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 08-28

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

FROM: Laura S. Torrence, Executive Director

DATE: September 3, 2008

RE: **SEPTEMBER 9, 2008 BOARD OF GOVERNORS MEETING AGENDA**

Enclosed for your review is the agenda for the Board of Governors meeting scheduled for 8:30 a.m., Tuesday, September 9, 2008 at the FWCJUA's office located at 6003 Honore Avenue, Suite 204, Sarasota, FL. Dress for the meeting is business casual. No Board dinner has been planned for the evening prior to the meeting, given the later than usual arrival times of most Board members.

Enclosure

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

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, SEPTEMBER 9, 2008 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) • Board Meeting • Committee Meetings	Charlie Clary
IV.	LEGISLATIVE REPORT (Attachment C)	Tom Maida
V.	REINSURANCE COMMITTEE REPORT • 2009 Reinsurance Program Goals and Market Strategy (Attachment D) • Commutation Matters (Attachment E)	Beth Vecchioli
VI.	PRODUCER COMMITTEE REPORT • Agency Producer Agreement (Attachment F)	Dan Dannenhauer
VII.	AUDIT COMMITTEE REPORT • Audit Committee Charter Procedures Checklist (Attachment G) • Financial Auditor Appointment Process (Attachment H)	Fred Bennett
VIII.	RATES & FORMS COMMITTEE REPORT • Review of Rates, Rating Plans And Policy Forms and Associated Matters to Include Application Forms **1.** 2009 Rate Indication (Attachment I) **2.** Self Audit Program (Attachment J) • Forms Associated with Agency Authorization Process **1.** Agency Producer Agreement (Attachment K) • Operations Manual Revisions **1.** Reformatting & Revision (Attachment L) **2.** 7/31/2008 Revision (Attachment M) **3.** Producer Committee Recommendation (Attachment N) • NCCI Affiliation Agreement (Attachment O) • Return of Premium Dividend (Attachment P)	Laura Torrence
IX.	OPERATIONS COMMITTEE REPORT • 2009 Business Plan & Forecast Preliminary Outline (Attachment Q) • Disaster Recovery Matters **1.** Disaster Recovery Review (Attachment R) **2.** Disaster Recovery & Emergency Preparedness Plan (Attachment S) • Document Management & Retention (Attachment T)	Brett Stiegel
X.	INVESTMENT COMMITTEE REPORT • Investment Custody and Investment Management Agreements (Attachment U) • Compliance Review of the Current Investment Portfolio (Attachment V)	Fred Bennett
XI.	REPORT ON OPERATIONS • 2008 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 Operations - 4)	Laura Torrence

XII. FINANCIAL REPORT — Laura Lopez

- Comparative Statutory Financial Statements (Financial Report - 1)
- Budget Variance (Financial Report - 2)
- Cash Flow Analysis (Financial Report - 3)
- Investment Portfolio (Financial Report - 4)

XIII. GENERAL ANNOUNCEMENTS

XIV. 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 shall consider approval of the attached Board meeting minutes as listed below:

1. Minutes of the June 11, 2008 Board of Governors meeting

The Board members who serve on the respective committees *(as noted)* shall consider approval of the attached committee meeting minutes as listed below.

1. Minutes of the June 11, 2008 Producer Appeals Committee meeting (*Dannenhauer, Clary & Vecchioli)*
2. Minutes of the August 19, 2008 Reinsurance Committee meeting *(Vecchioli, Revels & Ward)*
3. Minutes of the August 20, 2008 Producer Committee meeting *(Dannenhauer, Hodges & Vecchioli)*
4. Minutes of the August 21, 2008 Audit Committee meeting *(Bennett, Butler & Vecchioli)*
5. Minutes of the August 26, 2008 Rates & Forms Committee meeting *(Hodges, Clary & Stiegel)*
6. Minutes of the August 28, 2008 Operations Committee meeting *(Stiegel, Bennett & Hodges)*
7. Minutes of the August 29, 2008 Investment Committee meeting *(Bennett, Butler & Revels)*

The Board shall take action on the minutes presented.

DRAFT - MINUTES OF THE MEETING OF THE BOARD OF GOVERNORS OF THE FLORIDA WORKERS' COMPENSATION JOINT UNDERWRITING ASSOCIATION, INC. HELD JUNE 11, 2008 AT THE HYATT REGENCY, ORLANDO INTERNATIONAL AIRPORT

PRESIDING:	Charlie Clary, *Chair*
BOARD MEMBERS:	Dan Dannenhauer, *Vice Chair* Fred Bennett Terry Butler Rick Hodges, *not present* Claude Revels, *not present* Brett Stiegel Beth Vecchioli Jim Ward
EXECUTIVE DIRECTOR:	Laura Torrence
GENERAL COUNSEL:	Tom Maida
OFFICE OF INSURANCE REGULATION LIAISON:	Jim Watford
STAFF PRESENT:	Michael Cleary Laura Lopez
SERVICE PROVIDERS PRESENT:	Bob Glenn, *Independent Consultant – PAMC RFP Evaluation Committee* Mike Buccina, *RSI* Steve Coonrod, *McConnaughhay, Duffy, Coonrod, Pope & Weaver* Jeffery Deaton, *Benfield Group* Graham Jones, *Benfield Group* Keith Thurman, *Benfield Group* Arleen Desmond, *Travelers* John McLaughlin, *Travelers* Claudia Vicory, *Travelers*

I. CALL TO ORDER AND OPENING REMARKS: The Chair called the meeting 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 presented by Maida, a copy of which is attached hereto as Exhibit "A".

III. APPROVAL OF MINUTES: The minutes of the February 22, 2008 Board of Governors meeting were submitted for approval.

MOTION by Dannenhauer, seconded by Stiegel, to accept the meeting minutes as presented. PASSED.

The Chair then reported that the Board members who serve on the respective committees shall consider approval of the attached committee meeting minutes.

The minutes of the February 21, 2008 Rates & Forms Committee meeting were submitted for approval.

MOTION by Stiegel, seconded by Clary, to accept the meeting minutes as presented. PASSED.

The minutes of the April 3, 2008 Reinsurance Committee meeting were submitted for approval.

MOTION by Vecchioli, seconded by Ward, to accept the meeting minutes as presented. PASSED.

The minutes of the April 9, 2008 Audit Committee meeting were submitted for approval.

MOTION by Bennett, seconded by Butler, to accept the meeting minutes as presented. PASSED.

The minutes of the April 30, 2008 Safety Committee meeting were submitted for approval.

MOTION by Stiegel, seconded by Ward, to accept the meeting minutes as presented. PASSED.

The minutes of the May 2, 2008 MAP Committee meeting were submitted for approval.

MOTION by Ward, seconded by Butler, to accept the meeting minutes as presented. PASSED.

The minutes of the May 30, 2008 Investment Committee meeting were submitted for approval.

MOTION by Bennett, seconded by Butler, to accept the meeting minutes as presented. PASSED.

The minutes of the May 30, 2008 Operations Committee meeting were submitted for approval.

MOTION by Stiegel, seconded by Bennett, to accept the meeting minutes as presented. PASSED.

The minutes of the June 3, 2008 Rates & Forms Committee meeting were submitted for approval.

MOTION by Stiegel, seconded by Clary, to accept the meeting minutes as presented. PASSED.

IV. 2008 MEETING SCHEDULE: Clary referred to Attachment C and asked the Board to review the proposed meeting schedule for third and fourth quarter. Vecchioli advised that she has a conflict on December 9th and will not be able to attend that meeting. No other Board member expressed similar such conflicts; and thus, it was assumed that establishing a quorum for the proposed meeting schedule would not be a problem. During its discussion, the Board also recognized that, in spite of scheduling this meeting's location, time and date to correspond with an FAIA conference in Orlando through which the FWCJUA Board meeting was well publicized, only FWCJUA service providers were present in the audience at today's meeting. It was the consensus of the Board that lack of policyholder and industry participation at today's meeting may well suggest that there are few, if any, real or perceived problems with the operations of the FWCJUA. Accordingly, given that the cost for today's meeting in Orlando was expected to be approximately 115% higher than had the meeting been held at the FWCJUA's office in Sarasota, the Board agreed to hold its remaining 2008 quarterly meetings in Sarasota.

MOTION by Dannenhauer, seconded by Stiegel, to adopt the meeting schedule as presented for third and fourth quarter 2008. PASSED.

V. LEGISLATIVE REPORT: Maida reported that the Florida Legislature concluded the 2008 regular session without making any substantial changes in the workers' compensation system or the FWCJUA. Lawmakers only passed three bills potentially affecting workers' compensation insurers, House Bill 5045, completing a statutory transfer of the AHCA Workers' Compensation Medical Services Unit to the Department of Financial Services; Senate Bill 2462 relating to finances of group self insurance funds; and Senate Bill 2860, a property insurance bill containing several provisions that affect all insurers. Lawmakers did not go along with a budgetary proposal to appropriate $129.5 million from the WCATF to the state's general revenue fund. Further, lawmakers rejected several bills addressing insurance coverage requirements of professional employer leasing organizations and their client companies, and also a bill that would have substantially changed the reform legislation enacted in 2003. Clary asked if the budgetary proposal to appropriate $129.5 million from the WCATF to the state's general revenue fund would have affected the FWCJUA and Maida responded that it would have had no direct impact to the FWCJUA. Butler then asked how the FWCJUA monitors and responds to legislative activity and Maida responded that his firm gives assistance to the FWCJUA in tracking legislative activity and responds, if necessary. He further noted that in the past, the FWCJUA hired lobbyists to help address some of the legislative issues related to the FWCJUA.

VI. POLICY ADMINISTRATION SERVICES RFP EVALUATION COMMITTEE REPORT: Torrence reported that the Board shall consider the Policy Administration Services RFP Evaluation Committee's recommendation for the FWCJUA's Policy Administration/Managed Care Services Provider for the engagement period of January 1, 2009 through December 31, 2011.

She referred to the May 30, 2008 memorandum to the Board that was attached to the agenda noting that the Evaluation Committee is recommending Travelers be retained as the FWCJUA's sole Policy Administration/Managed Care Services Provider for the 3-year engagement period beginning January 1, 2009, with the option of two (2) one-year extensions upon the mutual agreement of the parties.

MOTION by Stiegel, seconded by Bennett, to accept the recommendation of the Policy Administration Services RFP Evaluation Committee as outlined in the May 30, 2008 memorandum. PASSED.

VII. REINSURANCE INTERMEDIARY RFQ EVALUATION COMMITTEE REPORT: Vecchioli reported that the Board shall consider the Reinsurance Intermediary RFQ Evaluation Committee's recommendation for the FWCJUA's reinsurance intermediary for three years from the award effective date with the option of two one-year extensions by mutual agreement of the parties.

She indicated that the FWCJUA had issued a Request for Qualifications (RFQ) for Reinsurance Intermediary Services on April 11, 2008 and received three timely responses by the May 9th deadline. Upon conducting the initial evaluation of all three timely responses, Torrence, acting in her sole discretion and in accordance with the RFQ, invited two respondents deemed suitably qualified to participate in public oral interviews with the Evaluation Committee on May 22, 2008 at the FWCJUA's office located in Sarasota, Florida. She mentioned that the two respondents that were interviewed by the Evaluation Committee were Guy Carpenter and Benfield.

She reported that the members of the Evaluation Committee, upon conducting an approximate one hour and fifteen minute interview with each of the two invited respondents, deemed Benfield the most qualified to represent the FWCJUA as its reinsurance intermediary. She then explained that given the outstanding overall performance of Benfield as the FWCJUA's current reinsurance intermediary, the Committee agreed to recommend an ongoing relationship with Benfield to continue to take advantage of Benfield's intimate knowledge of the FWCJUA. She noted that the Committee recognized that Guy Carpenter was a very talented, sophisticated reinsurance intermediary as well and that it too qualified and was well positioned to assist the FWCJUA with its reinsurance needs; however, the Committee did not believe that a change in the reinsurance intermediary would be favorable to the FWCJUA at this time.

MOTION by Vecchioli, seconded by Dannenhauer, to accept the recommendation of the Reinsurance Intermediary RFQ Evaluation Committee that Benfield be selected as the FWCJUA's reinsurance intermediary for the next three years with the option of two one-year extensions by mutual agreement of the parties. PASSED.

VIII. RATES & FORMS COMMITTEE REPORT:
<u>Actuarial Services RFP Evaluation & Selection:</u> Stiegel referred to Attachment H and reported that the Rates & Forms Committee evaluated three responses to the Request for Proposals ("RFP") for Actuarial Services issued by the FWCJUA on April 11th and selected Milliman as its choice for the FWCJUA's consulting actuary to be recommended to the Board for consideration.

Torrence then reported that the FWCJUA received three timely responses to its Actuarial Services RFP, those being submitted by Deloitte, Milliman and Towers Perrin. She noted that upon conducting the initial screening of all three timely responses, she, acting in her sole discretion and in accordance with the RFP, chose not to invite any of the respondents to participate in public oral interviews with the FWCJUA Rates & Forms Committee at the June 3rd meeting, given all three respondents were suitably qualified, well known actuarial firms in the workers' compensation market. She reported that hard-copies of Deloitte's, Milliman's and Towers Perrin's respective responses to the RFP were distributed to the Committee prior to the June 3rd meeting. She then reviewed the initial screening process, the summary comparison of the respondents' compensation requests, and the evaluation process outlined in the RFP.

Stiegel then explained that during its discussion, the Rates & Forms Committee recognized the quality of the expertise, knowledge and abilities of all three respondents as well as the quality of their submitted proposals, agreeing that all three candidates were quite capable of doing a good job providing actuarial services to the FWCJUA. However, given the FWCJUA's positive experience working with Milliman since 1995 and the fact that Milliman's compensation request was the most cost effective; the Rates & Forms Committee recommends that Milliman be retained for the engagement contemplated by the RFP.

MOTION by Stiegel, seconded by Butler, to accept the Rates & Forms Committee recommendation that Milliman be retained as the FWCJUA's consulting actuary to perform an audit of the reserves of the FWCJUA's total book of business for the calendar years 2008, 2009 and 2010; a rate analysis in third quarter 2008, 2009, 2010 and 2011 for a mid-September review by the Board and a January 1st implementation of the indicated premium level change, as needed; cash flow analyses by segment, as required; and reinsurance commutation analyses, as required. PASSED.

Return of Premium Dividend: Stiegel reported that the Board shall consider a Rates & Forms Committee recommendation that it authorize staff to develop a proposed methodology for a return of premium dividend for future consideration.

Torrence then summarized the Rates & Forms Committee's and Board's 2007 discussions related to return of premium dividends and identified the statutory provisions regarding the use of FWCJUA surplus as well provisions for FWCJUA dividends. She also indicated that given the FWCJUA is now exempt from paying federal income tax, the timing of a dividend declaration is no longer at issue.

Stiegel mentioned that at its June 3rd meeting, the Rates & Forms Committee favored taking a trial approach with a policy year or two in developing a dividend distribution methodology to be presented to the Board for future consideration. However, the Committee felt that it would be more appropriate to develop a methodology first and then select individual years for consideration. He then stated that the Committee also agreed that it was much more important to develop a return of premium dividend methodology prior to establishing any individual parameters to declare a premium dividend. Thus, the Committee ultimately agreed to recommend that the Board authorize staff to develop a proposed methodology for a return of premium dividend for future consideration.

MOTION by Stiegel, seconded by Butler, to accept the Rates & Forms Committee recommendation and authorize staff to develop a proposed methodology for a return of premium dividend for future consideration by the Rates & Forms Committee and the Board. PASSED.

Discussion then led to the Murray v. Mariner Health/Ace USA and Maida reported that the Florida Supreme Court heard oral arguments in April on the constitutionality of section 440.34, specifically whether the statutory attorney fee provision for calculating claimant's attorney fees is unconstitutional. He indicated that a Supreme Court decision is not likely to be issued anytime soon. Coonrod noted that the attorney fee issue is substantive in nature and if the Florida Supreme Court rules in the claimant's attorney's favor, older claims will not be affected, but newer claims, claims that occurred after October 1, 2003, will be affected.

Clary asked for Watford's comments and Watford stated that OIR would be in favor of the FWCJUA declaring a return of premium dividend. He indicated that the approach being discussed was reasonable.

Program to Eliminate the 2007 Subplan D Deficit: Torrence then reported that the Board shall consider the Rates & Forms Committee recommendation that it authorize staff in mid-June to finalize the attached draft correspondence to OIR outlining the FWCJUA's program for eliminating the 2007 Subplan D deficit.

She explained that the FWCJUA recognized a $66,263,469 surplus in 2007, noting that this audited surplus amount is higher than the $63,537,101 indicated in the 2007 Annual Statement due to the year-end audit tax stance taken by the FWCJUA as a result of new regulations that applied to the association. She then noted that since 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 of $3,886,969, the Board previously agreed to update its plan to eliminate this individual rating plan deficit and submit said updated plan to the OIR. Staff is proposing that the filing be based upon the subplan D cash flow model updated through the May actuals that become available in mid-June and thus, that it be authorized to finalize the draft letter as such and submit the plan no later than July 14th, which is 90 days from the date that the audit was filed (April 15th).

MOTION by Stiegel, seconded by Dannenhauer, to accept the Rates & Forms Committee recommendation and authorize staff to finalize the draft letter to OIR outlining the program to eliminate the FWCJUA's 2007 Subplan D deficit through May actuals for submission no later than July 14, 2008. PASSED.

Review of Rates, Rating Plans and Policy Forms and Associated Matters to Include Application Forms:

1. ***Truckers Supplemental Application*:** Torrence referred to the Board handout labeled Attachment J and explained that subsequent to the Rates & Forms Committee meeting, OIR had also recommended the yellow highlighted changes to this application. She reviewed the reasons for the proposed Committee and OIR revisions to this application and recommended their adoption, noting that if adopted, the revised application would be formatted for insertion into the Operations Manual and filed for approval with OIR.

   MOTION by Stiegel, seconded by Clary, to adopt the proposed revisions to the Truckers Supplemental Application, including OIR's modifications, as soon as practicable. PASSED.

2. ***Contractor's Supplemental Application*:** Torrence referred to the Board handout labeled Attachment K and explained that subsequent to the Rates & Forms Committee meeting, OIR had also recommended the yellow highlighted changes to this application. She reviewed the reasons for the proposed Committee and OIR revisions to this application and recommended their adoption, noting that if adopted, the revised application would be formatted for insertion into the Operations Manual and filed for approval with OIR.

   MOTION by Stiegel, seconded by Clary, to adopt the proposed revisions to the Contractor's Supplemental Application, including OIR's modifications, as soon as practicable. PASSED.

3. ***Employer's Affidavit*:** Torrence referred to the Board handout labeled Attachment L and explained that subsequent to the Rates & Forms Committee meeting, OIR had also suggested the yellow highlighted changes to this form. She noted that the revisions to the Employer's Affidavit generally mirror the changes to the Contractor's Supplemental Application. She recommended the adoption of the Committee's and OIR's proposed revisions to the form, noting that if adopted, the revised form would be formatted for insertion into the Operations Manual and filed for approval with OIR.

   MOTION by Stiegel, seconded by Clary, to adopt the proposed revisions to the Employer's Affidavit including OIR's modifications, as soon as practicable. PASSED.

4. ***Self Audit Program*:** Torrence then referred to Attachment M and the two related Attachment M handouts and indicated that the Board shall consider a Rates & Forms Committee recommendation that the FWCJUA introduce an Employer Quarterly Self Audit Program on or before January 1, 2009 to supplement the FWCJUA's payroll and classification verification process on a quarterly basis during policy currency.

   She advised that the proposed Employer Quarterly Self Audit Program would supplement and streamline the current required quarterly payroll and classification verification process that entails the submission and review of an Employer's Affidavit and a UCT-6 form. She explained that when the FWCJUA receives these quarterly required forms and changes in the employees or the employees' payrolls are identified that the FWCJUA currently contacts the employer to discuss the payroll classification assignments prior to endorsing the policy. She suggested by introducing the proposed self-audit program, an employer would be asked to supplement its quarterly reporting with a Quarterly Payroll Reporting Form, which would identify the classification assignments for the reported payrolls. She also noted that the while the Quarterly Payroll Reporting Form would be prefilled with some employer information, it would not necessarily be prefilled specifically with the employer's latest payroll and classification information. She further indicated that this new form along with the other two forms would provide the FWCJUA with a more complete picture of the employer's payroll situation on a quarterly basis and thus, permit the FWCJUA to endorse the policy more quickly. She indicated that staff believes this will be a valuable tool in reducing both audit disputes and uncollectible premium.

In summarizing the proposed self-audit program, Torrence also explained that subsequent to the Rates & Forms Committee meeting, OIR had suggested the yellow highlighted changes to both the proposed form as well as the Operations Manual revisions. She recommended the adoption of the Committee's proposed self audit program, to include OIR's suggested changes to the form and Operations Manual revision, noting that if adopted, the new form and the Operations Manual revision would be filed for approval with OIR.

MOTION by Stiegel, seconded by Clary, to accept the Rates & Forms Committee recommendation and introduce the proposed Employer Quarterly Self Audit Program, including OIR's modifications, on or before January 1, 2009. PASSED.

5. ***FWCJUA Payment Options*:** Stiegel then reported that the Board shall consider whether to accept the Rates & Forms Committee recommendation that the optional payroll service with premium withholding program be retained as a premium payment option and if so, to further adopt the proposed Acknowledgement of FWCJUA Premium Payment Options form as well as the proposed revisions to the Operations Manual, the ACORD 134 FL, and the FWCJUA Supplemental Employee Leasing Application that are necessary to introduce the new form as soon as practicable. He explained that in May 2007, the Producer Committee had suggested that staff review the results of the optional payroll service with premium withholding program and bring the results of the review to the Board to determine whether the program continues to be beneficial to the FWCJUA and should continue as a program.

   Torrence then outlined the current FWCJUA premium payment options and summarized the results of staff's analysis of each option with the Committee. She noted that the average approximate uncollected premium on the payroll service accounts was $9,800; on the deposit/advance premium accounts was $35,943; and on the financed premium accounts was $46,875. She also recommended the continuation of the optional payroll service with premium withholding program.

   Dannenhauer then advised the Board that the Producer Committee's primary concern with the program had nothing to do with the offering of the program, but rather that PAYCHEX was the only authorized payroll service partner. Torrence then advised the Board that an authorized FWCJUA payroll service partner must be able to interact with Travelers, calculate the FWCJUA premium and transfer the data and the premium payment electronically to Travelers. She suggested that payroll service companies have not pursued becoming an authorized payroll service partner with the FWCJUA given the relatively small number of accounts that utilize the program as well as the FWCJUA's relatively low policy count. She did indicate, however, that a payroll service company is currently pursuing FWCJUA authorization, and staff is performing the necessary due diligence while awaiting the Board's selection of the policy administration services provider to ensure the electronic transmission requirements remain compatible.

   MOTION by Stiegel, seconded by Dannenhauer, to accept the Rates & Forms Committee recommendation and retain the optional payroll service with premium withholding program as a premium payment option and adopt the proposed Acknowledgement of FWCJUA Premium Payment Options form as well as the proposed revisions to the Operations Manual, the ACORD 134 FL, and the FWCJUA Supplemental Employee Leasing Application that are necessary to introduce the new form as soon as practicable. PASSED.

Operations Manual Reformatting & Revision: Torrence referred to Attachment O and explained that the Board shall consider a Rates & Forms Committee recommendation regarding the reformatting of the FWCJUA Operations Manual to include the introduction of a proposed FWCJUA Policies and Procedures Guide.

