or S&P and a "AA" rating for revenue-backed.	25%	AAA	AAA	299,994	0.3%
Additional Requirements:					
- Minimum liquidity requirement of 5% of total JUA funds (cash & investments)	5%				
Evergreen Treasury Money Market Fund & Investments with < 1 year to maturity				21,353,688	
SunTrust Bank accounts + 30 day commerical paper *(approximately)*				21,231,343	40%
				42,585,030	**OK**
- Maximum of 5% may be invested in obligations of a single issuer.					**OK**
- Average Portfolio Rating of Double A		**AA1**	**AA+**		**OK**
Total Portfolio				**$ 107,195,097**	