She explained that with SB 1894 becoming law, changes to the FWCJUA Plan of Operation must now be approved by ORDER of the office, which is a much longer and complicated process than the previous practice of merely being subject to OIR approval. She explained that it was suggested by OIR that the FWCJUA reformat its Plan of Operation, specifically the Operations Manual, to address only the statutorily required elements and introduce a new manual that contains the FWCJUA's day-to-day policies and procedures, most of which are currently housed within the Operations Manual for ease of reference. She then summarized the proposed revisions to the Operations Manual and the proposed FWCJUA Policies and Procedures explaining that the two documents together basically reflect what is currently maintained in the FWCJUA Operations Manual. She indicated that if adopted, the revised Operations Manual as well as the proposed FWCJUA Policies and Procedures would be formatted for filing and filed for appropriate OIR approval. Torrence further reported that the Committee recommends that the Board give staff the latitude to work with OIR to perfect the documents before filing with OIR, provided that all the rules are covered in one or the other document.

MOTION by Stiegel, seconded by Dannenhauer, to accept the Rates & Forms Committee recommendation and authorize the proposed revision of the FWCJUA Operations Manual and the introduction of the proposed FWCJUA Policy and Procedures as soon as practicable while giving staff the latitude to work with OIR to perfect the documents prior to filing, provided all the current rules are covered in one or the other document. PASSED.

<u>2008 Loss Ratio Selection:</u> Stiegel reported that at its June 3rd meeting, the Rates & Forms Committee directed staff to continue booking the current year's losses utilizing the loss ratios that were booked by rating tier as of the prior year end, which is the FWCJUA's standard procedure.

Torrence then explained that after the Committee's confirmation of the 2008 loss ratio selection process, staff and Milliman realized an inadvertent oversight had occurred with regard to a proposed change in the loss ration selection process for the current year. She noted that a proposed modification to the procedure was included in the March 13, 2007 Board meeting agenda for discussion; however, it was withdrawn prior to discussion to permit staff more time for review. Unfortunately, this proposed procedure modification was not prioritized following the implementation of the 2007 legislative changes and thus, did not resurface until after the Rates & Forms Committee meeting. She then referred the Board to the Attachment P handout and asked Mulvaney to discuss his findings with regard to projecting the 2008 loss ratios by Tier on the basis of the information in the January 1, 2008 rate indication combined with the changes actually implemented.

Mulvaney then explained his analysis, pointing out that he used the 1/1/08 filed changes along with the loss ratios indicated from the 12/31/07 data including Travelers' schedule, which produced the 2008 net loss ratios shown in the agenda. He indicated that his analysis shows the loss ratios by tier much more closely clustered together and explained that this is to be expected, since we make the rates to produce the same profit level for each tier. He indicated that in the long-run, loss ratios by tier should be the same, except for differences caused by the different expense levels, which are comparatively small.

MOTION by Stiegel, seconded by Clary, to modify the FWCJUA's procedure for booking the current year's losses to utilize the information in the rate indications, combined with the changes actually implemented, which will produce projected 2008 net loss ratios of 26.3% for Tier 1; 35.4% for Tier 2; and 35.8% for Tier 3. PASSED.

IX. OPERATIONS COMMITTEE REPORT:

<u>Fixed Administrative Expense Considerations:</u> Stiegel reported that the Board shall consider an Operations Committee recommendation regarding the calculation of the FWCJUA's 2007 fixed administrative expenses as defined by section, 440.51(13)(b), Florida Statutes. Torrence reviewed the current statutory provisions that permit a reimbursement of the FWCJUA's fixed administrative expenses up to $750,000 when gross written premiums are below $30 million. She then ran through the FWCJUA's statutory reporting of operating expenses with the Board and explained the expenses that must be excluded pursuant to Florida Statute. She also reported that the Committee agreed to exclude Travelers' fee and a portion of both NCCI's and THF's financial audit fees from the FWCJUA's calculation of its 2007 fixed administrative expenses given they vary in direct relationship to the amount of premium written. She also noted that the Committee agreed to exclude the Net Bad Debt/Recoveries and EBUB Expenses from the calculation, because while they are statutory expenses, these expenses do not represent direct 2007 cash outlays.

Stiegel then advised that the Committee felt that it had a fiduciary responsibility to apply for the fixed administrative expense reimbursement given Florida Statutes. Torrence indicated that by filing its Annual Statement by March 1st the FWCJUA timely notifies the Department of its gross written premiums for the preceding calendar year. She advised that the FWCJUA has the responsibility of both identifying its fixed administrative expenses for the preceding calendar year as defined by section 440.51(13)(b), Florida Statutes, and notifying the Department of such; however, beyond the notification, it is up to the Department, subject to an appropriation by the Legislature, to take action regarding the notification. It was recognized that an appropriation from the state was not likely given the current economic environment and state budget as well as the FWCJUA's surplus position.

MOTION by Stiegel, seconded by Dannenhauer, to accept the Operations Committee's promulgation of the FWCJUA's 2007 fixed administrative expenses as defined by section 440.51(13)(b), Florida Statutes. PASSED.

Disaster Recovery Matters:

1. ***Disaster Recovery & Emergency Preparedness Plan*****:** Stiegel reported that at its May 30th meeting, the Operations Committee confirmed the Executive Director's modifications to the Disaster Recovery & Emergency Preparedness Plan (DR&EP Plan). He explained that generally, the Plan was modified to incorporate the recently implemented SunGard vaulting services and accurately specified procedures. He reported that the Revised May 2008 version of the FWCJUA DR&EP Plan was distributed in accordance with the Plan document. He then noted that no Board action was required.
2. ***Disaster Recovery Analysis & Planning*****:** Stiegel reported that the Board shall consider an Operations Committee recommendation that it engage RSM McGladrey as the FWCJUA's IT systems disaster recovery auditor. He reported that the FWCJUA released a Quote Solicitation on May 12th for the purpose of engaging a reputable independent accounting and consulting firm with sufficient resources to assist the FWCJUA in conducting an internal audit of its disaster recovery plan related to IT systems, to include security, documentation, and support. He further advised that the purpose of this "internal" audit was to ensure the security of IT systems as well as the reliability of the documentation for IT systems disaster recovery. He explained that the FWCJUA's goal is to have reasonably secure, documented IT systems and procedures to timely recover and continue operations in the case of any type of emergency or disaster impacting systems, facilities, or IT personnel.

   Torrence then reported that the FWCJUA solicited bids from the three firms that had provided quotes in 2007, given the project was put on hold subsequent to their submissions due to the legislative changes enacted mid-year that impacted the FWCJUA. She reported that the FWCJUA received only one response to the solicitation, and it was submitted by RSM McGladrey, Inc. She then noted that RSM McGladrey was actually staff's recommended vendor for the IT systems disaster recovery auditor as a result of last year's solicitation.

   Torrence explained that the Systems Manager had reviewed RSM McGladrey's comprehensive proposal with the Committee at its June 3rd meeting. The firm's proposal addressed all the requirements of the FWCJUA quote solicitation. She indicated that the firm is a national firm with considerable references and qualifications that is located in Melbourne, Florida. She noted that the firm's proposal anticipated approaching the engagement in an integrated phased approach with a total service fee of $34,300, plus expenses. The three phases identified in the proposal were a Business Continuity Plan Assessment; a System Security Review, and an Internal Development Change Management Review. She further advised that after the audit, the additional use of the firm's resources to assist with any implementation would be performed at quoted hourly rates that appeared reasonable.

   Torrence reported that during its June 3rd meeting, the Operations Committee was advised that RSM McGladrey's fee was comparable to the fees submitted last year, which was $34,000, although, the scope of the project had been slightly expanded since last year's solicitation. She indicated that the Committee was not so concerned that the FWCJUA received only one bid, considering the FWCJUA met its statutory obligation and solicited bids from other vendors. The Committee unanimously agreed that there would be no need to go back out and solicit other firms, given that the FWCJUA had solicited similar services and received three bids last year.

MOTION by Stiegel, seconded by Butler, to accept the Operations Committee recommendation and authorize staff to engage RSM McGladrey for the FWCJUA's IT systems disaster recovery auditor for a fee of $34,300. PASSED, with Bennett abstaining.

Telecommuting Policy: Stiegel reported that the Board shall consider an Operations Committee recommendation that the proposed Telecommuting Policy be adopted. He referred to the draft policy noting that it reflects the current informal telecommuting policy. He explained that the Accounting, Underwriting and Administrative positions at the FWCJUA would not be eligible for remote supplemental access as their duties and responsibilities cannot be effectively and efficiently completed from home. He noted that the Operations Committee agreed that the proposed telecommuting policy was adequate for the FWCJUA's current needs.

MOTION by Stiegel, seconded by Bennett, to accept the Operations Committee recommendation and adopt the proposed FWCJUA Telecommuting Policy. PASSED.

Hay Group Review: Stiegel reported that the Board shall consider an Operations Committee recommendation that staff be authorized to update the 2008 Forecast to reflect a $16,000 value for the Hay Group review of executive compensation and benefits which was authorized by the Board in December 2007. He advised that the Board agreed to include the executive compensation study in the 2008 Forecast with a value to be determined upon receipt of the proposal estimate from the Hay Group. He then explained that the $16,000 estimate received from Hay Group, includes $11,000 for updating the old analysis, which includes a comparison to the American Association of State Compensation Funds and the national workers compensation insurance industry, with an additional $5,000 to include the new comparison to the Florida workers compensation domestic writers.

MOTION by Stiegel, seconded by Bennett, to accept the Operations Committee recommendation and authorize staff to update the 2008 Forecast to include a $16,000 value for the Hay Group study. PASSED.

2007 Operations Report: Stiegel asked Cleary to summarize the 2007 Operations Report. Cleary reported that each year Travelers, in conjunction with FWCJUA staff, performs an in-depth review of the FWCJUA's book of business to identify the current composition of the book of business, noting changes from prior years; any trends that my be developing; the level of Travelers' compliance with specified performance standards; any recommendations for enhancing standards; and any other recommendations for improving overall performance to benefit policyholders. Cleary reviewed the operational highlights with the Committee noting that review of 2007 operations that was completed in March 2008 resulted in only one recommendation that was to host a Workers' Compensation Complimentary Seminar in Orlando for FWCJUA insureds and producers to discuss a variety of current workers compensation issues, with an emphasis on loss prevention and post injury management. The seminar was conducted on April 24, 2008 with twenty-one (21) FWCJUA policyholders in attendance.

X. INVESTMENT COMMITTEE REPORT:

Investment Policy: Bennett reported that at it's April 25th meeting, the Investment Committee met and conducted its annual review of the FWCJUA's portfolio and cash flow situation with staff and Lori Hinkle and Jason Weinstein of Evergreen Investment Management Company. He indicated that Hinkle and Weinstein discussed Evergreen's Investment Outlook with the Committee summarizing the rapidly changing investment marketplace as well as the FWCJUA's portfolio composition and performance through first quarter 2008.

Bennett then reported that the FWCJUA's current investment portfolio is yielding 4.09% with an average maturity of 1.8 years. The portfolio is performing better than the 2-year Treasury at 1.761% as well as the 5-year Treasury at 2.595% and the 10-year Treasury at 3.510%. The portfolio is overall rated at AA. However, with approximately $7.5M of more bonds maturing during 2008 and the possibility of agency bonds being called ($16M already called in 1st quarter 2008) these dollars would be reinvested at somewhat lower yields as interest rates continue to decline in this rapidly changing investment marketplace. He indicated that at this time, the Investment Committee was not recommending any revisions to the Investment Policy; however, an exception to the Investment Policy had been authorized and needs further confirmation from the Board.

Bennett advised that on February 22nd, the Board confirmed the Investment Committee's authorization of an exception to continue to hold four downgraded bonds issued by Home Depot, Washington Mutual, and two by Countrywide Home Loans in the FWCJUA's portfolio, rather than sell them at a loss as they were no longer compliant with the Investment Policy provisions. He further reported that one of the downgraded Countrywide Home Loans had since matured with no incident, while two of the remaining bonds were further downgraded, as noted in the agenda. He indicated that at its April 25th meeting, the Investment Committee authorized the continued holding of the further downgraded Washington Mutual bond as it was still investment grade and the organization had recently received a capital infusion from private equity. The Investment Committee also met on May 30th and authorized the continued holding of the further downgraded Countrywide Home Loans bond as the investments analysts expect the acquisition by Bank of America to go through and close sometime during the 3rd quarter of 2008 and they also believe Bank of America will support Countrywide's debt even if they don't assume it.

MOTION by Bennett, seconded by Dannenhauer, to confirm the Investment Committee's decisions to authorize additional exceptions to the FWCJUA's Investment Policy to permit the continued holding of the further downgraded Washington Mutual and Countrywide Home Loans bonds in the FWCJUA's portfolio. PASSED.

Review of Policies and Guidelines for the Investment of Assets and Associated Matters: Bennett advised the Board that at its April 25th meeting, the Investment Committee decided to schedule monthly meetings for the next 12 months to ensure that it is best positioned to timely address Investment Policy noncompliance matters that may develop over the course of the next year given the current investment environment. The primary order of business at each of these meetings will be to review any changes in the FWCJUA's portfolio bond ratings considering the high probability of continued bond market deterioration. He indicated that there was no Board action required.

Investment Manager's Performance/Selection: Bennett reported that the Investment Committee, at its April 25th meeting, considered the performance of the investment manager, Evergreen Investment Management Company, who has been the FWCJUA's investment manager since August 1995. He explained that the Committee recognized that staff's 2007 review of the current investment management marketplace suggested that the FWCJUA should continue to take advantage of its current fee structure for as long as possible given the performance of our portfolio, especially since staff did not identify another investment management opportunity where proposed fees did not exceed our current fee structure by at least 35%. In addition to the extremely competitive fee structure, Bennett reported that the FWCJUA investments have consistently outperformed their comparable benchmarks. He indicated that over the past 60 months (5 years), on average the FWCJUA portfolio has earned 4.01% with the comparative benchmarks earning on average 3.75%. Thus, with the current environment, outstanding overall performance and extremely competitive fee structure, the Committee agreed to recommend an ongoing relationship with the current investment manager to the Board at this time.

MOTION by Bennett, seconded by Dannenhauer, to continue with the FWCJUA's investment manager relationship as recommended by the Investment Committee. PASSED.

XI. MAP COMMITTEE REPORT:

Annual Review of the Market Assistance Plan: Ward reported that at its May 2nd meeting, the MAP Committee reviewed the effectiveness of the FWCJUA's Market Assistance Plan (MAP). Upon review of the current MAP, the Committee agreed that the FWCJUA is and has consistently exceeded its statutory market assistance obligations, given that all applications for coverage and policies are processed through the MAP, not just the applications for coverage received 45 days before the effective date of coverage as required by statute. He indicated that the Committee also considered several suggested modifications to the MAP. One consideration was whether to include the Employer's number of years in business and additional contact information for the Employer and Agency in the MAP – Account Profiles to assist MAP users in more readily matching employers with insurer underwriting criteria as well as to facilitate communications between the parties. The Committee was reluctant to include additional Employer contact information; however, the Committee agreed that additional contact information for the Agency might be appropriate to expedite the placement of coverage in the voluntary market for employers applying for or securing coverage through the FWCJUA. Further, the Committee also agreed that an Employer's number of years in business should be included in its MAP – Account Profile. Thus, the Board is being asked to accept the MAP Committee's recommendation to modify the MAP to include the employer's number of years in business, agency's fax number and the agency's email address in the Key Application Data that is used to generate the MAP – Account Profiles on employers seeking or securing coverage through the FWCJUA.

MOTION by Ward, seconded by Dannenhauer, to accept the MAP Committee recommendation and modify the Market Assistance Plan to include the employer's number of years in business, agency's fax number, and the agency's email address in the "Key Application Data" that is used to generate the MAP - Account Profiles on employers seeking or securing coverage through the FWCJUA. PASSED.

XII. REINSURANCE COMMITTEE REPORT:

Commutation Matters: Vecchioli reported that at its April 3rd meeting, the Reinsurance Committee received a report from Benfield regarding PMA. It was reported that on April 1st PMA announced that it entered into an arrangement with a private equity hedge fund to buy out its remaining run-off liabilities. She indicated that the sale would require the approval of the state of Pennsylvania. Given this potential sale, Benfield suggested that it may be prudent for the FWCJUA to look into a possible commutation with PMA before the arrangement is finalized. The Committee recognized that should a window of opportunity present itself to discuss a commutation with PMA prior to the finalization of its arrangement, time may be of the essence and it may not be possible to call a meeting of the Reinsurance Committee. Accordingly, the Committee agreed that it was both prudent and appropriate given time constraints to give discretion to staff and Benfield to present a commutation offer to PMA that was in the best financial interest of the FWCJUA. It was also agreed that if time remained of the essence, that staff and Benfield be provided with further discretion to respond to any counteroffer by PMA utilizing the necessary experts to evaluate the counteroffer as well as the Reinsurance Committee Chair's guidance.

Deaton advised the Board that on April 23rd, Benfield presented a commutation offer to PMA on behalf of the FWCJUA. The initial reaction from PMA seemed to indicate that it perceives the offer to be high. However, PMA had yet to provide a counteroffer. He reported that during subsequent discussions, Benfield had asked PMA to at least share its expectation of the ultimate loss on the eight open claims and as of yet, PMA had not responded. He advised the Board that Benfield will continue to follow up with PMA. Torrence then advised that no Board action was required at this time.

Reinsurance Intermediary Selection Process: Vecchioli reported that at its April 3rd meeting, the Reinsurance Committee provided direction to staff regarding its proposed reinsurance intermediary selection process and timeline for securing Reinsurance brokerage services beginning with the 2009 reinsurance program. She explained that the Committee agreed that the FWCJUA should issue a Request for Qualifications (RFQ) for Reinsurance Intermediary Services soliciting proposals from reinsurance intermediaries to advise and assist the FWCJUA with reinsurance matters for a period of three years, to include the placement of its 2009, 2010, and 2011 reinsurance programs, with the option of two (2) one-year extensions by mutual agreement of the parties. She reported that the Committee had also agreed that the RFQ should be released Friday, April 11th with a May 9th response deadline and that information regarding the RFQ should be published in the Florida Administrative Weekly on April 4th. The Committee further agreed that Torrence should automatically provide a copy of the RFQ to Benfield as well as three other reinsurance intermediary firms that had recently expressed interest in the FWCJUA account, those being Axiom Re, Guy Carpenter, and Willis Re. Vecchioli then ran through the minimum qualifications for a reinsurance intermediary that the RFQ contemplated and noted that no Board action was required.

XIII. PRODUCER APPEALS COMMITTEE REPORT: Dannenhauer provided the Board with a summary of the hearing held today at 9:00 a.m., and reported that the Committee had agreed to reinstate the Agency's and the Designated Producer's eligibility to reapply for authorization to submit business to the FWCJUA.

He then explained that during its meeting, the Committee discussed modifying the reinstatement provisions to allow the Executive Director to grant reinstatement subject to appeal to the Producer Appeals Committee. He reported that the Committee agreed to recommend that the Board modify the reinstatement provisions as proposed in the Board handout to allow the Executive Director to grant reinstatement with reasonable conditions and limitations subject to appeal to the Producer Appeals Committee.

MOTION by Dannenhauer, seconded by Clary, to accept the Producer Appeals Committee recommendation and adopt the proposed modification to the agency and designated producer reinstatement provisions permitting the Executive Director to grant reinstatement with reasonable conditions and/or limitations, subject to appeal to the Producer Appeals Committee. PASSED.

XIV. AUDIT COMMITTEE REPORT:

2007 Financial Audit: Bennett reported that the FWCJUA received an unqualified opinion with no material weaknesses from Thomas Howell Ferguson (THF). Accordingly, the audit was filed with the Department of Financial Services on April 15, 2007. Additionally, Bennett noted that the auditors made no recommendations to management with regards to internal controls, accounting practices or procedures. Bennett also reported that the FWCJUA did not receive any funds from the WCATF during 2007 and thus, was not statutorily required to file 2007 GAAP statements.

Audit Committee Charter Procedures Checklist: Bennett reported that the Audit Committee met on April 9th and reviewed its first and second quarter responsibilities for the financial reporting period ending December 31, 2008 as prescribed by the Audit Committee Charter Procedures Checklist. He referred to the attachment noting that it identified the Committee's first and second quarter responsibilities which were discussed and satisfied at the meeting.

Private Letter Ruling Update: Bennett reported that at its April 9th meeting, the Audit Committee was advised by Andy Gray with THF that after numerous discussions with the Internal Revenue Service, the FWCJUA would be receiving a non-rule letter advising that the Internal Revenue Service would not rule at this time as it was currently working on issuing new regulations in regards to what constitutes an integral part of a state, local, or Indian tribal government for federal income tax purposes. Unofficially, the national office stated that it appeared that the FWCJUA had met the tests to qualify the FWCJUA as an integral part of the State. Accordingly, the FWCJUA will no longer file tax returns. As a result, there are no longer deferred taxes on the financial statements and the federal income tax amounts on the financial statements are through June 30, 2008. He then referred to the letter, received subsequent to the Audit Committee's meeting from the IRS indicating that it was declining to issue the ruling requested by the FWCJUA.

2008 Audit Committee Meeting Schedule: Bennett then reported that at its April 9th meeting, the Audit Committee had adopted its 2008 third and fourth quarter meeting schedule as indicated in the agenda. He stated that unscheduled meetings of the Committee may be required and if such is the case, it will be appropriately coordinated with the Committee members and publicly noticed.

XV. SAFETY COMMITTEE REPORT: The Chair suggested that the Board move on to staff's report on operations, since Revels is not present and no Board action is required on this agenda item.

XVI. REPORT ON OPERATIONS:

2007 Business Plan Status Report: Torrence referred to Report on Operations – 1 and noted that the second quarter status of the FWCJUA's key activities and objectives had been substantively covered during the various Committee reports and asked if there were any questions. There were no questions.

Operations Analysis: Torrence referred the Board to the handout labeled Report of Operations – 2, Mid-Term Cancellation Report and advised that it was a revised corrected report. She then noted that approximately 25% of FWCJUA policyholders requesting mid-term cancellations are moving into the voluntary market. She indicated that staff will be expanding this report to identify the kinds of accounts that are finding voluntary market homes in the current environment, to include whether the account is new or renewal business.

Loss Summary Report: Torrence reported that there had been no significant activity in the open losses exceeding $400,000 noting that efforts to settle Travelers 556 over the past six months failed with no anticipated settlement in the foreseeable future. She then advised the Board of a 2005 serious injury that a Judge of Compensation Claims found the FWCJUA to be liable for on May 7, 2008. She summarized the nature of the claimant's injuries as well as the coverage issues. She then noted that the JCC's Order is amenable to an appeal. The chances of success on appeal are extremely difficult to estimate. Nonetheless, the FWCJUA filed its notice of Appeal on May 15, 2008.

Collections Report: Torrence referred the Board to Report on Operations – 4 and asked if there were any questions. There were no questions. Torrence then reminded the Board of a procedure implemented last year in which the Division of Business and Professional Regulation (DBPR) was notified of licensed contractors with outstanding FWCJUA premium judgments. She then advised that two of the nine licensed contractors reported to DBPR have recently been given 30 days to pay the judgment amount to the FWCJUA to avoid the revocation of their respective licenses. Both licensed contractors are now negotiating payment arrangements with the FWCJUA.

XVII. FINANCIAL REPORT:

Comparative Statutory Financial Statements: Lopez reported that the cumulative surplus as of March 31, 2008 was $68.7M. She further reported that Subplan D's deficit was $3.9M with "prior A, B & C" recognizing a $41.1M surplus and the three rating tiers recognizing a combined surplus of $31.4M. She reported that written premiums for 2007 were 62% less than written premiums in 2007 suggesting continued depopulation. Losses paid in 2007 are also 62% less with net losses coming in 63% less than 2007. The overall net income for 2008 has fallen almost 20% compared to first quarter 2007, which is due in part to the large swings experienced in the financial marketplace that began in February 2008.

Budget Variance: In referring to Financial Report – 2, Lopez reported that as of March 31st, Net Earned Premium was 24% less than projected. She further reported that G&A expenses are $120,000 under budget. Torrence noted the changes that would be made to the Special Projects Expenses as a result of today's Board decisions related to the Hay Group Study, the MAP review and the IT audit.

Cash Flow Analysis: Lopez referred the Board to Financial Report – 3, and reviewed the Actual Cash Flow Analysis for the Subplans as well as the Tiers. There were no questions.

Investment Portfolio: Lopez in referring to Financial Report – 4, noted that as of March 31st the current portfolio return was 4.06%, down from 4.58% in December. She noted that $19M worth of bonds have been called so far this year and reinvesting in the current marketplace has been quite challenging given the current interest rate environment. She reported that the FWCJUA's portfolio is still generally a buy and hold strategy which has allowed for a lesser drop in yields than the marketplace.

XVIII. GENERAL ANNOUNCEMENTS: There were no general announcements.

XIX. ADJOURNMENT AND CLOSING REMARKS: There being no further business, the meeting was adjourned at 12:32 p.m.

Respectfully submitted,

Charlie Clary, *Chair*

DRAFT-MINUTES OF THE MEETING OF THE PRODUCER APPEALS COMMITTEE OF THE FLORIDA WORKERS' COMPENSATION JOINT UNDERWRITING ASSOCIATION, INC. HELD JUNE 11, 2008 AT THE HYATT REGENCY, ORLANDO INTERNATIONAL AIRPORT

PRESIDING:	Dan Dannenhauer, *Chair*
COMMITTEE MEMBERS:	Charlie Clary Beth Vecchioli, *not present*
EXECUTIVE DIRECTOR:	Laura Torrence
GENERAL COUNSEL:	Tom Maida
OFFICE OF INSURANCE REGULATION LIAISON:	Jim Watford, *not present*
STAFF PRESENT:	Michael Cleary
OTHERS PRESENT:	Paul Hughes, *Risk Transfer, Inc.*

I. CALL TO ORDER AND OPENING REMARKS: The Chair called the meeting to order at 9:00 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. APPLICATION FOR REINSTATEMENT: Before the Committee began its consideration of Mr. Hughes' request for reinstatement, Dannenhauer described the duties of the Producer Appeals Committee and its responsibility to hear and decide appeals by producers from disciplinary action taken on behalf of the FWCJUA.

Torrence then reported that on August 12, 2005, she had revoked Mr. Hughes' and his Agency's privilege to submit business to the FWCJUA for a period of two years, due to his failure to follow Section 6.2 of his Producer's Agreement. She explained that Mr. Hughes and his Agency were charging employers fees that were not specifically authorized by the FWCJUA in connection with FWCJUA business. She indicated that on September 19, 2007, Mr. Hughes had requested that he and his Agency be permitted to reapply for authorization to submit business to the FWCJUA indicating that he had remedied the situation with each of the affected employers and would no longer charge any fees on FWCJUA business without the prior written approval of the FWCJUA. She noted that the Producer Appeals Committee was initially scheduled to consider Mr. Hughes' request on December 10, 2007; however, the meeting was postponed at Mr. Hughes' request as it became apparent that there was an open active Department of Financial Services ("DFS") investigation involving allegations that Mr. Hughes charged insurance clients for risk management services that the insurance clients alleged to have not received stemming from the FWCJUA report to DFS in 2005. It was agreed at that time the FWCJUA would take up the matter of Mr. Hughes' reinstatment request upon the resolution of the DFS investigation.

She reported that on March 14, 2008, the FWCJUA received a copy of a Consent Order that stipulated settlement pending the payment of an adminstrative penalty by Mr. Hughes and another agent he employed within the agency at the time. On March 28, 2008, the FWCJUA received proof that the total adminstrative penalties had been paid by Mr. Hughes and the other agent he employed, thus closing the DFS investigation. Mr. Hughes' appeal was then rescheduled to be heard by the Producer Appeals Committee on April 15, 2008; however, that meeting had to be rescheduled due to an unavoidable, but advance noticed, lack of a quorum of the Committee.

Torrence then pointed out that Beth Vecchioli had to recuse herself from the Producer Appeals Committee's deliberations on this appeal as her firm represented Mr. Hughes during the recent DFS investigation. She then reported to the Committee that Mr. Hughes' had provided staff with supporting documentation of his effort to make the affected FWCJUA employers whole for the inappropriate charges and given that Mr. Hughes now understands the he and the Agency cannot charge employers fees that are not specifically authorized by the FWCJUA, Torrence recommended that the Committee permit Mr. Hughes and his Agency to reapply for authorization to submit business to the FWCJUA.

MOTION by Clary, seconded by Dannenhauer, to reinstate Mr. Hughes and his Agency's eligibility to apply for authorization to submit business to the FWCJUA. PASSED.

Mr. Hughes thanked the Committee for supporting his and his agency's reinstatement and indicated that he and his agency would fully comply with FWCJUA rules and procedures as well as the Agency Producer Agreement when reauthorized.

Discussion then ensued with regard to a rule change for requests for reinstatement from an Agency and/or a Designated Producer. The Committee agreed to modify the reinstatement provisions to allow the Executive Director to grant reinstatement with reasonable conditions and/or limitations, subject to appeal to the Producer Appeals Committee.

MOTION by Clary, seconded by Dannenhauer, to recommend to the Board that it modify the agency and designated producer reinstatement provisions to allow the Executive Director to grant reinstatement with reasonable conditions and/or limitations, subject to appeal to the Producer Appeals Committee. PASSED.

IV. GENERAL ANNOUNCEMENTS: There were no general announcements.

V. ADJOURNMENT AND CLOSING REMARKS: There being no further business, the meeting was adjourned at 9:06 a.m.

Respectfully submitted,

Dan Dannenhauer, *Chair*

DRAFT-MINUTES OF THE MEETING OF THE REINSURANCE COMMITTEE OF THE FLORIDA WORKERS' COMPENSATION JOINT UNDERWRITING ASSOCIATION, INC. HELD ON AUGUST 19, 2008 AT 10:00 A.M. VIA TELECONFERENCE

PRESIDING:	Beth Vecchioli, *Chair*
COMMITTEE MEMBERS:	Claude Revels, *not present* James Ward
EXECUTIVE DIRECTOR:	Laura Torrence
GENERAL COUNSEL:	Tom Maida, *present for part of the meeting*
OFFICE OF INSURANCE REGULATION LIAISON:	Jim Watford
STAFF PRESENT:	Michael Cleary
SERVICE PROVIDERS PRESENT:	Bill Fleischhacker, *Benfield Group* Graham Jones, *Benfield Group* Ivan Jaffa, *Benfield Group* Keith Thurman, *Benfield Group* Arleen Desmond, *Travelers* John McLaughlin, *Travelers*
OTHERS PRESENT:	Carolyn Cocharan, *Colodny, Fass, Talenfeld, Karlinsky, Abate* Scott Fields, *Guy Carpenter* Danny Kriss, *Axiom Re*

I. CALL TO ORDER AND OPENING REMARKS: The Chair called the meeting 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 Torrence, a copy of which is attached hereto as Exhibit "A".

III. 2009 REINSURANCE PROGRAM GOALS AND MARKET STRATEGY: Torrence referred to Attachment B and advised that this is the time of year when the FWCJUA firms up its goals for the following year's reinsurance program. She then asked Cleary to present the proposed program goals and market strategy. Cleary reported that the proposal was designed to minimize policyholder resources devoted to reinsurance, create a program that reflects the proper balance between price and coverage, and provide flexibility to accommodate unexpected growth or further depopulation. He then ran through the program goals which take into consideration the FWCJUA's financial status; past performance; current book of business; as well as the 2008 premium and account mix, which are projected to remain the same for 2009. He further reported that a critical assumption related to securing a reinsurance program next year is the $12 million earned premium projection with an assumed policy count of 1,700. He noted that as of July 31, 2008, the FWCJUA had 1,689 policies in force, representing approximately $12.7 million in policy premium, which he expects to remain stable for 2009. Cleary then reported that he does not anticipate any growth and expects the book of business development and reduced claim activity to continue through 2009.

A Committee member raised a concern about a possible OIR initiative that might reduce the collateral requirements for reinsurers. It was noted that any possible impact this may present for the FWCJUA will be examined, although it is anticipated that if the FWCJUA has an existing contract with a reinsurer, and the reinsurer subsequently asks for a collateral reduction, the contract terms would prevail. Further, the reinsurance contracts contain a provision requiring collateral to be posted by any market, non-alien or alien, that is downgraded below A- by A.M. Best, regardless of OIR determined collateral requirements.

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 from reinsurers currently on the FWCJUA program or those who may want to participate. He further stated that Benfield will secure quotes, compare them and perform the DFA to illustrate optimal structures under different scenarios considering the FWCJUA's budget and retention appetite.

MOTION by Ward, seconded by Vecchioli, to confirm the reinsurance goals as presented in the agenda. PASSED.

IV. COMMUTATION MATTERS: Fleischhacker reported that in April, 2008, the FWCJUA provided an initial offer to PMA and that offer was viewed as excessive by PMA. Since that time, Benfield has been working with PMA to address individual open claims, discounting rates and IBNR issues. He then reported that the commutation offer has since been rescinded as PMA is not likely to agree to the offer, as presented, while its acquisition by Armour Re is pending. He explained that communication may resume between the FWCJUA and PMA once the sale is final; however, it is unknown at this time when the sale will be finalized and what effect it will have on the average claims-paying time, which has shown to be slow over the last few years. He then reported that Benfield will continue to monitor the situation and update the Committee, if necessary.

V. GENERAL ANNOUNCEMENTS: There were no announcements.

VI. ADJOURNMENT AND CLOSING REMARKS: There being no further business, the meeting was adjourned at 10:50 a.m.

MOTION by Ward, seconded by Vecchioli, to adjourn. PASSED, unanimously.

Respectfully submitted,

Beth Vecchioli, *Chair*

DRAFT-MINUTES OF THE MEETING OF THE PRODUCER COMMITTEE OF THE FLORIDA WORKERS' COMPENSATION JOINT UNDERWRITING ASSOCIATION, INC. HELD ON AUGUST 20, 2008 AT 10:00 A.M. VIA TELECONFERENCE

PRESIDING:	Dan Dannenhauer, *Chair*
COMMITTEE MEMBERS:	Rick Hodges Beth Vecchioli
EXECUTIVE DIRECTOR:	Laura Torrence
GENERAL COUNSEL:	Tom Maida
OFFICE OF INSURANCE REGULATION LIAISON:	Jim Watford
STAFF PRESENT:	Michael Cleary
SERVICE PROVIDERS PRESENT:	John McLaughlin, *Travelers*
OTHERS PRESENT:	Carolyn Cocharan, *Colodny, Fass, Talenfeld, Karlinsky, Abate*

I. CALL TO ORDER AND OPENING REMARKS: The Chair called the meeting 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. AGENCY PRODUCER AGREEMENT: Torrence reported that the Producer Committee shall consider several staff recommendations related to the Agency Producer Agreement authorization process. She explained the reasons for the changes and proceeded to run through the recommendations one-by-one. Dannenhauer expressed concern with using the word "actively" in staff's third recommendation, in particular that each agency and designated producer must serve as an insurance agent or insurance agency, as the case may be, of an insurer <u>actively</u> writing workers' compensation and employers' liability insurance in Florida's voluntary market. He explained that if the voluntary market suffered a significant downturn similar to the one that occurred in 1975, undue hardship might be presented to employers seeking coverage. Torrence explained that the FWCJUA interprets "an insurer <u>actively</u> writing workers' compensation and employer's liability" to be an insurer that is authorized to write such coverage and has premium booked for such coverage in Florida. Considerable discussion followed and the Committee resolved to continue to use the word "actively", as it is the premise of the FWCJUA to be the insurer of last resort and it is reasonable to expect a producer to have an active appointment with a licensed insurer that has workers compensation premium writings within its Florida book of business. Torrence then continued to review the last few recommended changes to the Agency Producer Agreement and the Operations Manual.

MOTION by Vecchioli, seconded by Hodges, to recommend that the Board consider the above-referenced staff recommendations related to the Agency Producer Agreement authorization process. Further, The Committee shall recommend that the Rates & Forms Committee consider the proposed revisions to the Agency Producer Agreement and corresponding revisions to the Operations Manual for recommendation to the Board as the vehicles to implement the proposed procedural changes and clarifications as soon as practicable. PASSED, unanimously.

IV. GENERAL ANNOUNCEMENTS: There were no announcements.

V. ADJOURNMENT AND CLOSING REMARKS: There being no further business, the meeting was adjourned at 10:40 p.m.

Respectfully submitted,

Dan Dannenhauer, *Chair*

DRAFT - MINUTES OF THE MEETING OF THE AUDIT COMMITTEE OF THE FLORIDA WORKERS' COMPENSATION JOINT UNDERWRITING ASSOCIATION, INC. HELD ON AUGUST 21, 2008 AT 10:00 A.M. VIA TELECONFERENCE

PRESIDING:	Fred Bennett, *Chair*
COMMITTEE MEMBERS:	Terry Butler Beth Vecchioli
EXECUTIVE DIRECTOR:	Laura Torrence, *not present*
GENERAL COUNSEL:	Tom Maida
OFFICE OF INSURANCE REGULATION LIAISON:	Jim Watford
STAFF PRESENT:	Laura Lopez
SERVICE PROVIDERS PRESENT:	Andy Gray, *Thomas Howell Ferguson* Arleen Desmond, *Travelers*
OTHERS PRESENT:	Carolyn Cocharan, *Colodny, Fass, Talenfeld, Karlinsky, Abate*

I. CALL TO ORDER AND OPENING REMARKS: The Chair called the meeting to order at 10:00 a.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. AUDIT COMMITTEE CHARTER PROCEDURES CHECKLIST: Lopez referred the Committee to Attachment B, the Audit Committee Charter Procedures checklist, and highlighted the specific quarterly duties for discussion.

1) Review the audit committee charter to determine whether its responsibilities are adequately described. *Charter was reviewed and there were no recommended changes.*

2) Develop a meeting planner for calendar year 2008 to make sure that the committee meets its responsibilities as outlined in the Charter. *Committee confirmed its next scheduled meeting of November 19, 2008 at 10:00 a.m.*

3) 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 that the current possible significant risks faced by the FWCJUA could be the economy and decrease in premium as well as the bonds being held under exception of the Investment Policy as any others currently on watch. Vecchioli commented that we are still awaiting the Florida Supreme Court ruling on the Murray case regarding attorney fees, which is anticipated to be issued in September.*

4) 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. *Lopez advised that in June 2008, additional controls were implemented regarding transfers to and from the FWCJUA's Investment Accounts allowing for any and all transfers to either be originated from or concluded with the FWCJUA's Operating Account at SunTrust Bank. Updated Purchase Authorizations Policy as well as the updated Authorized Signature Form at US Bank, Custodian of the Investment Accounts were included in the agenda for review.*

5) Receive update from management about reports received from regulators and their responses to those reports. *Lopez referred to the OIR letter included in the agenda regarding the FWCJUA's investment custodial agreements with US Bank and SunTrust. Although the Code does not apply to the FWCJUA as it is not a domestic stock insurer, the FWCJUA was proactive in inquiring about these additional controls and disclosures and found the new requirements are available by signing updated custodial agreements as the FWCJUA's current agreements have not been updated since their original inception. Copies of the updated agreements which will be* *considered by the Investment Committee on August 29th for recommendation to the Board were included in the agenda for review.*

6) 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 commented that the scope would not change much and their emphasis will continue to be on loss reserves, unearned premium, premium receivables, investments and cash.*

7) Determine that the independent auditors are appropriately compensated to provide well-trained, highly experienced 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. *Lopez advised this topic will be addressed in Attachment C.*

8) Inquire about the independent auditor's 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 responded by advising the Committee of their latest peer review which was just last year. This review provided a clean opinion with no written comments. Verbal comments were positive indicating THF does a great job, with excellent work papers, however may need to better document their independence. Peer reviews are completed every three years. Vecchioli inquired as to who performs the peer review. Gray commented that it is a combination of 2 firms, one in Sarasota with another in Tampa who has similar insurance jobs. THF is looking to change firms as originally they were very similar to THF; however, as THF has grown its auditing practice, it is time to look for a larger firm for future peer reviews. In addition, THF is independent and there are no additional ties with the JUA or any of its employee's family members that we are aware of.*

FINANCIAL AUDITOR APPOINTMENT PROCESS: Lopez referred the Committee to Attachment C where the Committee considered the financial auditor appointment process for the 2009 audit, given the need to address such in the 2009 Business Plan. During its discussion, the Committee recognized both that auditing services were specifically exempted from the competitive-solicitation requirements under section 287.057(5)(f), Florida Statutes, and that the FWCJUA had last performed a price review for the financial auditing services in June 2007. The Committee also agreed that it was prudent to review such pricing every 3 to 4 years. With this in mind, it was the consensus of the Committee that it would not be necessary for the FWCJUA to conduct a competitive solicitation for the preparation of the 2009 financial audit, given the recent 2007 price review and the quality of the service that the FWCJUA is currently receiving from THF provided the engagement fees do not change substantially. Accordingly, the Committee agreed to recommend that the Board negotiate to extend THF's engagement for the 2009 audit and then obtain price comparisons for the 2010 audit and beyond.

IV. GENERAL ANNOUNCEMENTS: There were no general announcements.

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

MOTION by Bennett, seconded by Butler to adjourn. PASSED. The meeting adjourned at 10:25 a.m.

Respectfully submitted,

Fred Bennett, Chair

DRAFT- MINUTES OF THE MEETING OF THE RATES & FORMS COMMITTEE OF THE FLORIDA WORKERS' COMPENSATION JOINT UNDERWRITING ASSOCIATION, INC. HELD ON AUGUST 26, 2008 AT 10:00 A.M. VIA TELECONFERENCE

PRESIDING:	Rick Hodges, *Chair*
COMMITTEE MEMBERS:	Charlie Clary, *not present* Brett Stiegel
EXECUTIVE DIRECTOR:	Laura Torrence
GENERAL COUNSEL:	Tom Maida
OFFICE OF INSURANCE REGULATION LIAISON:	Jim Watford
STAFF PRESENT:	Michael Cleary Laura Lopez
SERVICE PROVIDERS PRESENT:	Jeff Deaton, *Benfield Group* Keith Thurman, *Benfield Group* Bonnie Shek, *Milliman* Andy Gray, *Thomas, Howell, Ferguson* Arleen Desmond, *Travelers* John McLaughlin, *Travelers*
OTHERS PRESENT:	Carolyn Cocharan, *Colodny, Fass, Talenfeld, Karlinsky, Abate*

I. CALL TO ORDER AND OPENING REMARKS: The Chair called the meeting to order at 10:08 a.m. The roll was called and a quorum being established the meeting began.

II. ANTITRUST PREAMBLE: Prior to the consideration of any business, each member of the Rates & Forms Committee acknowledged the Antitrust Preamble, a copy of which is attached hereto as Exhibit "A".

III. REVIEW OF RATES, RATING PLANS AND POLICY FORMS AND ASSOCIATED MATTERS TO INCLUDE APPLICATION FORMS:

2009 Rate Indication.
Torrence reported that the Rates & Forms Committee shall consider the attached exhibits prepared by Milliman to determine whether to effectuate a premium level change effective January 1, 2009 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, 2009.

Mulvaney presented his analysis related to the premium level needs for all three rating tiers including key assumptions at the current reinsurance retention level. He explained that Exhibit A reflects the more attractive indication because it represents a nominal rate increase, pointing out that the indication contemplates funding from the State of Florida, because the FWCJUA's premium is below the $30 million dollar threshold. He indicated that if the FWCJUA bases its 2009 indication to include the $750,000 from the State to cover its overhead costs, the FWCJUA would need an overall average premium level need of 0.9%. If, however, the FWCJUA does not contemplate the $750,000 from the State, it would need a total average indicated premium level change of 13.5%. Mulvaney then proceeded to explain the salient features of the indication, which is a 10% improvement in the losses and a deterioration in the general and administrative expense ratio, because the FWCJUA is projecting a substantial drop in its premium volume from $21 million to $12 million. He further noted that the indication contains no contingency factor and no surplus factor, which means there is no underwriting profit provision assumed in the analysis.

Torrence then raised the point that if the FWCJUA's request for State funding is denied, current FWCJUA surplus levels would be able to cover the FWCJUA's operating costs, if the Exhibit A indication with the lower premium level need is approved. Stiegel asked Mulvaney to what extent would NCCI's rate filing impact the analysis in Exhibit A and Mulvaney responded that if NCCI reduces the Florida rates, the FWCJUA would adjust its Tier surcharge factors to achieve the JUA indication taking into account the NCCI change. Watford noticed that Mulvaney's analysis uses the approved trend factor from the 1/1/08 rate filing and asked how sensitive the loss ratio selection is to the trend, if NCCI's 2009 rate filing reflects a trend much more negative than the trend used in the analysis. Mulvaney referred to Exhibit III-A, Sheet 2, the premium level change sensitivity analysis and responded that it depends on how much more negative the trend is, but it will have a fairly proportionate impact on the rate change.

MOTION by Stiegel, seconded by Hodges, to recommend that the Board effectuate an overall average premium level increase of 0.9%, effective January 1, 2009 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, 2009. PASSED.

Self Audit Program.
Torrence reported that at its June 3rd meeting, the Rates & Forms Committee resolved to recommend that the Board adopt the then proposed Employer Quarterly Self Audit Program on or before January 1, 2009 to supplement the payroll and classification verification process on a quarterly basis during policy currency. The Committee's recommendation also included, among other things, the introduction of the then proposed FWCJUA Quarterly Payroll Reporting Form. In June, the Board met and adopted the Committee's recommendation. Accordingly, staff filed the program with OIR for approval. During the filing process, OIR requested that the form be revised to clarify that a "managing member" is actually an "LLC managing member." Staff complied with OIR's request and ultimately received OIR's approval to introduce the Self Audit Program effective October 1, 2008. She then asked the Committee to confirm staff's revision to the FWCJUA Quarterly Reporting Form and recommend same to the Board.

MOTION by Stiegel, seconded by Hodges, to recommend that the Board confirm staff's revision to the FWCJUA Quarterly Payroll Reporting Form that was necessitated to secure OIR's approval of the form with the introduction of the FWCJUA Employer Quarterly Self Audit Program to become effective October 1, 2008, applicable to new and renewal business. PASSED.

IV. FORMS ASSOCIATED WITH AGENCY AUTHORIZATION PROCESS: Torrence referred to Attachment D and reported that the Rates & Forms Committee shall consider the attached proposed revised Agency Producer Agreement form for recommendation to the Board as one of two vehicles to implement the August 20th Producer Committee recommendation regarding procedural changes and clarifications related to the Agency Producer Agreement authorization process.

MOTION by Stiegel, seconded by Hodges, to recommend that the Board adopt the proposed revisions to the Agency Producer Agreement as one of two vehicles to implement the Producer Committee's proposed procedural changes and clarifications related to the Agency Producer Agreement authorization process. PASSED.

V. OPERATIONS MANUAL REVISIONS:

Reformatting & Revision.
Torrence reported that subsequent to the June 3rd Rates & Forms Committee and June 11th Board meetings, OIR determined that it was not necessary for the FWCJUA to reformat its Operations Manual to include the statutorily required Plan of Operation elements, which would be subject to approval by OIR order, and introduce a new manual that contains the FWCJUA's day-to-day policies and procedures, which would simply be subject to OIR approval. Accordingly, staff did not pursue the reformatting of the FWCJUA Operations Manual to include the introduction of a proposed FWCJUA Policies and Procedures Guide as directed by the Board. She indicated that no Committee action was required on this agenda item.

7/31/2008 Reprint/Revision.
Torrence referred to Attachment F and reported that the Committee shall consider recommending that the Board confirm staff's July 31, 2008 reprint/revision filing of the FWCJUA Operations Manual to incorporate all the June 11th Board directed Operations Manual and form revisions, including the introduction of two new

forms, that were filed with and approved by OIR as well as to repaginate the Manual given the volume of the approved forms and revisions. Watford commented to the Committee that OIR does stamp the actual Manual approved.

MOTION by Stiegel, seconded by Hodges, to recommend that the Board confirm staff's decision to file and secure OIR's approval of the July 31, 2008 reprint/revision of the FWCJUA Operations Manual. PASSED.

Producer Committee Recommendation.
As previously reported, Torrence indicated that the Rates & Forms Committee shall consider the attached proposed Operations Manual revisions for recommendation to the Board as one of two vehicles to implement the August 20th Producer Committee recommendation regarding procedural changes and clarifications related to the Agency Producer Agreement authorization process.

MOTION By Stiegel, seconded by Hodges, to recommend that the Board adopt the proposed revisions to the Operations Manual as one of two vehicles to implement the Producer Committee's proposed procedural changes and clarifications related to the Agency Producer Agreement authorization process. PASSED.

VI. NCCI AFFILIATION AGREEMENT: Torrence reported that the Committee shall consider whether to recommend to the Board that the FWCJUA execute the attached 2008 Affiliation Agreement with NCCI. She explained that the FWCJUA is an NCCI Member with an Affiliation Agreement that became effective January 1, 2005, and expires on January 1, 2010. She summarized the changes made by the NCCI to its Affiliation Agreement which would require cancellation of the FWCJUA's current Agreement prior to expiration in order for the FWCJUA to enter into the amended version of the Agreement. She explained that the amended version would address the reporting and use of information consistent with a new NCCI Medical Data Call to begin during the third quarter of 2010. Given General Counsel raised no concerns regarding the 2008 Affiliation Agreement, Torrence recommended that the FWCJUA sign the Agreement, provided the FWCJUA secures a letter of understanding from NCCI that it will continue to assess its premium based charges utilizing the FWCJUA's unsurcharged premium.

MOTION by Stiegel, seconded by Hodges, to recommend to the Board that the FWCJUA terminate its current 2005 Affiliation Agreement with NCCI prior to its expiration and enter into the 2008 Affiliation Agreement with NCCI. PASSED.

VII. RETURN OF PREMIUM DIVIDEND: Torrence reported that the Committee shall provide staff with direction related to a possible FWCJUA policyholder dividend program philosophy and methodology. Lopez then detailed the initial draft of the proposed FWCJUA Policyholder Dividend Policy. Gray noted that the FWCJUA's methodology is a methodology that has been approved by the Department on other transactions his organization has been involved with. Although no decision was required from the Committee at this time, it was suggested that staff clearly define within its methodology those policies considered "uncollectible" and "uncooperative" and of those, who would be eligible under the FWCJUA policyholder dividend program. It was the consensus of the Committee that the dividend policy be presented to the Board to include the edits discussed.

VIII. GENERAL ANNOUNCEMENTS: There were no general announcements.

IX. ADJOURNMENT AND CLOSING REMARKS: There being no further business, the meeting was adjourned at 11:04 a.m.

MOTION by Hodges, seconded by Stiegel, to adjourn. PASSED.

Respectfully submitted,

Rick Hodges, *Chair*

DRAFT-MINUTES OF THE MEETING OF THE OPERATIONS COMMITTEE OF THE FLORIDA WORKERS' COMPENSATION JOINT UNDERWRITING ASSOCIATION, INC. HELD ON AUGUST 28, 2008 AT 10:00 A.M. VIA TELECONFERENCE

PRESIDING:	Brett Stiegel, *Chair*
COMMITTEE MEMBERS:	Fred Bennett Rick Hodges
EXECUTIVE DIRECTOR:	Laura Torrence
GENERAL COUNSEL:	Tom Maida
OFFICE OF INSURANCE REGULATION LIAISON:	Jim Watford
STAFF PRESENT:	Marc Babin Michael Cleary Laura Lopez
SERVICE PROVIDERS PRESENT:	Arleen Desmond, *Travelers – disconnected at 11.02 a.m.* John McLaughlin, *Travelers – disconnected at 11:02 a.m.* Jeff Roth, *RSM McGladrey*
OTHERS PRESENT:	Carolyn Cocharan, *Colodny, Fass, – disconnected at 11:02 a.m.*

I. CALL TO ORDER AND OPENING REMARKS: The Chair called the meeting to order at 10:00 a.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 which is attached hereto as Exhibit "A".

III. LEGISLATIVE UPDATE: Maida reported that the workers' compensation insurance industry and the trial bar are eagerly awaiting the decision of the Emma Murray v. Mariner Health/Ace USA case, which will pass on the constitutionality of attorney fee restrictions in the reform legislation. He suggested whether or not there is legislative activity in the field of workers compensation in 2009, may largely depend on what the Supreme Court does with the Emma Murray decision. He reported that in conversations he has had with insurance lobbyists in Tallahassee, it doesn't seem as though there will be much of an appetite for addressing attorney fees in 2009 even if the Emma Murray case overturns the attorney fee provisions. He further reported that given the magnitude of the rate decrease that NCCI is asking for, it might make workers' compensation legislation even less likely. But, he noted that is very hard to predict. Maida then stated that he is unaware of any conversation about legislation that would specifically address the FWCJUA, but would continue to monitor.

IV. 2009 BUSINESS PLAN & FORECAST PRELIMINARY OUTLINE: Torrence referred to Attachment C and ran through the preliminary outline for the 2009 Business Plan.

Discussion then led to several of the critical discussion points and the Committee resolved to: (1) extend RSI's engagement for collection services next year instead of issuing an RFP; (2) let the Board decide whether to conduct two one-day educational seminars to assist policyholders with cost containment and effective management of their workers compensation risk control programs with emphasis on loss prevention and post injury management, as a result of the total cost to carry out each seminar; and (3) remove Key Activities 7.d) and 7.e), from the 2009 Business Plan & Forecast and absorb the costs into the 2008 budget, since the FWCJUA is currently under budget, and add the maintenance costs for the Intrusion Detection System to the 2009 Business Plan and Forecast.

Torrence then referred to the Key Initiative Expenses on page 11, specifically the $100,000 under Legislative Initiatives and explained that this expense is there solely at our General Counsel's recommendation, based on the sensitivity of the Emma Murray case. Lopez then walked the Committee through the 2009 Forecast, including the projected 2009 capital expenditures.

Discussion ensued regarding the organization's sustainability and corporate responsibility to go green and it was suggested that Torrence work with Bennett to add an initiative regarding the FWCJUA's sustainability or corporate responsibility to go green that will highlight business continuity.

It was the consensus of the Committee that the preliminary outline of the 2009 Business Plan & Forecast with the Committee's suggested edits be presented to the Board for discussion at its September 9th meeting.

V. DISASTER RECOVERY MATTERS:

Disaster Recovery Review. The Chair reported that this topic would be discussed in the exempt portion of the meeting.

Disaster Recovery & Emergency Preparedness Plan.
Torrence referred to Attachment E and reported that the Operations Committee shall confirm modifications to the Disaster Recovery & Emergency Preparedness Plan (DR&EP Plan). She explained that generally the Plan had been modified to further clarify the office evacuation procedures; specify the existence and response to the Special Commercial Package Policy; update the Vendor Contact; update the Department Checklist, including formalizing the procedures for public notification of an office closure; add a Tropical Storm & Hurricane Preparation appendix; add two "how to" appendices; and clean-up the document with non-substantive editorial revisions. She noted that the changes were indicated in red and yellow highlight with either strikeout or underscore for quick reference.

MOTION by Bennett, seconded by Hodges, to confirm the revisions to the DR&EP Plan. PASSED, unanimously.

VI. DOCUMENT MANAGEMENT & RETENTION: Torrence reported that the Committee shall consider revisions to the FWCJUA Records Management and Retention Policy. She referred to the policy and mentioned that the changes are in red and yellow highlight with either strikeout or underscore for quick reference. She then summarized the changes and noted that if adopted by the Committee and subsequently adopted by the Board pursuant to the Committee's recommendation, the revised FWCJUA retention schedule will be submitted to the Department, Division of Library and Information Services for approval.

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

VII. GENERAL ANNOUNCEMENTS: There were no announcements.

PRIOR TO EXEMPT PORTION OF THE MEETING:
The Operations Committee Chair then advised the listeners that the FWCJUA had reached the portion of its meeting where the Committee would discuss and act on matters relating directly to one or more security systems owned or leased by the FWCJUA, or revealing such systems, or providing information relating to such systems. Therefore, pursuant to section 281.301, Florida Statutes, this portion of the meeting was confidential and exempt from sections 119.07(1) and 286.011, Florida Statutes, and other laws and rules requiring public access or disclosure.

He indicated that the only persons who may continue to attend this portion of the meeting are the members of the Committee, members of the management staff of the FWCJUA, our General Counsel, and Jim Watford, of the Office of Insurance Regulation. Following the conclusion of this portion of the meeting, the meeting would be immediately adjourned and the Committee would consider no further business. While the confidential portion of the meeting was being conducted, it would be recorded electronically and transcribed by a certified court reporter.

The Chair then asked that all persons attending this meeting telephonically, other than those persons previously identified in his announcement, terminate their telephone connections to the meeting. He thanked them for their cooperation. The time then was 11.02 a.m.

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

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

The meeting adjourned at 11:33 a.m.

Respectfully submitted,

Brett Stiegel, *Chair*

DRAFT-MINUTES OF THE MEETING OF THE INVESTMENT COMMITTEE OF THE FLORIDA WORKERS' COMPENSATION JOINT UNDERWRITING ASSOCIATION, INC. HELD ON AUGUST 29, 2008 AT 10:00 A.M. VIA TELECONFERENCE

PRESIDING:	Fred Bennett, *Chair*
COMMITTEE MEMBERS:	Terry Butler Claude Revels
EXECUTIVE DIRECTOR:	Laura Torrence
GENERAL COUNSEL:	Wes Strickland, *alternate for Tom Maida*
OFFICE OF INSURANCE REGULATION LIAISON:	Jim Watford
STAFF PRESENT:	Laura Lopez
SERVICE PROVIDERS PRESENT:	Lori Hinkle, *Evergreen Investment Management* Jason Weinstein, *Evergreen Investment Management*
OTHERS PRESENT:	Carolyn Cocharan, *Colodny, Fass, Talenfeld, Karlinsky, Abate*

I. CALL TO ORDER AND OPENING REMARKS: The Chair called the meeting to order at 10:00 a.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 Strickland a copy of which is attached hereto as Exhibit "A".

III. APPROVAL OF THE MINUTES: The minutes of the June 27, 2008 Investment Committee meeting were submitted for approval.

MOTION by Revels, seconded by Butler, to accept the meeting minutes as presented. PASSED.

IV. INVESTMENT CUSTODY AND INVESTMENT MANAGEMENT AGREEMENTS: Lopez advised that the Committee shall consider updating the FWCJUA's investment custody and investment management agreements such that the FWCJUA's agreements would meet the requirements of 690-143, F.A.C., as identified by OIR. She then informed the Committee that in June 2008; OIR alerted staff that the FWCJUA's investment custody agreements with South Trust Estate & Trust Company of Florida (now US Bank/Evergreen Investment) and Sun Trust Capital Markets, Inc. did not meet all the requirements of 690-143, F.A.C. OIR further directed that the FWCJUA's agreements be amended to include and state certain requirements of the Code. Staff timely responded to OIR's request by identifying the fact that the FWCJUA was not a domestic stock insurer and as such, the regulations applicable to and governing equity securities of all domestic stock insurers outlined in 690-143, F.A.C., did not apply to the FWCJUA. Recognizing, however, that the requirements of 690-143, F.A.C., were reasonable and desiring to take advantage of OIR's suggestions to enhance the FWCJUA's agreements, staff contacted the FWCJUA's investment partners and inquired about the availability of these additional controls and disclosures. Both investment partners informed staff that the suggested enhanced requirements were readily available to the FWCJUA by simply executing new agreements. It was recognized that the FWCJUA's current agreements merely had not been updated since their original inception. Further, US Bank advised that if a new custodial agreement was executed, an updated Investment Management Agreement would be required.

In considering the updated custodial agreements, Lopez further advised the Committee that questions arose with regards to the security of the FWCJUA's investment holdings at US Bank and SunTrust Bank in light of the many financial institution failures seen recently. She reported that the US Bank Custody Agreement and a separate letter from US Bank clearly indicate that the FWCJUA's investment holdings are held in trust and are not assets of US Bank. The FWCJUA's investments are titled to the FWCJUA and therefore, would not be available to satisfy the claims of any US Bank creditor. In addition, US Bank also purchases securities insurance which would provide coverage to the FWCJUA if there was either a loss or damage to a negotiable or non-negotiable instrument while being held in trust by US Bank. Lopez also reported that SunTrust's First Amendment to Custody Agreement includes a new section 3 that provides a very clear indemnification statement that indicates it will indemnify the FWCJUA for any loss of securities. The original SunTrust agreement addressed the issue that all FWCJUA securities are held in a separate account titled in our name. Upon review, the Committee agreed that the proposed agreements were an improvement over the existing agreements and with no additional costs or fees involved to the FWCJUA should be recommended to the Board for execution.

MOTION by Butler, seconded by Revels to recommend that the Board update the FWCJUA's investment custody and investment management agreements such that the FWCJUA's agreements would meet the requirements of 690-143, F.A.C., as identified by OIR. PASSED.

V. COMPLIANCE REVIEW OF THE CURRENT INVESTMENT PORTFOLIO: Bennett advised that the Committee shall consider the compliance of the current investment portfolio. He reported that the Countrywide and Bank of America deal had been finalized; and as a result, the Countrywide bond had been upgraded and was now compliant with policy. He also reported that four bonds being held in the portfolio had been downgraded since the last Investment Committee meeting in July. Lopez then referred the Committee to Attachment D of the agenda and asked Hinkle to update the Committee on the downgrades. Hinkle advised that Anheuser Busch was downgraded by S&P to BBB+ after agreeing to be acquired by InBev and has been put on negative outlook by Moody's and Fitch. The downgrade comes as a result of the large leveraging for the acquisition, but analysts believe they will be able to repay this debt quickly. Hinkle further advised that analysts believe that both maturities will be money good. Hinkle then advised that Washington Mutual was put on negative watch by Moody's and then S&P downgraded them to a BBB-. Of all the creditors in the portfolio, banking analysts are most concerned with Washington Mutual as a key to its recovery is the stabilization of the housing market and no one can predict when that will be. The largest concern is just how high the mortgage related losses will be; however, analysts believe liquidity is good through 2009 given current capital. The worst case scenario is that Washington Mutual will be downgraded to junk status before January 2009, but there is a greater chance that it will be acquired before that. Bennett expressed concern about the Washington Mutual bond given the uncertainty facing the banking industry, especially in 3rd and 4th quarter 2008. Bennett also questioned the continued holding of the bond, and Hinkle responded that the analysts are saying that Washington Mutual has the capital and thus, believe it is money good. Revels asked what staff suggests considering the unknown for 3rd and 4th quarters, and suggested we may be rolling the dice. Torrence advised that the FWCJUA has 2 options, to either sell now for an approximate $8,000 loss or continue to hold it realizing the risk. Bennett then suggested the risk was the possible loss of some portion, if not all, of the $80,000 investment. Hinkle advised that normally recovery values are usually in the 50-60% range if something like that happens. Bennett then suggested that the Committee consider continuing to hold the Washington Mutual bond as an exception to the policy until the Committee could discuss the disposition of the bond with the Board at its upcoming September 9th meeting. The Committee agreed with this conservative approach. Weinstein agreed to get some bid prices for the bond for consideration at the Board meeting. Hinkle then indicated that there was nothing new to report on Home Depot as it is still on hold for the second phase of its recapitalization effort. Hinkle also advised of further bonds being watched for possible downgrade, particularly Lehman Brothers and First Tennessee Bank. At this time, however, analysts are still reporting these two holdings appear to be money good.

MOTION by Revels, seconded by Butler to authorize an investment policy exception to continue to hold the downgraded Anheuser Busch bond and to re-confirm the previous exception to continue to hold the Home Depot bond in the portfolio. PASSED.

MOTION by Revels, seconded by Butler to authorize an investment policy exception to hold the further downgraded Washington Mutual bond until such time as the Board can reconsider this particular investment at its meeting on September 9, 2008. PASSED.

VI. GENERAL ANNOUNCEMENTS: Bennett advised that the next Investment Committee meeting was scheduled for September 26, 2008.

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

MOTION by Bennett, seconded by Butler to adjourn. PASSED. The meeting adjourned at 10:28 a.m.

Respectfully submitted,

Fred Bennett, Chair

LEGISLATIVE REPORT

The Board shall receive a legislative update from Tom Maida.

Given the magnitude of the recently filed workers' compensation rate reduction for 2009 by NCCI, some believe that 2009 workers' compensation legislation is unlikely. However, the workers' compensation insurance industry and the trial bar are eagerly awaiting the decision of the Emma Murray v. Mariner Health/Ace USA case, which will pass on the constitutionality of attorney fee restrictions in the reform legislation. Legislative activity in the field of workers compensation in 2009 may largely depend on what the Florida Supreme Court does with the Emma Murray decision.

Further, we are currently unaware of any conversation about legislation that would specifically address the FWCJUA, but the situation will continue to be monitored.

No Board action is anticipated to be required on this agenda item.

REINSURANCE COMMITTEE REPORT: 2009 REINSURANCE PROGRAM GOALS AND MARKET STRATEGY

The Board shall receive a report from the Reinsurance Committee regarding the establishment of the 2009 reinsurance program goals and market strategy.

At its August 19th meeting, the Reinsurance Committee established the 2009 reinsurance program goals and market strategy. The goals and strategy for the 2009 reinsurance program have been designed to minimize policyholder resources devoted to reinsurance, create a program that reflects the proper balance between price and coverage, and provide flexibility to accommodate unexpected growth or further depopulation. Further, the program goals take into consideration the FWCJUA's financial status; past performance; current book of business; as well as the 2008 premium and account mix, which are projected to remain the same for 2009. A critical assumption related to securing the 2009 reinsurance program is the $12 million earned premium projection with an assumed policy count of 1,700.

During the Committee's discussion, concern was expressed about a possible OIR initiative that might reduce the collateral requirements for reinsurers. It was noted that any possible impact this may present for the FWCJUA will be examined, although it is anticipated that if the FWCJUA has an existing contract with a reinsurer, and the reinsurer subsequently asks for a collateral reduction, the contract terms would prevail. Further, the reinsurance contracts contain a provision requiring collateral to be posted by any market, non-alien or alien, that is downgraded below A- by A.M. Best, regardless of OIR determined collateral requirements. Further, Benfield also confirmed its commitment as the FWCJUA's Broker to secure competitive quotes, compare them and perform the DFA to illustrate optimal structures under different scenarios considering the FWCJUA's budget and retention appetite.

Attached for the Board's perusal is a copy of the 2009 FWCJUA Reinsurance Goals.

No Board action is required on this agenda item.

2009 FWCJUA REINSURANCE GOALS

The depopulation trend which started with the introduction of the tier rating plans in 2004 has continued through 2008. As of July 31, 2008, the FWCJUA had 1,689 policies in-force with a corresponding premium of $12,779,327 compared to 2,438 policies in-force as of July 31 2007, with a corresponding premium of $23,778,590.

The composition of the in-force book of business as well as new business (small contractor dominated) mirrors the 2008 year. However, claim activity involving serious injuries dropped considerably this year compared to last year, while severity and late reported claims remain the most significant claim related conditions. Both current years and cumulative loss results were again dramatically better than anticipated with reserves being adjusted downward. There is every indication that depopulation and favorable development trends will continue through 2009 given that Tiers 1, 2, & 3 have actuarially sound rates and minimum premiums.

The price for the FWCJUA reinsurance program decreased with the departure of Subplan "D" and stabilized with the advent of the Tier Rating Plan – 15.243% in 2005; 15.428% in 2006; 14.118% in 2007; and 10.437% in 2008 – and coverages improved somewhat. We hope to see this trend continue.

We perceive four (4) principal objectives in developing the 2009 reinsurance program:

1. Minimize resources devoted to reinsurance.
2. Create a program that reflects the proper balance between price and coverage – determining the optimum attachment points.
3. Present the FWCJUA's excellent fourteen year experience and performance in the marketplace.
4. Obtain flexibility to accommodate unexpected growth or further depopulation.

We see the three (3) most significant strengths of the FWCJUA being:

1. The successful track record of <u>solving problems</u> through creative and innovative solutions. For example, legislative intervention in the FWCJUA which created Subplan "D" and the resulting deficit was resolved by influencing legislation that allowed for access to Administrative Trust Fund monies to reduce the deficit and created the experienced based Tier Rating Plan to avoid imminent assessments.
2. <u>Consistency</u> in philosophy along with <u>competence</u> and <u>stability</u> of staff. All decisions must first and foremost be sound business decisions and reflect the best interest of the policyholders. The Management Team has been together since 1994/5 and the key service providers (Travelers and General Counsel since 1994, actuary and collections staff since 1995 and the auditor since 2000).
3. An <u>independent and active Board of Governors</u> composed of experienced insurance professionals.

2009 PROGRAM GOALS

The 2009 reinsurance renewal program goals take into consideration the FWCJUA's financial status, excellent past performance, current book of business, and the fact that the 2008 premium, account "mix" and uncollectible premium impact will probably track similar to the 1998 – 2000 and the 2005 - 2007 policy year/accident year profiles. The goals are:

1. Design the program based on projected 2009 earned premium level of $12.0 million and a policy count of 1,700.
2. Approach the 2009 program design by questioning the current structure and asking "is there an effective alternative structure or mechanism – e.g., combination risk transfer product/reinsurance program – that fits the FWCJUA from 2005 – 2008?" Step "out of the box" and place a risk assessment on various "creations" from dollar one to cat only programs.
3. Conduct a risk assumption analysis in conjunction with either the 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.
4. Determine if a "new" profit share valuation / computation feature is advisable or available.
5. Obtain, where possible, collateral arrangements to be implemented in the event of reinsurer financial problems (e.g., Converium & Quanta).
6. Attempt to get NBCR coverage in the regular program by removing the exclusion from the contract in 2009.
7. Evaluate the financial conditions of all current reinsurers and advise what actions, if any, are required.
8. Take whatever steps are appropriate to ensure that both current and potential markets are fully accessed.

9. Specifically, the 2009 program should:
    a. reduce rate and/or index it to unanticipated premium growth *(A reduction in overall rate or product cost, is the target.)*; The index to "unanticipated premium growth" has been included in the contracts since 2004. Although the circumstances which would trigger this provision of the contract seem rather unlikely at this time, the language should be retained;
    b. include a "one way" cancellation clause to allow the JUA to deal with dramatic reductions in premium at a minimal cost;
    c. protect the FWCJUA in the event of financial difficulties of the reinsurers;
    d. determine the optimum reinsurance coverage; strive to reinstate prior exposure types that were excluded; and review the AAD's, MAOLs and attachment levels (consider higher attachment points similar to the 2008 program, i.e. $1M or $2M since the FWCJUA is in a surplus position);
    e. provide alternative approaches to obtain equivalent, better or different reinsurance coverage;
    f. obtain more favorable minimum premiums or, at the minimum, retain 2008 levels and spread the minimum premium for at least the first and second excess layers over a minimum of two years from January 1, 2008 through December 31, 2009 to help relieve any potential minimum premium penalty resulting from the FWCJUA's decreasing premium volume; and
    g. obtain statutory limits if such a program is available at a reasonable price.

MOST SIGNIFICANT ANTICIPATED IMPACTS FOR 2008:

The FWCJUA shall remain a single-line insurer underwriting workers' compensation and employer's liability residual market coverages in Florida with actuarially sound rates. Since 2004, the FWCJUA has been both stable in the composition of the book of business and consistent in performance/loss development. Over the years, the positive loss development has exceeded actuarial expectations and resulted in dramatic reductions in all accident years' loss reserves. There has been very little reinsurance activity and few payouts in the past and no projected increases in activity for 2009. The claim reforms introduced in 2003 have undoubtedly improved performance and when combined with the experienced Travelers' adjusting team and the FWCJUA's proactive claims management approach, the loss results have come in well below forecasts.

At this point in time, depopulation of the book of business is projected for 2009 – it is anticipated that:

1. there will be another rate decrease in the voluntary market;
2. subplan claims will continue to run-off with closings increasing as the claims mature;
3. the FWCJUA will write in the range of $10M to $12M in premium; and
4. the stable service environment will be maintained as the Travelers' contract for policy administration/managed care services will renew in 2009 for another 3 years, Milliman's engagement as the FWCJUA's Actuary was also extended through 2011, and Benfield Group was selected as the FWCJUA's reinsurance intermediary for the next 3 years. As of this time, the financial auditor for year-end 2009 and beyond has not been determined; however, it should be noted that the FWCJUA is extremely satisfied with its current engagement of Thomas Howell Ferguson.

2009 PROGRAM CONSIDERATIONS

There are several conditions that we feel will continue well into 2009:

1. For purposes of reinsurance purchase, $12M in earned premium and 1,700 polices should be used.
2. We do not anticipate growth in 2009 for the following variety of reasons:
    a. Coverage is available and actively being written in the voluntary market.
    b. There appears to be no discernable changes in voluntary market underwriting requirements, restrictions and/or alterations in leasing company (PEO) selection criteria or rule changes governing the status of "non-reported" or non-leased employees.
    c. Voluntary market insurers appear to be able to obtain favorable reinsurance arrangements.
    d. Tthe sluggish economy, particularly the housing construction slump, is expected to continue.
    e. The price differential between the FWCJUA rates and the voluntary market rates as well as the FWCJUA's "unattractive" producer fee schedule should continue to encourage producers to secure coverage for employers within the voluntary market.
    f. Employee leasing operations should continue to provide coverage for the small employer, including some contractors.
    g. The take-out/keep-out programs were enhanced in 2008 and will continue to be exploited.
3. The exposures – mix of business – should remain consistent:
    a. We anticipate that the current industry distribution will continue into 2009 with the contracting and goods and services groups comprising the majority of policyholders with a significant number of those being minimum premium policies. This situation will continue to expose the FWCJUA to the single catastrophic loss while limiting frequency. Further, it is anticipated that the

past three years' loss history of the construction trades, accounting for 56% of the claims and 40% of the loss dollars will continue.

   b. The FWCJUA will continue to write a few accounts that are in Chapter 11. However, to be eligible for coverage, the account must pay the entire Estimated Annual Premium prior to binding. A recent study of all FWCJUA bankrupt accounts indicates that the programs and procedures currently in place are effective in virtually eliminating collections as an issue for accounts in bankruptcy at time of entry into the FWCJUA. Taking bankruptcy after the fact will always be a problem.
   c. The 34 - 36% "mid-term" cancellation rates experienced in the past will continue into 2009.
   d. Certain classes, such as small aviation exposures, charitable organizations, and other exotic exposures that are "unattractive" to reinsurers of voluntary market carriers will continue to be placed in the FWCJUA.
   e. The book of business is and will continue to resemble that of 1994 – 1996 and 2003 - 2005 in policy composition as well as types of claims. The one exception is accident year 2004 which certainly was an aberration as a result of Subplan "D". As such, the reinsurers should be far more confident in their ability to predict future performance than they have been for the most recent years.
4. The 2003 SB 50A claim reforms, the 2004 HB 1251 rating plan adjustments, and more enticing keep-out/take-out programs will continue to have a positive impact on the FWCJUA in 2009. Both the voluntary and residual markets will continue to receive the savings produced by the 2003 claim reforms resulting from the reductions in litigation activity, partitions filed and alternative medical evaluations requested. The legislation addressed additional conditions that are of particular relevance to the FWCJUA such as those sections dealing with illegal alien activity, prior injury contributions and those that produced improved claim handling efficiencies. A significant benefit of the reforms – restrictions on the claimant attorney's fees – is being tested in the courts and has "stood up" to the first two levels of appeal and anticipate a Supreme Court ruling sometime this year. However, increasing medical costs remain a concern in both markets making the FWCJUA's mandatory, well established managed care arrangement and catastrophic claim management programs even more significant.
5. The surcharges on Tier 1, Tier 2 and Tier 3 are actuarially sound. The voluntary market may experience a slight rate increase for 2009, due to a soft economic market, which will ultimately affect the FWCJUA's basic rates (without surcharges).
6. The current keep-out/take-out program that allows the insurer who writes an FWCJUA applicant or policyholder to charge the FWCJUA rate for three (3) years is projected to place more employers in the voluntary market in 2009 as the "MAP Partnership Program" is completely implemented. This program provides the producers direct access to multiple voluntary markets that they may not otherwise have contractually available to them prior to submitting the application to the FWCJUA.
7. The subplan rating programs were terminated on June 30, 2004 with policies and claims now in run-off. Of the 378 Subplan "D" claims with a total incurred of $12,402,656, only 11 remain open for $5,494,579.
8. Travelers will continue to be the policy administration/manged care service provider through 2011.
9. The 2008 and 2009 premium assumptions/projections will be revised each quarter and the Broker will be advised of any changes.
10. The FWCJUA will conduct a rate review in conjunction with the NCCI in the fall and respond appropriately.
11. The FWCJUA has **reduced reserves** for the eleventh consecutive year.

Some of the factors working against reductions in excess reinsurance pricing would include:

1. The depopulation of the FWCJUA, for several reasons:
   a. Lower premium volumes create greater volatility within the remaining business.
   b. When a residual market shrinks, it is presumed to keep that portion of its book which would be least attractive to voluntary market insurers.
   c. Decreasing economies of scale require a greater percentage of reinsurance premium to address reinsurers fixed costs.
2. If there is a proposed Florida rate decrease which is generally seen as a reason for reinsurers to raise rates against premium. However, the FWCJUA is able to set surcharges to reach rates which will be actuarially sound.
3. Increases made to incurred values of several large claims in the last two years.

SPECIAL REQUIREMENTS

There are certain "realities" that need to be considered in developing the 2009 program:

1. Effective communication with the FWCJUA, the Reinsurance Committee, and the Board of Governors is essential to the efficient development and on time implementation of a successful 2009 program.
2. Given the Board of Governor's fiduciary responsibilities and the potential for assessments, the balance between coverage and price as well as the reinsurer's financial strength must be managed to the FWCJUA's benefit.

BASIC FWCJUA ONGOING ISSUES

Regardless of the ultimate size or structure of the 2009 residual market, the following basic, long standing FWCJUA issues should be considered in developing the 2009 reinsurance program:

1. *Program Risk v Cost*. The FWCJUA now has a consistent history of rate adequacy and annual reductions in reserves due primarily to a consistent conservative loss development posture but also to aggressive claims management. It is important to note that since inception, the FWCJUA has experienced only 275 claims of $100,000 or greater total incurred and of those only 24 ($30.7M) exceed $500,000 and 9 ($20.9M) exceed $1,000,000. There have been no claims above $4,946,747.
2. *Reinsurer Financial Condition.* The financial condition of current and potential reinsurers remains a concern and will require consideration and evaluation again this year. Given the industry's property problems, special attention should be paid to those with significant property books.
3. *Minimum Premiums.* As premium stabilizes or even decreases with depopulation and/or a possible decrease in voluntary market rates, managing the reinsurance rate becomes very important. The program should compensate for premium volume by exploring alternative rating structures such as indexing rate to premium. Minimums should not be forgotten nor should the possibility of utilizing alternative premium subject bases such as collected premium.
4. *Assumption of Risk.* Coverages were reduced, altered or modified in the past for many good reasons – not required, too expensive or not available – and with depopulation and the excellent experience, they must again be reviewed: 1) evaluate/determine all attachment points; 2) evaluate the use of AAD's and if the "trade-off" is not sufficient, consider retaining the layer; and 3) determine the appropriate MAOL coverage.
5. *Terrorism Exposure.* Given the size of the FWCJUA TRIA deductible, the Board may wish to consider the purchase of a commercial product that would cover the "NCBR" perils currently excluded from reinsurance coverage.
6. *"Exotic" Exposures.* The inclusion of the "exotic" exposures (such as cumulative trauma, asbestosis, aviation, strip mining, and mold if not universally excluded, etc.) is important even though we currently have little or no known exposures. The availability of those coverages was the primary reason the Board elected to purchase the more expensive casualty-based program. The Board felt that as the Florida residual market, the FWCJUA could not exclude those coverages should the employer meet all other eligibility criteria.

UNDERWRITING FACTORS - EXPOSURE

Two 2008 studies are available upon request that present complete data (applications bound, policies in-force and claim activity) "sliced" in such ways to provide a thorough analysis of the Book of Business. The first is the 2007 Travelers/FWCJUA Operations Review completed in April 2008. The second study is the 2008 Cause of Loss & Safety Program Analysis also completed in April of this year.

The following specific underwriting factors should be considered when pursuing the 2009 renewal. Further, it should be noted that the below data is taken from applications bound as this represents the accounts that the FWCJUA is putting on the books thus, an accurate point-in-time "snapshot" of the Florida residual market.

Distribution – Premium (Tier Rating Plan)

The 2009 projections are based upon Tier Rating Plan distribution of applications bound from 07/01/04 through 06/30/2008 and applied to 1,700 polices and $12,000,000 in premium.

2009 Tier Distribution Projections Based Upon 1,700 Policies and $12M Premium*			
Element	**Tier 1**	**Tier 2**	**Tier 3**
# @ 1,700	791	612	297
$ @ $12,000,000	3,900,000	3,600,000	4,500.000
% of #	46.5%	36.0%	17.5%
% of $	32.5%	30.0%	37.5%

*Based upon applications bound.

The 2006 - 2008 Tier distribution displayed below and is anticipated to be similar 2009:

Applications Bound 01/01/2006 Through 06/30/2008 – By Tier									
	2006			2007			2008		
Apps	Tier 1	Tier 2	Tier 3	Tier 1	Tier 2	Tier 3	Tier 1	Tier 2	Tier 3
# Bound	89	1,063	334	95	535	270	32	133	68
$ Bound	841,393	7,327,619	8,466,931	581,917	3,194,037	4,414,322	275,714	965,754	1,078,225
% of #	6.0	71.5	22.5	10.6	59.4	30.0	13.8	57.0	29.2
% of $	5.0	44.0	51.0	7.0	39.0	54.0	12.0	41.6	46.4

*Based upon applications bound.

Distribution – Exposure (Industry Group)

The 2006 – 2008 Industry Group & Minimum Premium distribution displayed below is anticipated to be similar in 2009:

Distribution of Tier Applications & Minimum Premium Applications By Industry Group - 01/01/2006 to 06/30/2008									
01/01/2006 – 12/31/2006									
Element	Mfg	Contract	Clerical	Goods & Services	Misc	USL&H	Maritime	Other	Total
Premium	410,541	7,114,831	2,938,693	3,678,319	2,290,719	0	143,416	59,424	16,635,943
Number	28	768	204	292	179	0	4	11	1,486
% Total #	1.9	51.68	14.0	19.65	12.0	0.0	0.3	0.74	
% Total $	2.5	42.82	17.6	22.0	13.76	0.0	0.86	0.36	
Min Prem	8	338	21	80	63	0	0	5	515
% Total	0.54	22.7	1.4	5.4	4.2	0.0	0.0	0..34	
% Group	28.57	44.01	10.2	27.4	35.2	0.0	0.0	45.45	
0 Payroll	5	199	3	20	31	0	0	0	262
% Total	0.34	13.39	0.20	1.35	2.0	0.0	0.0	0.0	
% Group	17.86	25.91	1.47	6.85	17.32	0.0	0.0	0.0	

*Based upon applications bound.

Distribution of Tier Applications & Minimum Premium Applications By Industry Group - 01/01/2006 to 06/30/2008									
01/01/2007 – 12/31/2007									
Element	Mfg	Contract	Clerical	Goods & Services	Misc.	USL&H	Maritime	Other	Total
Premium	133,548	3,301,219	1,862,394	1,559,512	1,147,808	0	99,920	85,875	8,190,276
Number	14	423	170	186	93	0	3	11	900
% Total #	1.6	47.0	18.89	20.67	10.33	0.0	0.33	1.22	
% Total $	1.63	40.31	22.74	19.04	14.01	0.0	1.22	1.05	
Min Prem	3	206	11	34	23	0	1	1	279
% Total	0.33	22.89	1.22	3.78	2.56	0.0	0.11	0.11	
% Group	21.43	48.70	6.47	18.28	24.73	0.0	33.33	9.09	
0 Payroll	1	113	2	15	13	0	0	0	145
% Total	0.11	12.56	0.22	1.67	1.44	0.0	0.0	0.0	
% Group	7.14	26.71	1.18	8.06	13.98	0.0	0.0	0.0	

*Based upon applications bound.

Distribution of Tier Applications & Minimum Premium Applications By Industry Group - 01/01/2006 to 06/30/2008									
01/01/2008 – 6/30/2008									
Element	Mfg	Contract	Clerical	Goods & Services	Misc.	USL&H	Maritime	Other	Total
Premium	32,624	635,339	511,955	698,130	370,630	0	0	71,015	2,319,693
Number	3	91	42	64	25	0	0	8	233
% Total #	1.29	39.06	18.03	27.47	10.73	0.0	0.0	3.43	
% Total $	1.41	27.39	22.07	30.10	15.98	0.0	0.0	3.06	
Min Prem	0	44	5	7	9	0	0	3	68
% Total	0.0	18.88	2.15	3.0	3.86	0.0	0.0	1.29	
% Group	0.0	48.35	11.90	10.94	36.0	0.0	0.0	37.50	
0 Payroll	0	30	0	4	3	0	0	0	39
% Total	0.0	12.88	0.0	1.72	1.29	0.0	0.0	0.0	
% Group	0.0	32.97	0.0	6.25	12.0	0.0	0.0	0.0	

*Based upon applications bound.

EXPOSURE – SERIOUS INJURIES

Distribution – Serious Injuries

A Serious Injury/Special Interest Claim is defined as any claim involving: 1) a fatality, amputation, spinal cord damage, brain damage, blindness, extensive burns, or multiple fractures; or 2) multiple claimants for a single occurrence; or 3) there are significant coverage issues or major SIU involvement; or 4) the total incurred exceeds $100,000. Below is a chart reflecting the distribution of large claim activity ($100,000 or greater

Total Incurred) by accident year and status from 01/01/1994 to 06/30/2008. Additional detail is available in the 2008 Cause of Loss & Safety Analysis.

Accident Year	Total #	Total $	# Open	$ Open	Avg. Claim	% of AY Tot # Open	% of AY Tot $ Open
1994							
100K or >	50	$11,604,013	1	$719,418	$232,080	0.92%	6.19%
All Claims	1595	$21,651,837	2	$799,471	$13,574	0.125%	3.69%
1995							
100K or >	68	$15,369,998	1	$1,042,836	$226,029	1.47%	6.78%
All Claims	2013	$27,256,700	4	$1,255,791	$13,540	0.19%	4.60%
1996							
100K or >	38	$11,669,472	1	$3,498,561	$307,091	2.63%	29.98%
All Claims	1033	$19,780,283	1	$3,498,561	$19,148	0.096%	17.68%
1997							
100K or >	13	$2,126,880	0	$0	$163,606	0.00%	0.00%
All Claims	467	$5,462,037	0	$0	$11,696	0.00%	0.00%
1998							
100K or >	15	$2,809,874	1	$589,631	$187,325	6.66%	20.98%
All Claims	259	$5,130,276	2	$671,078	$19,808	0.77%	13.08%
1999							
100K or >	4	$5,140,365	2	$4,708,127	$1,285,091	50.00%	91.59%
All Claims	76	$5,588,546	2	$4,708,127	$73,533	2.63%	84.24%
2000							
100K or >	6	$1,669,500	0	$0	$278,250	0.00%	0.00%
All Claims	73	$2,318,909	0	$0	$31,765	0.00%	0.00%
2001							
100K or >	3	$439,754	1	$170,409	$146,584	33.33%	38.75%
All Claims	87	$968,149	1	$170,409	$11,128	1.14%	17.60%
2002							
100K or >	1	$311,352	1	$311,352	$311,352	100.00%	100.00%
All Claims	175	$1,786,127	2	$387,813	$10,206	1.14%	21.71%
2003							
100K or >	15	$3,651,888	2	$1,477,996	$243,459	13.33%	40.47%
All Claims	487	$8,038,700	6	$1,707,195	$16,507	1.23%	21.63%
2004							
100K or >	27	$11,503,463	7	$5,694,246	$426,054	25.92%	49.50%
All Claims	782	$18,185,897	17	$6,145,199	$23,255	2.17%	33.79%
2005							
100K or >	19	$9,374,232	6	$5,720,056	$493,380	31.57%	61.01%
All Claims	538	$13,661,571	18	$6,292,261	$25,393	3.34%	46.05%
2006							
100K or >	11	$2,521,059	6	$1,512,774	$229,187	54.54%	60.00%
All Claims	412	$5,598,827	29	$2,210,758	$13,589	7.03%	39.48%
2007							
100K or >	5	$1,075,179	5	$1,075,179	$215,036	100.00%	100.00%
All Claims	198	$2,423,402	31	$1,813,304	$12,239	15.65%	74.82%
2008							
100K >	0	0	0	0	0	0.00%	0.00%
All Claims	61	$358,339	27	$308,435	$5,874	44.26	86.07%

Experience - Severity

For all accident years, the FWCJUA has experienced a severity problem rather than frequency issues and the 2006, 2007 and 2008 year to date accident years provide a more typical than unique profile of the FWCJUA's fourteen year history and the indications are that the same type of serious injuries will occur in 2009 and for the same reasons. There are many reasons for this situation but the most prevalent are:

1. Nature of the predominate business being written – small contractors and small businesses that have few employees and fewer claims per policy and rely heavily on:
   a. contract short term labor (many of the claimants were on the job less than three days (mandatory time required to report payroll);
   b. a percentage of uninsured sub-contractors;
   c. workers and subcontractors paid in cash;
   d. illegal and semi-legal workers; and
   e. misconceptions regarding employee and independent subcontractor statutes.
2. Nature of the labor force:
   a. certain percentage of the workforce unaware of effective risk management techniques;
   b. the existence of some language barriers;
   c. a lack of transferable skills;
   d. misconception regarding the employer – employee relationship; and
   e. a reliance on labor contractors to provide short term employees.
3. Late reported or un-reported claims (only 65% of FWCJUA claims are reported within the first seven days) that encourage reporting by attorneys and health care providers.
4. Lack of risk management and safety knowledge/equipment usage.
5. Lack of understanding of the workers' compensation "system" and its purpose and the impact of light duty program availability.
6. No claim "internal" investigations other than those conducted by FWCJUA/Travelers SIU, police, OSHA and/or Travelers Loss Control & Safety engineers.
7. Insureds that are less than honest in their reporting of payroll and claims; lax or no employment practices or records; and are unreliable at best and uncooperative at worst throughout the adjudication process.
8. Difficulty in finding the actual employer and non-cooperation throughout the adjudication process.
9. Partial involvement of PEO's and leasing organizations – i.e., three crews on the job, two insured via the PEO and the third paid directly by the employer usually in cash; Injured Worker therefore not reported to the PEO and is judged to be uninsured and a 'food chain" claim results with the general contractor having to pick up the claim when the GC was provided with a presumably valid Certificate of Insurance.

The data further suggests that over the years and especially since the implementation of the claim reforms of 2003, the FWCJUA/Travelers Team has been quite successful in dealing with the severity issues. The most significant reasons are:

1. First and foremost is the FWCJUA philosophy of closing claims as soon as it is practical to obtain a settlement that is beneficial to the FWCJUA policyholders and fair to the claimant.
2. Of equal significance is the fact that the Travelers' adjusting team has been together essentially since 1995 with the large loss (serious injury) adjusters having over 20 years experience each. The Travelers Orlando claims management and Home Office large claims unit has been actively supervising the FWCJUA account since 1995. This stability coupled with the FWCJUA staff and the Litigation Manager being the same since 1995 and actively involved in the process has allowed the claim handling practices to remain consistent and for statutory changes to be implemented promptly.
3. The FWCJUA – Travelers Team immediately recognized the significance of the 2003 reforms and pursued their application aggressively.
4. The industry, especially the FWCJUA, continues to realize the impact of the reforms on yearly results. [The FWCJUA's favorable reserve development occurring in prior years has helped produce substantial positive reserve adjustments.]
5. The case by case application of the 2003 reforms has encouraged more effective claims handling which allows claims to be settled more quickly and reasonably; e.g.:
   a. Settlement/Closure of claims occurs faster due to less extraneous attorney activity on specific claims and claims in general, allowing adjusters and their supervisors to concentrate on adjudicating claims efficiently. (Actually there is not less representation for FWCJUA claims due to the reasons sited above but there is certainly less activity surrounding each represented claim and thus more incentive to settle).
   b. Statute revisions have strengthened the handling of illegal aliens and fraudulent claims, which produced more reasonable settlements concluded over shorter time frames.
6. The composition of the book of business has remained relatively consistent over the past several years which allows for a consistent approach to claims handling.

Loss Experience

The FWCJUA has ***excellent loss experience*** to date. Performance has been outstanding over the past few years:

1. Claim activity has been consistent with only nine (9) claims exceeding $1M, with six (6) open; and fifteen (15) claims between $500K and $1M of which eight (8) remain open; and fifty-one (51) claims from $250K to $499,999 of which four (4) are open.
2. Even though policy counts and applications received have declined, 2008 monthly claim activity remains below the fourteen year average and is considerably less than the same period in 2007 - the monthly average since 1994 is 49 claims while the 2007 monthly average is 17 claims and to date for 2008 it's only 5.
3. The ratio of Lost Time to Medical Only claims continues to be in the 60:40 range.

TIMETABLE

The following timetable is suggested:

July

1. Broker presents the general program concept and market approach.

August

1. Broker finalizes the Underwriting / Submission data requirements and delivery schedule and submits to the FWCJUA.
2. Broker advises FWCJUA of potential market's special underwriting / claim information requirements.
3. FWCJUA submits requested original data to broker (As of 06/30/2006 & all 2005 financial data that they do not already have).

September

1. FWCJUA and broker agree on the 2008 Reinsurance Renewal Program goals.
2. Broker designs the proposed program, meets with the Reinsurance Committee and takes the program to market.
3. FWCJUA provides updated premium and loss information.

October

1. Broker and staff present the FWCJUA "story" to reinsurers.

November

1. Broker provides the Reinsurance Committee with the consensus terms for each contract as provided by the reinsurers and a quote. Also, modeling of the various options.
2. Reinsurance Committee makes recommendations to the Board.

REINSURANCE COMMITTEE REPORT:
COMMUTATION MATTERS

The Board shall receive an update from the Reinsurance Committee and Benfield regarding the possibility of a commutation with PMA.

As the Board may recall, the FWCJUA provided an initial offer to PMA in April, which was viewed by the reinsurer to be too high. Several discussions occurred between Benfield and PMA to try to close the gap, specifically addressing the individual open claims, discounting rates, and IBNR. Though at one point a counteroffer seemed forthcoming, over two months of discussion with PMA did not produce one. As the details of the sale of PMA Re to Armour Re were made public, it appeared that PMA may have been limited as to how much they could offer in a commutation to the FWCJUA. At that point, the FWCJUA pulled its commutation offer to PMA off the table. Commutation may be further explored after the sale to Armour Re is complete. Based on Benfield's records, as of this date, PMA is current on all of its obligations to the JUA.

No Board action is required on this agenda item.

PRODUCER COMMITTEE REPORT:
AGENCY PRODUCER AGREEMENT

The Board shall consider several Producer Committee recommendations related to the Agency Producer Agreement authorization process as well as a corresponding Rates & Forms Committee recommendation related to the proposed procedural changes and clarifications.

Specifically, the Producer Committee is recommending the following:

1. Permit the payment of producer fees on outstanding business of authorized agencies and their designated producers during an FWCJUA suspension of their privileges to submit new and renewal business;
2. Require the complete reapplication for authorization to submit business to the FWCJUA every two years rather than the renewal of such given the complexity of the Agency Producer Agreement related to the number of parties that must be identified within or execute the Agreement;
3. Clarify that at all times during their agreement with the FWCJUA, every agency and its designated producers must:
   a. serve as an insurance agent or insurance agency, as the case may be, of an insurer actively writing workers' compensation and employers' liability insurance **in the voluntary market** in the state of Florida, pursuant to a certificate of authority issued by the Florida Office of Insurance Regulation;
   b. must abide by the FWCJUA Plan of Operation**, as amended from time to time;**
   c. provide proof of errors and omissions or professional liability coverage **through a valid certificate of insurance issued to the FWCJUA**;
4. Clarify that the FWCJUA has **one** office located at 6003 Honore Ave. Suite 204 Sarasota, Florida 34238.
5. Ensure consistency between the Agency Producer Agreement and the Operations Manual by clarifying in the Agreement that the FWCJUA may, in its sole discretion, immediately suspend or terminate the Agreement upon the occurrence of **any material misrepresentation made in connection with FWCJUA business** or **the demonstrated lack of competency, fitness or trustworthiness to act as an Agency or Designated Producer**.

Attached for the Board's review is a copy of the proposed revised Agency Producer Agreement and corresponding revisions to the Operations Manual that the Rates & Forms Committee is recommending be adopted to implement these Producer Committee recommended procedural changes and clarifications. The changes are indicated in red and yellow highlight with either strikeout or underscore for quick reference. If adopted by the Board, the revised Agreement and corresponding Operations Manual pages will be filed for OIR approval.

The Board shall determine whether to adopt the proposed Producer Committee recommendations related to the Agency Producer Agreement authorization process; and if so, shall determine whether to accept the Rates & Forms Committee recommendation to adopt the proposed revisions to the Agency Producer Agreement and corresponding revisions to the Operations Manual as the vehicles to implement these proposed procedural changes and clarifications as soon as practicable.

AGENCY PRODUCER AGREEMENT

This Agency Producer Agreement is made and entered into this ___ day of __________ 20__, by and between the FLORIDA WORKERS' COMPENSATION JOINT UNDERWRITING ASSOCIATION, INC. (the "FWCJUA"), a corporation not for profit organized and existing under the laws of the State of Florida, ____, an insurance agency duly licensed or registered to do business in the state of Florida, pursuant to Chapter 626, Florida Statutes (the “Agency”), and the general lines insurance agent or agents working at each Agency location, duly licensed to act as such by the Florida Department of Financial Services, who are identified in the attached Exhibit A (referred to herein, both singularly and plurally, as the case may be, as the “Designated Producer”). This Agency Producer Agreement shall hereinafter be referred to as the “Agreement.” By signing this Agreement in the space provided in Exhibit A, each Designated Producer is a party to the Agreement and agrees to be bound by its terms and provisions.

The Agency, each Designated Producer, and the FWCJUA, agree as follows:

SECTION I – AUTHORIZATION

1.1. Authorization; Generally. The FWCJUA hereby authorizes the Agency to submit qualified Florida workers' compensation business to the FWCJUA. The Agency shall only submit to the FWCJUA such business as is qualified for coverage pursuant to section 627.311(5), Florida Statues, as amended from time to time, and the FWCJUA Plan of Operation. The Agency, its directors, officers, members, partners, employees, the Designated Producers, and any customer service representatives (“CSRs”) working under the supervision of the Designated Producers, are independent contractors, and not employees, representatives or agents of the FWCJUA. Attached to this Agreement, and made a part hereof as Exhibit A, is a list of each Agency location, which includes the following information with respect to each location: (i) Agency address and telephone number; (ii) Agency license or registration number; (iii) name of the agent-in-charge; (iv) name and Florida license number of each Designated Producer, if any; (v) qualifying appointment for each Designated Producer, if any; and (vi) the name and license number of any CSRs authorized by the Agency to transact business related to the FWCJUA and working under the supervision of a Designated Producer. Only those Designated Producers and CSRs designated in writing by the Agency with respect to each Agency location may transact business related to the FWCJUA. The Agency shall notify the FWCJUA in writing of any changes in the information listed in Exhibit A, including, but not limited to, any changes with respect to the addition or deletion of Agency locations, Designated Producers or CSRs. Such notice shall be provided by the Agency to the FWCJUA prior to the change whenever practicable, but in no event shall such notice be provided to the FWCJUA later than 10 days after such change occurs. The FWCJUA will not accept any business from a Designated Producer which has not been added to Exhibit A of this Agreement. The FWCJUA may, in its discretion, choose to communicate only with Designated Producers and CSRs so designated by the Agency. The FWCJUA may, in its discretion, decline to permit, or withdraw permission for any Agency location, Designated Producer or CSR to transact business related to the FWCJUA.

1.2. License. As a condition of maintaining authorization to submit business to the FWCJUA, the Agency at all times during the term hereof (a) shall be duly licensed or registered by the Florida Department of Financial Services (the “Department”) for each location identified in Exhibit A, (b) employ at least one Designated Producer for at least one of the locations identified in Exhibit A, (c) the Designated Producers and CSRs transacting business related to the FWCJUA shall be duly licensed to perform the services they perform related to the FWCJUA, and (d) any CSR authorized to communicate with the FWCJUA shall be under the direct supervision of a Designated Producer. The Agency shall be responsible for the job performance, as required by law, this Agreement, or otherwise, of the Designated Producers and CSRs authorized to transact business related to the FWCJUA. The Designated Producers shall be responsible for any act or failure to act of the CSRs working under their supervision.

1.3. Other Markets. As a condition of maintaining authorization to submit business to the FWCJUA, the Designated Producer or the Agency shall at all times during the term hereof serve as an insurance agent or insurance agency, as the case may be, of an insurer actively writing workers' compensation and employers' liability insurance in the voluntary market in the state of Florida, pursuant to a certificate of authority issued by the Florida Office of Insurance Regulation. The Designated Producer or the Agency, as the case may be, shall provide proof of such business relationship at the time of application and at the time of renewal or replacement.

SECTION II – DUTIES OF THE AGENCY & DESIGNATED PRODUCERS

2.1. Compliance with FWCJUA Guidelines. The Agency and Designated Producers shall abide by the FWCJUA Plan of Operation, as amended from time to time, including its Articles of Incorporation, the Bylaws, ~~as amended from time to time,~~ and the Operations Manual. Copies of these documents are available at the offices of the FWCJUA, located at 6003 Honore Ave. Suite 204 Sarasota, Florida 34238 and on the FWCJUA's Internet web site, at www.fwcjua.com. The Agency and Designated Producers are responsible for obtaining copies of these documents and ensuring that the CSRs understand their contents.

2.2. No Authority to Bind the FWCJUA. Neither the Agency nor a Designated Producer is an agent of the FWCJUA or any FWCJUA Service Provider, and they have no authority, actual or apparent, to bind the FWCJUA or any Service Provider. Neither the Agency nor a Designated Producer shall represent to any person, either expressly or by implication, that the Agency or the Designated Producer is an agent of the FWCJUA or any Service Provider. Toward that end, neither the Agency nor a Designated Producer shall use any materials provided by the FWCJUA or any Service Provider in such a manner as to create the impression that an agency relationship exists between the Agency and the FWCJUA or any Service Provider.

2.3. Duty to Provide Information. The Agency and Designated Producers shall use reasonable care to furnish information to the FWCJUA which is accurate in all respects. All applications, reports, correspondence and claim information shall be forwarded to the FWCJUA or its designee within the time limits set forth in the FWCJUA Plan of Operation and this Agreement.

2.4. Remittance of Premiums. All premiums, assessments, penalties, fees or surcharges whether in excess of the advance or deposit premium or not, received on FWCJUA business shall be remitted to the FWCJUA or its designee no later than the first business day following the day the premiums, assessments, penalties, fees or surcharges were received by the Agency or the Designated Producer.

2.5. Applications. The Agency and Designated Producers shall adopt and maintain procedures to ensure that all FWCJUA insurance applications are complete and accurate. All applicants shall be furnished a copy of the completed application at the time of writing. The Agency and Designated Producers shall not enlarge, limit, modify, or interpret the questions asked or information provided in the application.

2.6. Records. The Agency shall maintain full and complete records of all transactions related to FWCJUA business. The Agency shall maintain such books and records as are customarily maintained by property and casualty insurance agents in the ordinary course of their business, including, without limitation, receipt books and records of daily deposits.

2.7. Indemnity. The Agency agrees to indemnify and hold harmless the FWCJUA, and all officers, agents and employees of the FWCJUA, from all loss, claims, damages, fees and expenses, including attorneys' fees and costs and other expenses, reasonably incurred or paid on account of any wrongful act or any error or omission of the Agency or any Designated Producer or CSR, including any violation of this Agreement or any provision of the FWCJUA Plan of Operation.

2.8. Errors and Omission Coverage. The Agency shall at all times this Agreement is in effect maintain errors and omissions insurance or professional liability insurance covering the Agency, all Designated Producers and CSRs. If the errors and omissions or professional liability coverage is provided on a claims-made basis, the policy shall remain in effect for a period of no less than five (5) years following any termination of this Agreement for any wrongful acts arising under this Agreement. The errors and omissions or professional liability coverage must be issued by an insurer authorized to do business in Florida, in an amount not less than $500,000 per occurrence. The Agency shall provide proof of the coverage through a valid certificate of insurance issued to the FWCJUA when it signs this Agreement, and shall furnish proof of renewal, replacement, cancellation, or nonrenewal to the FWCJUA at the time of renewal, replacement, cancellation or nonrenewal. Failure to maintain adequate errors and omissions or professional liability coverage shall automatically terminate this Agreement. The Agency's obligation to indemnify the FWCJUA is in no way limited by the limits of its errors and omissions or professional liability coverage.

2.9. Inspection. All books and records of the Agency and Designated Producers related to FWCJUA business shall be open for inspection and audit by the FWCJUA or its authorized representative during normal business hours. This provision shall survive for a period of five (5) years after the termination of the Agreement.

2.10 Refund of Fees. When notified of cancellation, coverage changes or midterm termination, the Agency will promptly refund any unearned producer fees to the FWCJUA.

2.11 Communication. The Agency and Designated Producers will be responsible for communicating the rules and regulations set forth in the FWCJUA Plan of Operation to the CSRs. In addition, it is the responsibility of the Agency and Designated Producers to disseminate any information sent to them by the FWCJUA or any Service Provider via e-mail, fax or mail as appropriate to CSRs, applicants and policyholders.

SECTION III – DUTIES OF THE FWCJUA

3.1 Compensation. The FWCJUA shall pay to the Agency the compensation set forth in Section V hereof.

3.2 Monthly Statement. The FWCJUA shall forward to the Agency a monthly statement showing all producer fee transactions. The statement shall be issued by the 15th day of each calendar month and shall state the policies issued, insured's name, fees earned, and shall state the unearned fees due, if any, by policy number and insured name. The schedule shall be supplementary to the notice of cancellation or termination which shall serve as the notice to the Agency of the time and amount of unearned premium due. Any failure of the FWCJUA shall not relieve the Agency of any of its responsibilities under the Agreement.

3.3 Inquiries. The FWCJUA will communicate with Designated Producers and CSRs designated by the Agency when the Agency or a Designated Producer has questions concerning the risks it is placing with the FWCJUA, including premium remittances and producer fees. Notwithstanding this responsibility, the Agency's or a Designated Producer's inability to contact the FWCJUA with any inquiries shall not justify the Agency's or a Designated Producer's noncompliance with any of the requirements of this Agreement, or other rules or procedures incorporated by reference herein.

SECTION IV – TERM AND TERMINATION

4.1 Effective Date. The effective date of this Agreement is the date indicated below in the signature block as completed by the FWCJUA (the "Effective Date"); provided, however, that the Agency and Designated Producer by execution of this Agreement hereby acknowledge and agree that the terms and conditions of this Agreement shall apply to any and all business submitted by the Agency to the FWCJUA prior to the Effective Date of this Agreement, where the policy effective dates of such business coincide with or are subsequent to the Effective Date of this Agreement, regardless of whether such business is submitted to the FWCJUA prior to execution of this Agreement by the Agency or Designated Producer. The FWCJUA will not accept applications for business under this Agreement where the policy effective dates of such business precede the Effective Date of this Agreement.

4.2 Term. This Agreement shall have ~~an initial~~ a term of two (2) years, which shall commence on the Effective Date. ~~This Agreement may be renewed for additional terms of two (2) years each, provided that, no later than forty-five (45) days prior to the end of the initial or any renewal term of this Agreement, the Agency delivers to the FWCJUA the following: (a) payment of the renewal fee prescribed by the FWCJUA for each Designated Producer listed on the attached Exhibit A; (b) a certificate of insurance which evidences that the Agency is insured for errors and omissions in accordance with paragraph 2.8 hereof. The Agency will be responsible for providing on an annual basis, no later than forty-five (45) days prior to the Agency's~~

~~anniversary date, a certificate of insurance which evidences that the Agency is insured for errors and omissions in accordance with paragraph 2.8 hereof.~~

4.3. Termination. This Agreement shall automatically terminate immediately, without notice and without further action by the FWCJUA, upon the occurrence of any of the following events: (a) the dissolution of the FWCJUA, by operation of law or otherwise; (b) the loss, surrender, suspension, revocation, expiration or termination of the Agency's license or registration of all Agency locations with Designated Producers; or (c) in the case where the Agency or any Agency location has only one Designated Producer, the loss, surrender, suspension, revocation, expiration or termination of the Designated Producer's license or registration with respect to the Agency or the Agency location, in which case termination shall be effective with respect to the Agency or particular Agency location, as applicable. The FWCJUA may, in its sole discretion, immediately suspend or terminate this Agreement upon the occurrence of any of the following events: (a) the Agency's or a Designated Producer's failure to comply with the FWCJUA Plan of Operation, including its Operations Manual; (b) the Agency's failure to have and maintain a Designated Producer in its employ for an Agency location; (c) any act or omission which would constitute grounds for suspension or revocation of the Agency's or a Designated Producer's privileges pursuant to the Operations Manual; (d) failure to comply with policies or procedures adopted by the FWCJUA's Board of Governors; (e) failure to comply with paragraphs 1.3 or 2.8 of this Agreement; (f) any material misrepresentation made in connection with FWCJUA business; (g) any material breach of this Agreement; (~~g~~h) any violation of law; ~~or~~ (~~h~~i) upon a change of control of 10 percent or more of the Agency's voting shares or other voting ownership interests, if the FWCJUA determines that such change of control would provide grounds for termination of this Agreement or (j) demonstrated lack of competency, fitness or trustworthiness to act as an Agency or Designated Producer. If the Agency has multiple locations with Designated Producers, as listed in Exhibit A, the FWCJUA may, in its sole discretion, apply the termination of this Agreement as to any or all of the Agency locations. In the event the FWCJUA terminates this Agreement with respect to one or more, but not all, of the locations or Designated Producers of an Agency, the FWCJUA will provide written notice to the Agency of the particular locations or Designated Producers to which the termination applies.

4.4 Use of FWCJUA's Name. After termination of this Agreement pursuant to paragraph 4.3 above, neither the Agency nor a Designated Producer shall represent itself in any way as being associated with the FWCJUA and will not use the name of the FWCJUA on any applications, statements, correspondence or other documents or instruments or in any sales promotion materials, circulars, advertisements or otherwise.

4.5 Producer Fees. Neither the Agency nor a Designated Producer shall be entitled to receive the payment of any fees from the FWCJUA after termination of this Agreement; provided, however, that this shall not affect the Agency's right to receive fees which are fully earned prior to such termination.

SECTION V – COMPENSATION

5.1 Rate of Producer Fees. The rate of fees payable to the Agency by the FWCJUA on business written by the FWCJUA shall be based upon standard premium exclusive of any surcharges and the flat fee, and shall be calculated in accordance with the "Producer Fee Table" as the same may be approved from time to time by the FWCJUA Board of Governors ("the Board"). Until further action by the Board, the table included in the FWCJUA Operations Manual shall govern.

5.2 Additional Fees and Charges. Neither the Agency nor a Designated Producer shall charge fees or additional service charges, premium charges, charges for completing an application or any other charges which are not specifically authorized by the FWCJUA.

5.3 Expenses. The FWCJUA shall not be responsible for any expenses of the Agency and Designated Producers, including, without limitation, rent, transportation, salaries, license fees or taxes, occupational fees or taxes, collection fees, solicitors fees, postage and advertising.

SECTION VI – LIMITATIONS OF AUTHORITY

6.1 Bad Checks. The Agency shall not issue checks, drafts, or similar negotiable or non-negotiable instruments if they will be returned unpaid due to insufficient funds in the Agency's account at the time they are issued or any time thereafter.

6.2 Misrepresentation. The Agency and Designated Producers will not provide any false, inaccurate or misleading information on applications or with respect to claims or other material matters submitted to the FWCJUA or any Service Provider. The Agency will be primarily responsible for misrepresentations on applications regardless of whether those misrepresentations originated with the applicant, the Agency, a Designated Producer or CSR. The errors and omissions coverage maintained by each Agency shall provide for, but not be limited to, indemnification of the FWCJUA for any amounts paid to or on behalf of an insured which would not have been paid absent the misrepresentation.

6.3 Apparent Agency. During the term of this Agreement and after its termination, neither the Agency nor a Designated Producer will hold itself out or represent itself to be an agent or representative of the FWCJUA or any Service Provider.

6.4. Certificates of Insurance. Neither the Agency nor a Designated Producer shall issue FWCJUA certificates of insurance without the prior written consent of the FWCJUA or its Service Provider. The only party authorized by the FWCJUA with the discretionary power to issue certificates of insurance is its Service Provider. The Agency and Designated Producers shall only be given permission to issue a certificate of insurance, if at all, on an individual case-specific basis.

Further, the FWCJUA may take disciplinary action against the Agency or a Designated Producer for issuing certificates of insurance without the advance authorization of the FWCJUA or its Service Provider, including suspension or revocation of either the Agency's privilege to submit business to the FWCJUA or the Designated Producer's privilege to transact business related to the FWCJUA. Certificates of Insurance will be issued by the Service Provider within five (5) working days of receipt of the request provided the policy has been issued. Often, more immediate issuance is required. If so, the Agency or a Designated Producer must contact the Service Provider to request permission to issue a specific certificate of insurance. The Service Provider has the authority to decide whether to permit the Agency or a Designated Producer to issue the specific certificate of insurance.

6.5 Producer Notarization Prohibition. Pursuant to Florida Statutes Section 117.107(12), a notary public may not notarize a signature on a document if the notary public has a financial interest in or is a party to the underlying transaction. Therefore, the FWCJUA will not accept any document which has been notarized by a Designated Producer identified or required to be identified in Exhibit A to this Agreement or by an owner identified or required to be identified in Exhibit B to this Agreement.

SECTION VII – FINANCED PREMIUMS

When the Agency or a Designated Producer has assisted or arranged for an applicant to finance premiums through a finance company, the financed premiums are to be handled in accordance with this Agreement and the requirements of the FWCJUA Plan of Operation.

SECTION VIII – GENERAL PROVISIONS

8.1 Transfer; Assignment. This Agreement shall not be transferred, assigned or pledged by the Agency or a Designated Producer without the prior written consent of the FWCJUA.

8.2 Independent Contractor. The Agency and Designated Producers are independent contractors and nothing contained herein shall be construed to create the relationship of employer and employee, partnership, agency, or joint venture between the FWCJUA or any Service Provider and the Agency or Designated Producers.

8.3 Entire Agreement. This Agreement shall supersede all prior agreements between the parties hereto and, together with the FWCJUA Plan of Operation, constitutes the sole and entire agreement between the parties. There is and there can be no other verbal or written contract, agreement, understanding or custom whereby the terms of this Agreement have been or can be affected, changed, varied, modified, interpreted, construed or waived in any manner whatsoever unless set forth in writing by the FWCJUA and the Agency and the Designated Producers.

8.4 Notice. All notices hereunder shall be given by registered or certified mail, express mail, or overnight courier, to the following:

If to the FWCJUA:

____

____

If to the Agency:

____

________________________________.

8.5 Waiver of Default. The failure of the FWCJUA to take any action respecting a default by the Agency or a Designated Producer shall not be deemed to constitute a waiver of a subsequent default or an amendment to this Agreement. Delay by the FWCJUA in taking any action respecting such default shall not constitute a waiver of that default.

8.6 Advertisements; Prior Review. Neither the Agency nor a Designated Producer shall include the FWCJUA name, logo, or acronym on any written material or in any broadcast without the prior approval therefor by the FWCJUA.

8.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida (without giving effect to the principles of conflicts of law) applicable to a contract executed and to be performed in this state.

8.8 Venue. In any proceeding involving the enforcement or interpretation of this Agreement, or related to any other dispute between the FWCJUA and the Agency or a Designated Producer, venue shall be in Sarasota County, Florida.

8.9 Headings, etc. The headings used in this Agreement have been inserted for convenience only, and do not constitute matter to be construed or interpreted in connection with this Agreement. Unless the context otherwise requires, (a) words of any gender will be deemed to include the other gender; (b) words using the singular or plural form will also include the plural or singular form, respectively; (c) the terms "hereof," "herein," "hereby," and derivative or similar words will refer to this entire Agreement; and (d) the conjunction "or" will denote anyone or more, or any combination or all, of the specified items or matters involved in the respective lists.

8.10 Severability. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under any present or future law, and if the rights or obligations of any party under this Agreement would not be materially and adversely affected thereby, (a) such provision will be fully severable; (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof; (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid, or unenforceable provision or by its severance therefrom; and (d) in lieu of such illegal, invalid, or unenforceable provision, there will be added automatically as a part of this Agreement, a legal, valid, and enforceable provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible.

8.11 Execution in Counterparts. This Agreement, including Exhibit A, may be executed in one or more counterparts by facsimile transmission. This form of execution shall constitute an original execution of this Agreement by each of the parties hereto. Each party hereto shall execute an original version of this Agreement as soon as is practicable, such original version to replace the facsimile version.

8.12 Construction and Interpretation. This Agreement shall not be more strictly construed or interpreted against the party which prepared this Agreement.

SECTION IX – AGENCY OWNERSHIP & MANAGEMENT

The Agency shall list in Exhibit B attached hereto and made a part hereof by reference the identity of all Agency officers, senior managers, directors, partners, and any persons who own or have the right to control 10 percent or more of the voting shares or other voting ownership interests of the Agency, including any or all of the Agency locations listed in Exhibit A. The Agency shall notify the FWCJUA in writing of any changes in the information listed in Exhibit B, including, but not limited to, any changes with respect to the addition or deletion of Agency officers, senior managers, directors, partners, or any person who owns or has the right to control 10 percent or more of the voting shares or other voting ownership interests of the Agency. Such notice shall be provided by the Agency to the FWCJUA prior to the change whenever practicable, but in no event shall such notice be provided to the FWCJUA later than 10 days after such change occurs.

IN WITNESS WHEREOF, the Agency and the FWCJUA have signed this Agreement on the date first written above.

FLORIDA WORKERS' COMPENSATION JOINT UNDERWRITING ASSOCIATION, INC.	___________________________________ (Agency Name)
By:___________________________________ (Authorized FWCJUA Representative's Signature)	___________________________________ (Authorized Agency Principal's Signature)
Name:________________________________ (Authorized FWCJUA Representative's Name)	___________________________________ (Print Authorized Agency Principal's Name)
Title:_________________________________	___________________________________ (Agency FEIN Number)
Effective Date: ________________________ (To be completed by FWCJUA)	

Agency Producer Agreement
Exhibit A

AGENCY LOCATIONS, DESIGNATED PRODUCERS AND CUSTOMER SERVICE REPRESENTATIVES ADDENDUM

I ____(Name of Authorized Agency Principal) certify on behalf of ____(Agency Name) that (i) the following Agency locations constitute all of the Agency's locations, (ii) all of the Agency's locations are duly licensed or registered (copies attached) by the Florida Department of Financial Services (the "Department"); (iii) the Designated Producers, if any, listed for each Agency location are individuals licensed by the Department as general lines insurance agents (copy attached) with at least one qualifying appointment; (iv) the CSRs, if any, listed for each Agency Location are duly licensed by the Department (copy attached), are employees of the Agency working under the direct supervision of a Designated Producer, and are authorized by the Agency to transact business related to the FWCJUA.

By executing this Exhibit A, each Designated Producer hereby expressly acknowledges and agrees that he or she has received a complete copy of the Agency Producer Agreement to which this Exhibit A is attached, and such Designated Producer agrees to be bound by the terms of the Agreement.

A separate Exhibit A should be completed and attached to the Agreement for each Agency location, and additional copies of Exhibit A may be copied as necessary to list additional Designated Producers and CSRs if additional space is needed. If an Agency location has no Designated Producer, the Agency should indicate "none" in the first blank provided for the Designated Producer's name.

AGENCY LOCATION INFORMATION:

____
Agency Name (including d/b/a if applicable)

____
Agency Location Address

____
Agency Location Telephone Number

____
Agency License or Registration Number

____
Name of Agent-In-Charge

DESIGNATED PRODUCERS AT AGENCY LOCATION:

1) ________________________ (Print Designated Producer Name)	________________ (License number)	________________________ (Florida WC Insurer Appointment)
________________________ (Producer Signature)	________________ (Phone Number)	________________________ (E-mail Address)
2) ________________________ (Print Designated Producer Name)	________________ (License number)	________________________ (Florida WC Insurer Appointment)
________________________ (Producer Signature)	________________ (Phone Number)	________________________ (E-mail Address)
3) ________________________ (Print Designated Producer Name)	________________ (License number)	________________________ (Florida WC Insurer Appointment)
________________________ (Producer Signature)	________________ (Phone Number)	________________________ (E-mail Address)

Continued on next page

DESIGNATED PRODUCERS AT AGENCY LOCATION (Continued):

4) ______________________ ______________ ______________________
(Print Designated Producer Name) (License number) (Florida WC Insurer Appointment)

______________________ ______________ ______________________
(Producer Signature) (Phone Number) (E-mail Address)

5) ______________________ ______________ ______________________
(Print Designated Producer Name) (License number) (Florida WC Insurer Appointment)

______________________ ______________ ______________________
(Producer Signature) (Phone Number) (E-mail Address)

6) ______________________ ______________ ______________________
(Print Designated Producer Name) (License number) (Florida WC Insurer Appointment)

______________________ ______________ ______________________
(Producer Signature) (Phone Number) (E-mail Address)

7) ______________________ ______________ ______________________
(Print Designated Producer Name) (License number) (Florida WC Insurer Appointment)

______________________ ______________ ______________________
(Producer Signature) (Phone Number) (E-mail Address)

CUSTOMER SERVICE REPRESENTATIVES:

1) ______________________ ______________ ____________________________
(Print CSR Name) (License number) (Name of Supervising Designated Producer)

______________________ ______________________
(Phone Number) (E-mail Address)

2) ______________________ ______________ ____________________________
(Print CSR Name) (License number) (Name of Supervising Designated Producer)

______________________ ______________________
(Phone Number) (E-mail Address)

3) ______________________ ______________ ____________________________
(Print CSR Name) (License number) (Name of Supervising Designated Producer)

______________________ ______________________
(Phone Number) (E-mail Address)

4) ______________________ ______________ ____________________________
(Print CSR Name) (License number) (Name of Supervising Designated Producer)

______________________ ______________________
(Phone Number) (E-mail Address)

5) ______________________ ______________ ____________________________
(Print CSR Name) (License number) (Name of Supervising Designated Producer)

______________________ ______________________
(Phone Number) (E-mail Address)

ATTACH ADDITIONAL PAGES AS NEEDED

Agency Producer Agreement
Exhibit B

AGENCY OFFICERS, SENIOR MANAGERS, DIRECTORS, PARTNERS, AND CONTROLLING PERSONS ADDENDUM

I ____(Name of Authorized Agency Principal) certify on behalf of ____(Agency Name) that the following persons constitute all of the Agency officers, senior managers, directors, partners, and any persons who own or have the right to control 10 percent or more of the voting shares or other voting ownership interests of the Agency, including any and all of the Agency locations listed in Exhibit A of the Agreement.

Name ***(Last, First, and Middle)***	**Title/Relationship**	**Ownership Percent**

FWCJUA OPERATIONS MANUAL REVISIONS

PART FOUR – AGENCY AND DESIGNATED PRODUCERS

A. ELIGIBILITY, amend 3rd paragraph as follows:
The Agency must maintain errors and omissions insurance or professional liability insurance issued by an insurer authorized to do business in Florida covering the Agency, all Designated Producers and CSRs in an amount not less than $500,000 per occurrence.

A. ELIGIBILITY, amend 6th paragraph as follows:
Each Designated Producer or the Agency must serve as an insurance agent or insurance agency, as the case may be, of an insurer actively writing workers' compensation and employers' liability insurance in the voluntary market in the state of Florida, pursuant to a certificate of authority issued by the Florida Office of Insurance Regulation.

M. AGENCY AND/OR DESIGNATED PRODUCER SUSPENSION OR REVOCATION

An Agency is generally responsible for the acts and omissions of its Producers, Designated Producers and CSRs. Accordingly, an Agency must ensure that its Producers, Designated Producers, and CSRs comply with and satisfy all duties and responsibilities arising under this Manual, regardless of whether this Manual expressly states that the duty or responsibility is applicable to the Agency. In addition, Designated Producers must ensure that their Agencies and CSRs comply with and satisfy all duties and responsibilities arising under this Manual, regardless of whether this Manual expressly states that the duty or responsibility is applicable to a Designated Producer.

The privilege to act as an Agency or its Designated Producer for the FWCJUA shall automatically terminate immediately, without notice and without further action by the FWCJUA, upon the occurrence of any of the following events:

1. the dissolution of the FWCJUA, by operation of law or otherwise; or
2. the loss, surrender, suspension, revocation, expiration or termination of the Agency's license or registration of all Agency locations with Designated Producers; or
3. in the case where the Agency or any Agency location has only one Designated Producer, the loss, surrender, suspension, revocation, expiration or termination of the Designated Producer's license or registration with respect to the Agency or the Agency location, in which case termination shall be effective with respect to the Agency or particular Agency location, as applicable.

The privilege to act as an Agency or its Designated Producer for the FWCJUA may be suspended or revoked by the Executive Director of the FWCJUA ("Executive Director"), upon written notice to the Agency, upon the occurrence of any of the following events:

1. the Agency's or a Designated Producer's failure to comply with the FWCJUA Plan of Operation, including its Operations Manual;
2. the Agency's failure to have and maintain a Designated Producer in its employ for an Agency location;
3. any act or omission which would constitute grounds for suspension or revocation of the Agency's or a Designated Producer's privileges pursuant to the Operations Manual;
4. failure to comply with policies or procedures adopted by the FWCJUA's Board of Governors;
5. failure to at all times during the term of the Agency Producer Agreement to serve as an insurance agent or insurance agency, as the case may be, of an insurer actively writing workers' compensation and employers' liability insurance in the voluntary market in the state of Florida;
6. failure of the Agency at all times the Agency Producer Agreement is in effect to maintain and evidence through a valid certificate of insurance issued to the FWCJUA the required minimum errors and omissions insurance or professional liability insurance covering the Agency, all Designated Producers and CSRs as prescribed in section 2.8 of the Agreement;
7. any material misrepresentation made in connection with FWCJUA business;
8. any material breach of the Agency Producer Agreement;
9. any violation of law; or

10. upon a change of control of 10 percent or more of the Agency's voting shares or other voting ownership interests, if the FWCJUA determines that such change of control would provide grounds for termination of the Agency Producer Agreement.
11. Demonstrated lack of competency, fitness or trustworthiness to act as an Agency or Designated Producer.

If the Agency has multiple locations with Designated Producers, as listed in Exhibit A of the Agency Producer Agreement, the Executive Director may apply the suspension or revocation to any or all of the Agency locations. In the event the Executive Director terminates the Agency Producer Agreement with respect to one or more, but not all, of the locations or Designated Producers of an Agency, the Executive Director will provide written notice to the Agency of the particular locations or Designated Producers to which the suspension or revocation applies.

The Executive Director may suspend the privileges of an Agency and/or specified of its Designated Producers for a period of not less than 30 days nor more than 365 days, or the Executive Director may revoke the privileges of the Agency and/or specified of its Designated Producers. The Executive Director's decision shall be based upon (i) the circumstances or severity of the misconduct or violation; (ii) the repeated nature of the misconduct or violation; (iii) the willfulness of the misconduct or violation; (iv) whether, and the extent to which, the Agency and/or Designated Producer voluntarily took action to rectify or mitigate the damage caused by the misconduct or violation; and (v) whether the Agency and/or Designated Producer attempted to evade or otherwise thwart the discovery of the violation or misconduct.

The Executive Director shall provide the Agency with written notice of the Agency's and/or Designated Producer's suspension or revocation by certified United States mail, return receipt requested, sent to the Agency's last known address shown on the records of the FWCJUA. The written notice shall inform the Agency of (i) the revocation or suspension of the Agency's and/or its Designated Producer's privilege; (ii) the effective date of the revocation or suspension; (iii) if privilege has been suspended, the length of the term of the suspension; (iv) the reason or reasons for which the Agency's and/or its Designated Producer's privilege has been suspended or revoked; and (v) the Agency's right to appeal the Executive Director's decision.

Any Agency whose privilege has been revoked or suspended, or whose Designated Producer's privilege has been revoked or suspended may appeal the Executive Director's decision by providing the Executive Director with written notice of the appeal. Such written notice must be sent via certified mail return receipt requested or by overnight courier signature required and be received by the Executive Director within 21 calendar days after the Agency received written notification of the suspension or revocation of the Agency or its Designated Producer's privilege; otherwise the Agency shall be deemed to have waived the right to appeal. Any appeal by the Agency shall be heard by the Board's Producer Appeals Committee within 60 calendar days after the Executive Director receives the Agency's notice of appeal. The Producer Appeals Committee shall send the Agency notice of its decision within 15 calendar days after the committee meeting at which it hears the Agency's appeal. The decision of the Producer Appeals Committee shall be final.

The Producer Appeals Committee shall have the authority to (i) affirm the Executive Director's decision in its entirety; (ii) modify the Executive Director's decision and reduce the revocation to a suspension for a specified term or reduce the length of the suspension; or (iii) reverse the Executive Director's decision and immediately reinstate the Agency's and/or its Designated Producer's privilege.

No Agency, whose privilege has been revoked ~~or suspended,~~ shall receive agency producer fees based on premiums earned by the FWCJUA while the Agency's privilege is revoked ~~or suspended~~, regardless of when the business was produced or bound. Furthermore, no Agency shall receive agency producer fees for business produced by a Designated Producer, whose privilege has been revoked ~~or suspended~~, based on premiums earned by the FWCJUA while the Designated Producer's privilege is revoked ~~or suspended~~, regardless of when the business was produced or bound.

Any Agency or Designated Producer whose privilege is revoked may apply for reinstatement not earlier than two years after the effective date of the revocation. No application for reinstatement shall be granted unless the Agency or Designated Producer demonstrates to the satisfaction of the Executive Director (i) that the reason or reasons for the revocation no longer exist and are unlikely to reoccur; (ii) that restitution, if appropriate, has been made; (iii) that the Agency or Designated Producer is sufficiently competent and trustworthy to act in the future as an Agency or Designated Producer; and (iv) that the Agency or Designated Producer otherwise meets the qualifications of an Agency or Designated Producer as set forth in the Manual. The Executive Director may grant reinstatement to an Agency or Designated Producer subject to reasonable conditions or limitations.

Any Agency whose request for reinstatement of privileges has been denied, or whose Designated Producer's request for reinstatement of privileges has been denied may appeal the Executive Director's decision by providing the Executive Director with written notice of the appeal. Such written notice must be sent via certified mail return receipt requested or by overnight courier signature required and be received by the Executive Director within 21 calendar days after the Agency received written notification of the denial of the Agency or its Designated Producer's request for reinstatement; otherwise the Agency shall be deemed to have waived the right to appeal. Any appeal by the Agency shall be heard by the Board's Producer Appeals Committee within 60 calendar days after the Executive Director receives the Agency's notice of appeal. The Producer Appeals Committee shall send the Agency notice of its decision within 15 calendar days after the committee meeting at which it hears the Agency's appeal. The decision of the Producer Appeals Committee shall be final.

The Producer Appeals Committee shall have the authority to (i) affirm the Executive Director's decision in its entirety; (ii) modify the Executive Director's decision; or (iii) reverse the Executive Director's decision and permit the reinstatement of the Agency's or the Designated Producer's privilege.

No decision by the Board, the Executive Director or the Producer Appeals Committee shall constitute "final agency action," nor shall any proceedings or decision by any of them be subject to Chapter 120, Florida Statutes.

AUDIT COMMITTEE REPORT:
AUDIT COMMITTEE CHARTER PROCEDURES CHECKLIST

The Board shall be updated on the Audit Committee's review and compliance with the Audit Committee Charter.

At its August 21st meeting, the Audit Committee reviewed its third quarter responsibilities for the financial reporting period ending December 31, 2008 as prescribed in the Audit Committee Charter Procedures Checklist. The Committee's third quarter responsibilities which were discussed and satisfied are outlined below:

1) Review the audit committee charter to determine whether its responsibilities are adequately described.

2) Develop a meeting planner for calendar year 2008 to make sure that the committee meets its responsibilities as outlined in the Charter.

3) 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.

4) 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.

5) Receive update from management about reports received from regulators and their responses to those reports.

6) 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.

7) Determine that the independent auditors are appropriately compensated to provide well-trained, highly experienced 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.

8) Inquire about the independent auditor's 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.

A copy of the Audit Committee Charter Procedures Checklist is attached.

No Board action is required on this agenda item.

Florida Workers' Compensation Joint Underwriting Association, Inc.
Audit Committee Charter Procedures Checklist
For the financial reporting period ended December 31, 2008

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	Discussed at the 8/21/08 meeting with no recommended changes at this time.
2. Discuss the committee's communication and performance expectations with management and independent auditors.				X				
3. Engage internal and external resources as the committee determines necessary to carry out its duties.					X			
4. Establish direct access to the independent auditors.					X		Yes	
5. Establish a process to respond to any reports from the corporate attorneys regarding material violations of laws or breaches of fiduciary duties.					X			
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	2 teleconference dates were approved: August 21, 2008 at 10 am and November 19, 2008 at 10 am.
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	An introduction was provided at the Nov. 30, 2007 meeting with more information available depending upon 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	Discussed on 4/9/08 related to 2007 year-end audit and at the 8/21/08 meeting.

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	Bonds being held as an exception to the Investment Policy as are currently rated below an 'A' rating, Economic conditions further affecting the JUA's premium level and the pending supreme court ruling.
• 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	Bennett commented that discussions with THF indicate management has a good environment and that financial reporting capabilities are exceptional.
4. Determine how management is assessing the adequacy and effectiveness of internal controls.	X	X	X	X			Yes	Discussed at 4/9/08 meeting related to 2007 year-end audit. In June, additional controls were implemented regarding transfers to & from the FWCJUA's Investment accounts only via the FWCJUA's Operating Account at SunTrust - copies of policies presented to the Committee at the 8/21/08 meeting.
5. Discuss with the independent auditors any significant improvement recommendations in internal controls and whether management has adequately addressed them.		X					Yes	Discussed on 4/9/08 as THF had a recommendation last year regarding segregation of duties however issue addressed & no concerns at this time.
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 - as well as currently undergoing a full IT audit.
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	Discussed at 4/9/08 meeting, THF advised that nothing came to THF's attention during the audit.
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	Discussed at 4/9/08 meeting related to 2007 year-end audit and at the 8/21/08 meeting.

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			Received correspondence from OIR on June 9, 2008 and although not required as FWCJUA is not a domestic stock insurer, may be beneficial for FWCJUA to update its custodial agreements providing more security and additional controls - audit committee agreed.
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 4/9/08 meeting, Maida commented that he knows of none.

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	Quarterly financial statements are distibuted to the Board; both filed financial statements as well as projected financials with year-to-date actuals
2. Review significant balance sheet changes or changes in trends or important financial statement relationships.	X	X	X	X			Yes	Included with projected / actual financial reports are explanations if actual results are different than projected.
3. Review Association's accounting principles (including changes in them) and practices and compare to industry norms.				X	X			
4. Review management's process for identifying related party transactions.					X			
5. Review any new or proposed accounting and auditing topics affecting the company.				X	X			
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	THF advised tha part of the audit process by looking at 'material' items and control testing on the material transaction cycles as well as testing balances - however noted no weakness in controls.

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	At the 4/9/08 meeting, loss reserves, unearned premium, premium receivables, deposit premiums and investments were discussed.

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		Yes	Discussed at 4/9/08 meeting related to 2007 year-end audit.
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	At the 4/9/08 meeting, THF advised there were none.
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 on 8/21/08, THF received a clean opinion in 2007 with no written comments.
2. Review quality control procedures of the independent auditor over the audit function			X				Yes	Discussed on 8/21/08.
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 on 8/21/08 with no substantial changes in scope with primary focus on loss reserves, UEP, P/R, investments and cash.
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	Discussed on 8/21/08.

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	Discussed on 8/21/08, Audit Committee will recommend to Board to engage THF for 2009 audit and complete a price comparison for 2010 and beyond.

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	12/31/07 Audit results will be presented to the Board at the June 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 is always available to the Board and will participate at the June meeting.
3. Meet at least annually to assess management's effectiveness and communicate the results of that assessment.		X					Yes	Discussed at the 4/9/08 meeting. Committee commented that FWCJUA has sound financial reporting and effective and open communication.
4. Inquire of the auditors about management's corrective actions regarding control deficiencies identified.		X					Yes	Discussed at 4/9/08 meeting and THF advised of no control deficiencies.
5. Inquire of the auditors about pressure by management to accept less than high-quality financial reporting.		X					Yes	Discussed at 4/9/08 meeting and it was consensus that FWCJUA definitely exhibits high-quality financial reporting.
6. Inquire about the independent auditors' quality control safeguards and independence.			X				Yes	Discussed at the 8/21/08 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		January 2008	An updated Business Conduct Letter was given to all employees with the change of audit committee members.
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				

AUDIT COMMITTEE REPORT: FINANCIAL AUDITOR APPOINTMENT PROCESS

The Board shall consider the Audit Committee recommendation that the FWCJUA negotiate to extend Thomas Howell Ferguson's (THF's) engagement to include the preparation of the 2009 financial audit.

At its August 21st meeting, the Audit Committee considered the selection process for the FWCJUA's financial auditor for year-end 2009, given the need to address such in the 2009 Business Plan. During its discussion, the Committee recognized both that auditing services were specifically exempted from the competitive-solicitation requirements under section 287.057(5)(f), Florida Statutes, and that the FWCJUA had last performed a price review for the financial auditing services in June 2007. The Committee also agreed that it was prudent to review such pricing every 3 to 4 years. With this in mind, it was the consensus of the Committee that it would not be necessary for the FWCJUA to conduct a competitive solicitation for the preparation of the 2009 financial audit, given the recent 2007 price review and the quality of the service that the FWCJUA is currently receiving from THF provided the engagement fees do not change substantially. Accordingly, the Committee is recommending that the Board negotiate to extend THF's engagement for the 2009 audit and then obtain price comparisons for the 2010 audit and beyond.

The Board shall determine whether to accept the Audit Committee's recommendation to negotiate an extension of Thomas Howell Ferguson's engagement through the 2009 financial audit.

RATES & FORMS COMMITTEE REPORT:
REVIEW OF RATES, RATING PLANS AND POLICY FORMS AND ASSOCIATED MATTERS TO INCLUDE APPLICATION FORMS

2009 Rate Indication

The Board shall consider analysis prepared by Milliman to determine whether to effectuate a premium level change effective January 1, 2009 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, 2009.

At its August 26th meeting, the Rates & Forms Committee agreed to recommend that the Board effectuate an overall premium level increase of 0.9% effective January 1, 2009 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, 2009. Subsequent to the Committee's meeting, NCCI filed the voluntary market rate filing. Thus, Milliman revised its analysis to include the filed NCCI updated development factors and trends. Consistent with the direction of the Rates & Forms Committee and these filed updates, the proposed overall premium level change would now be -4.8%.

Attached for the Board's review are exhibits prepared by Milliman related to the premium level needs for all three rating tiers including key assumptions at the current reinsurance retention level. Please note that the 1-1-08 State Average Weekly Wage (SAWW) was used in Milliman's analysis. Until the 1-1-09 SAWW is calculated, the minimum premium multiplier will not change and the change in the SAWW to calculate the maximum minimum premium will be 0%.

The Board shall determine whether to effectuate an overall average premium level decrease of 4.8% effective January 1, 2009 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, 2009.

Florida Workers' Compensation Joint Underwriting Association

SUMMARY OF INDICATED PREMIUM LEVEL CHANGES AS OF 6-30-08

I. Indications to Rates & Forms Committee (Before NCCI Filing):

	Tier 1	Tier 2	Tier 3	Total
With $750,000 Credit	0.0%	11.5%	-6.2%	0.9%
Without $750,000 Credit	15.7%	22.6%	3.0%	13.5%

II. Revised Indications with 1-1-09 NCCI Filed trends and LDF's:

	Tier 1	Tier 2	Tier 3	Total
With $750,000 Credit	-5.3%	5.7%	-12.4%	-4.8%
Without $750,000 Credit	10.4%	16.8%	-3.3%	7.8%

III. Estimated Impact of NCCI 1-1-09 Filing of -14.1% on JUA Book:

	Tier 1	Tier 2	Tier 3	Total
Change Due to Filing	-9.0%	-8.3%	-10.6%	-9.3%

Additional Premium Change:

With $750,000 Credit	3.7%	14.0%	-1.8%	4.6%
Without $750,000 Credit	19.4%	25.1%	7.3%	17.1%

IV. Indicated Surcharges:

	Tier 1	Tier 2	Tier 3	Total
Current Surcharge	25%	83%	134%	73%

With $750,000 Credit	31%	119%	129%	83%
Without $750,000 Credit	57%	145%	154%	109%

Note: III and IV calculated based on policies bound from 4/1/06 - 6/30/08

Florida Workers' Compensation Joint Underwriting Association

DETERMINATION OF INDICATED PREMIUM LEVEL CHANGE
$1 Million Retention Level
G&A Expenses Net of $750,000 Credit ($2.050M)

		Tier 1	Tier 2	Tier 3	Total
(1)	Estimated PY 2009 Loss & ALAE Ratio [Exhibit II, Sheet 1]	31.6%	36.7%	36.0%	36.5%
(2)	Present Value Factor [Appendix H, Sheet 1]	90.5%	90.5%	90.5%	90.5%
(3)	Reinsurance Cost [Exhibit III-A, Sheet 1]	12.0%	12.0%	12.0%	12.0%
(4)	Uncollectible Premium Percentage	13.0%	13.0%	13.0%	13.0%
(5)	Present Value of Losses & ALAE, plus Reinsurance as a percent of Collectible Premium (1)x(2)+[(3)/[(1.0-(4)]	42.4%	47.0%	46.3%	46.8%
(6)	Taxes Licenses and Fees	0.0%	0.0%	0.0%	0.0%
(7)	Servicing Carrier Allowance [Exhibit III-A, Sheet 1]	25.3%	25.3%	25.3%	25.3%
(8)	Total Other Variable Expenses (6)+(7)	25.3%	25.3%	25.3%	25.3%
(9)	Commissions [Exhibit III-A, Sheet 1]	3.7%	3.2%	2.6%	3.3%
(10)	JUA General and Administrative Expenses [Exhibit III-A, Sheet 1]	18.4%	20.4%	12.6%	17.1%
(11)	Total Fixed Expenses (9)+(10)	22.1%	23.6%	15.2%	20.4%
(12)	Contingency Factor	0.0%	0.0%	0.0%	0.0%
(13)	Surplus Factor	0.0%	0.0%	0.0%	0.0%
(14)	Total Contingency and Surplus (12) + (13)	0.0%	0.0%	0.0%	0.0%
(15)	**Indicated Premium Level Change** [[(1) x (2) x (1.0 - (4))] + (11)] / [1.0 - (3) - (4) - (8) - (14)]] - 1.0 Total equals Tier average weighted by projected premium (Exhibit III-A, Sheet 1)	-5.3%	5.7%	-12.4%	-4.8%
(16)	Change due to NCCI 1-1-09 Rate Filing	-9.0%	-8.3%	-10.6%	-9.3%
(17)	Additional Premium Change (15) - (16)	3.7%	14.0%	-1.8%	4.6%

Florida Workers' Compensation Joint Underwriting Association

DETERMINATION OF INDICATED PREMIUM LEVEL CHANGE
$1 Million Retention Level
G&A Expenses = $2,800,000

		Tier 1	Tier 2	Tier 3	Total
(1)	Estimated PY 2009 Loss & ALAE Ratio [Exhibit II, Sheet 1]	31.6%	36.7%	36.0%	36.5%
(2)	Present Value Factor [Appendix H, Sheet 1]	90.5%	90.5%	90.5%	90.5%
(3)	Reinsurance Cost [Exhibit III-B, Sheet 1]	12.0%	12.0%	12.0%	12.0%
(4)	Uncollectible Premium Percentage	13.0%	13.0%	13.0%	13.0%
(5)	Present Value of Losses & ALAE, plus Reinsurance as a percent of Collectible Premium (1)x(2)+[(3)/[(1.0-(4)]	42.4%	47.0%	46.3%	46.8%
(6)	Taxes Licenses and Fees	0.0%	0.0%	0.0%	0.0%
(7)	Servicing Carrier Allowance [Exhibit III-B, Sheet 1]	25.3%	25.3%	25.3%	25.3%
(8)	Total Other Variable Expenses (6)+(7)	25.3%	25.3%	25.3%	25.3%
(9)	Commissions [Exhibit III-B, Sheet 1]	3.7%	3.2%	2.6%	3.3%
(10)	JUA General and Administrative Expenses [Exhibit III-B, Sheet 1]	26.2%	25.9%	17.1%	23.3%
(11)	Total Fixed Expenses (9)+(10)	30.0%	29.2%	19.7%	26.6%
(12)	Contingency Factor	0.0%	0.0%	0.0%	0.0%
(13)	Surplus Factor	0.0%	0.0%	0.0%	0.0%
(14)	Total Contingency and Surplus (12) + (13)	0.0%	0.0%	0.0%	0.0%
(15)	**Indicated Premium Level Change** [[(1) x (2) x (1.0 - (4))] + (11)] / [1.0 - (3) - (4) - (8) - (14)]] - 1.0 Total equals Tier average weighted by projected premium (Exhibit III-B, Sheet 1)	10.4%	16.8%	-3.3%	7.8%
(16)	Change due to NCCI 1-1-09 Rate Filing	-9.0%	-8.3%	-10.6%	-9.3%
(17)	Additional Premium Change (15) - (16)	19.4%	25.1%	7.3%	17.1%

Florida Workers' Compensation Joint Underwriting Association

DERIVATION OF AVERAGE PROJECTED LOSS & ALAE RATIO

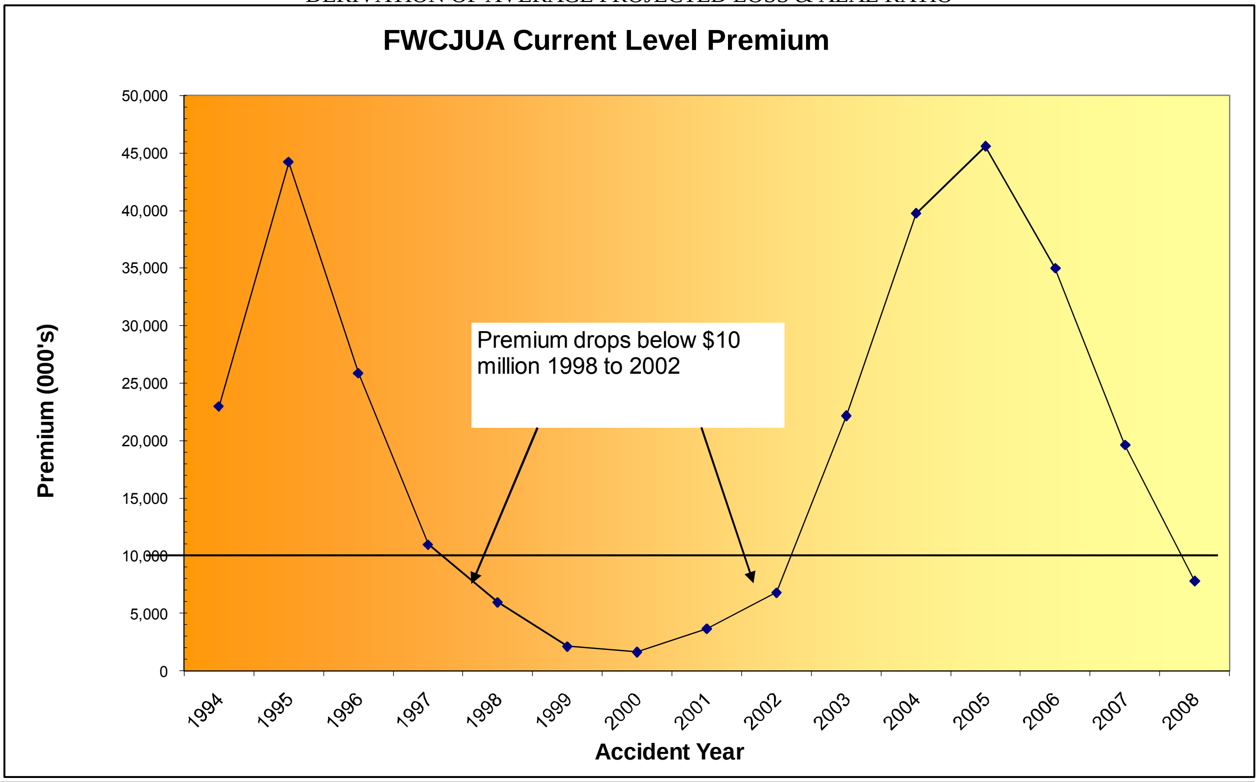
Accident Year	*(1) On-Level Collectible Earned Premium*	*(2) On-Level Ultimate Losses and ALAE*	*(3) Projected Loss & ALAE Ratio*
	(App G, Sheet 1)x.87	*(Exh II, Sheet 2)*	*(2) / (1)*
1994	19,995	8,236	41.2%
1995	38,455	13,375	34.8%
1996	22,488	9,039	40.2%
1997	9,541	3,361	35.2%
1998	5,188	3,120	60.1%
1999	1,851	1,118	60.4%
2000	1,424	1,451	101.9%
2001	3,189	791	24.8%
2002	5,919	1,500	25.3%
2003	19,274	5,908	30.7%
2004	34,569	12,939	37.4%
2005	39,643	10,773	27.2%
2006	30,419	8,287	27.2%
2007	17,065	4,808	28.2%
2008	6,799	1,943	28.6%
Total	255,821	86,652	33.9%
		Simple Average	40.2%
		Average ex hi/low	36.7%
		Premium Avg. 02-07	30.1%
		(4) Selected Loss Ratio at $1M Retention	36.5%

	(5) Loss Ratio Relativity	*(6) Premium On-Level Factor*	*(7) $1M Retention On-Level Loss Ratio*
	(App A, Sheet 1)	*(App A, Sheet 2)*	*(4) x (5) x (6)*
Tier 1	0.586	1.479	31.6%
Tier 2	0.945	1.064	36.7%
Tier 3	1.354	0.728	36.0%

Notes: (4) $1M Loss Ratio based upon Selection
and retention factors from Appendix B, Sheet 3.

Florida Workers' Compensation Joint Underwriting Association

DERIVATION OF AVERAGE PROJECTED LOSS & ALAE RATIO



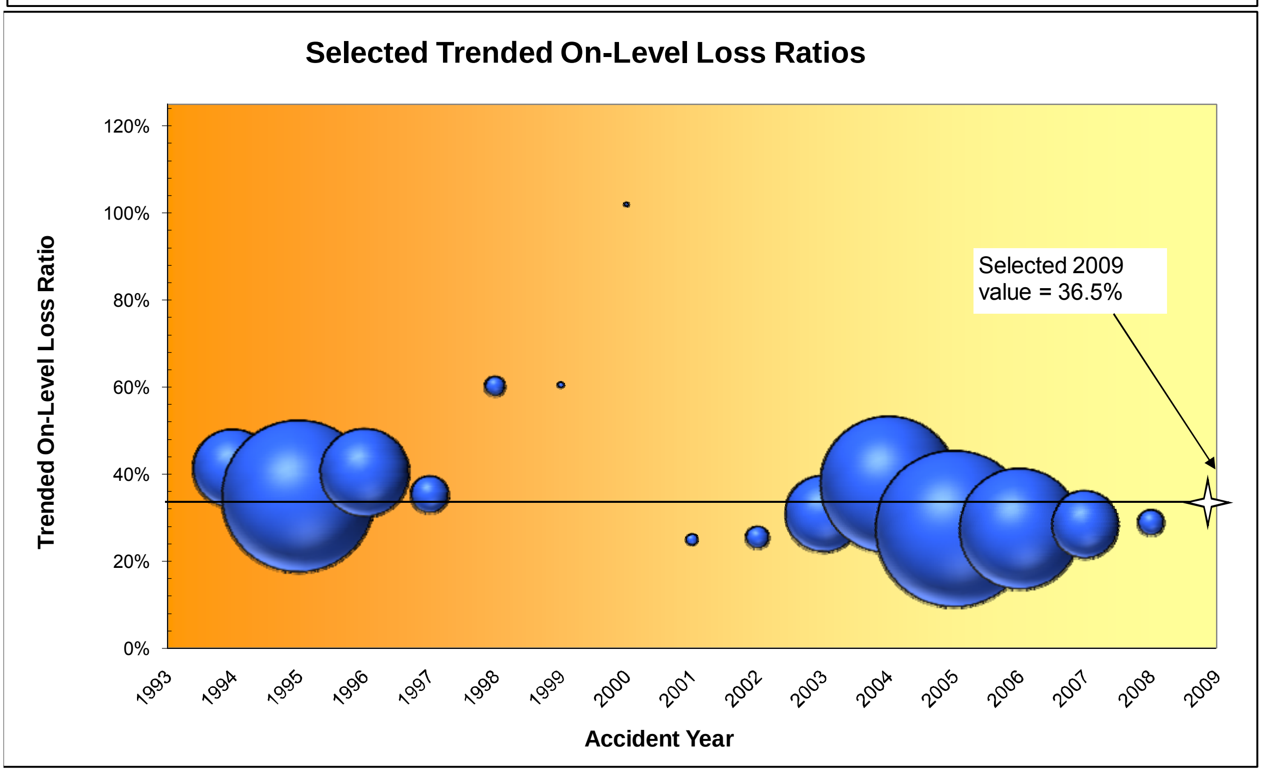


Exhibit II
Sheet 3

Florida Workers' Compensation Joint Underwriting Association

DERIVATION OF ULTIMATE LOSSES ON PROJECTED BENEFIT LEVEL

Accident Year	(1) Estimated Net Ultimate Indemnity Losses	(2) Estimated Net Ultimate Medical Losses	(3) Estimated Ultimate ALAE Losses	(4) Indemnity Benefit On-Level Factor	(5) Medical Benefit On-Level Factor	(6) Managed Care On-Level Factor	(7) Indemnity Trend Factor -7.0%	(8) Medical Trend Factor -3.0%	(9) ALAE Trend Factor	(10) Retention Adjustment Factor	(11) Selected Ultimate Loss and ALAE
	(App C, Sheet 1)	(App D, Sheet 1)	(App E, Sheet 1)	(App B, Sheet 1)	(App B, Sheet 1)	(App B, Sheet 2)				(App B, Sheet 3)	
1994	11,500	10,000	810	0.819	0.987	0.925	0.337	0.633	0.475	0.882	8,236
1995	13,000	12,900	1,040	0.813	0.987	0.934	0.362	0.653	0.507	1.104	13,375
1996	7,200	8,000	1,340	0.808	0.987	0.979	0.389	0.673	0.539	1.104	9,039
1997	2,200	3,000	490	0.804	0.987	0.984	0.419	0.694	0.577	1.104	3,361
1998	2,200	2,400	580	0.799	0.987	1.000	0.450	0.715	0.588	1.104	3,120
1999	700	910	130	0.794	0.987	1.000	0.484	0.737	0.627	1.104	1,118
2000	900	1,100	180	0.794	0.987	1.000	0.520	0.760	0.652	1.104	1,451
2001	400	600	110	0.794	0.984	1.000	0.560	0.784	0.694	1.104	791
2002	600	1,200	180	0.794	0.969	1.000	0.602	0.808	0.739	1.104	1,500
2003	3,582	4,023	900	0.837	0.984	1.000	0.647	0.833	0.745	1.000	5,908
2004	4,957	8,986	1,920	1.000	1.011	1.000	0.696	0.859	0.801	1.012	12,939
2005	3,027	7,490	1,820	1.000	0.990	1.000	0.748	0.885	0.846	1.039	10,773
2006	2,800	5,200	1,400	1.000	0.989	1.000	0.804	0.913	0.875	1.014	8,287
2007	1,400	3,100	710	1.000	0.993	1.000	0.865	0.941	0.917	1.010	4,808
2008	600	1,400	50	1.000	1.000	1.000	0.913	0.963	0.948	1.000	1,943
Total	55,065	70,308	11,660								86,652

Note: Dollar amounts are in thousands.
2003 and 2004 indemnity and medical adjusted for Converium commutation.
2005 indemnity and medical adjusted for Quanta Re commutation.
(7), (8), (9) Losses are trended to 06/30/2009.
(10) Retention factors bring all years to current retention of $1 million
NCCI 1-1-09 Filed Trends: Medical -3.0%, Indemnity -7.0%.
ALAE trend factor is weighted average of Indemnity and Medical trends.

Florida Workers' Compensation Joint Underwriting Association

PROJECTED EXPENSES BY TIER
$1 Million Retention Level
G&A Expenses Net of $750,000 credit (=$2.050M)

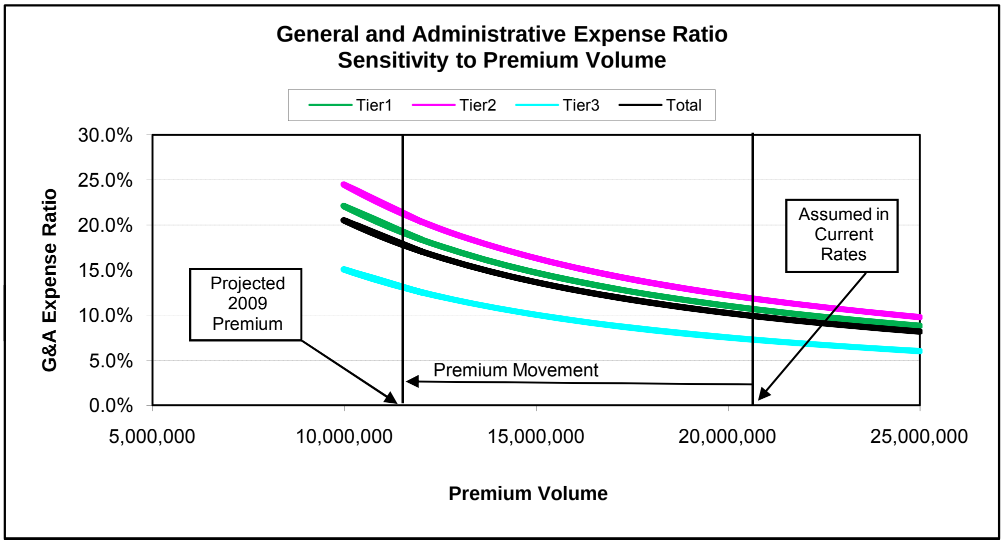
		Tier1	Tier2	Tier3	Total/Avg.
(1)	Projected New Applications	104	210	96	410
(2)	Projected Total Policies	993	457	211	1,661
(3)	Projected Total Premium on 1/1/08 Rate Level	5,314,171	2,980,835	3,704,994	12,000,000
(4)	Expense Constant and Policy Fee	675	675	675	675
(5)	Surcharge Percent	25%	83%	134%	73%
(6)	Impact of NCCI 1-1-09 Filing	-9.0%	-8.3%	-10.6%	-9.3%
(7)	Premium with No Surcharge ((3)-(2)x(4))/(1+(5))x(1+(6))	3,370,277	1,341,555	1,361,170	6,073,002
(8)	Average Unsurcharged Premium (7)/(2)	3,393	2,936	6,451	3,655
(9)	Commissions as a Percent of Unsurcharged Premium	5.9%	7.2%	7.2%	6.5%
(10)	JUA Underwriting Expenses (Total Allocated by (1))	133,729	271,772	124,499	530,000
(11)	JUA Administration Expenses (Total Allocated by (7))	843,540	335,775	340,685	1,520,000
(12)	JUA General and Administration (10)+(11)	977,269	607,548	465,183	2,050,000
Expense Percentages for Filing Purposes:					
(13)	Commissions as a Percent of Premium at Actual Rates	3.7%	3.2%	2.6%	3.3%
(14)	Reinsurance	12.000%	12.000%	12.000%	12.000%
(15)	JUA General and Administration	18.390%	20.382%	12.556%	17.083%
(16)	Premium Tax	0.000%	0.000%	0.000%	0.000%
(17)	Adminstrative Trust Fund	0.000%	0.000%	0.000%	0.000%
(18)	SDTF Assess	0.000%	0.000%	0.000%	0.000%
(19)	Miscellaneous Tax	0.005%	0.005%	0.005%	0.005%
(20)	Uncollectible Premium	13.000%	13.000%	13.000%	13.000%
(21)	Servicing Carrier Allowance	25.292%	25.292%	25.292%	25.292%

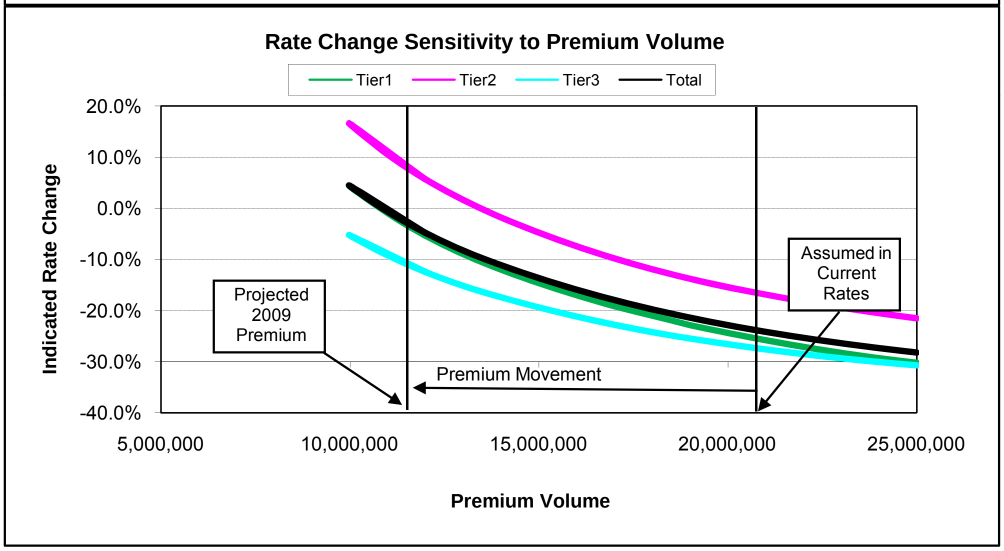
Notes:

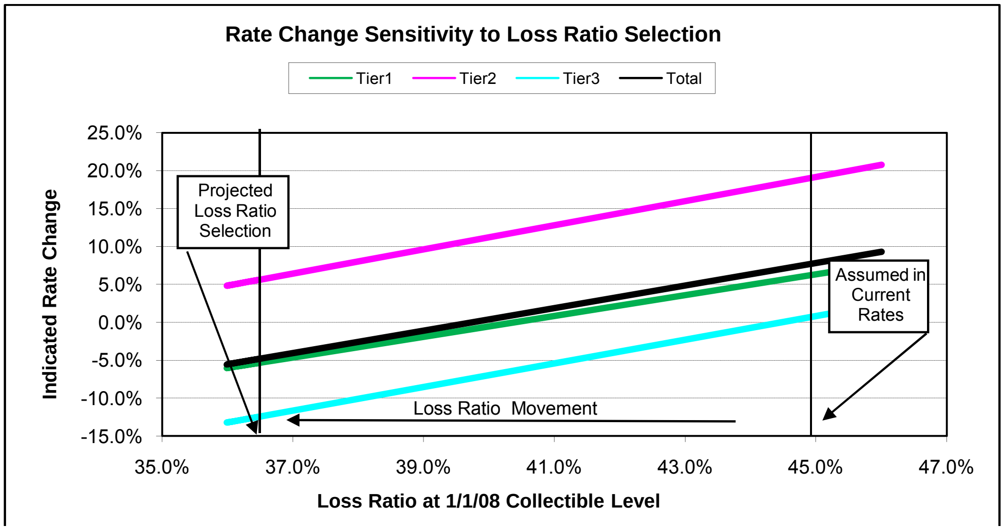
(1)-(3) Estimated by Milliman from FWCJUA Historical Data
(9) From FWCJUA Producer Fee Table using (7)
(10),(11) Total from FWCJUA
(13) (9)x(7)/(3)
(14), (16)-(20) From FWCJUA
(15) (12)/(3)

Florida Workers' Compensation Joint Underwriting Association
G&A Expenses Net of $750,000 credit (= $2.050M)

PREMIUM LEVEL CHANGE SENSITIVITY ANALYSIS







Florida Workers' Compensation Joint Underwriting Association

PROJECTED EXPENSES BY TIER
$1 Million Retention Level
G&A Expenses = $2,800,000

		Tier1	Tier2	Tier3	Total/Avg.
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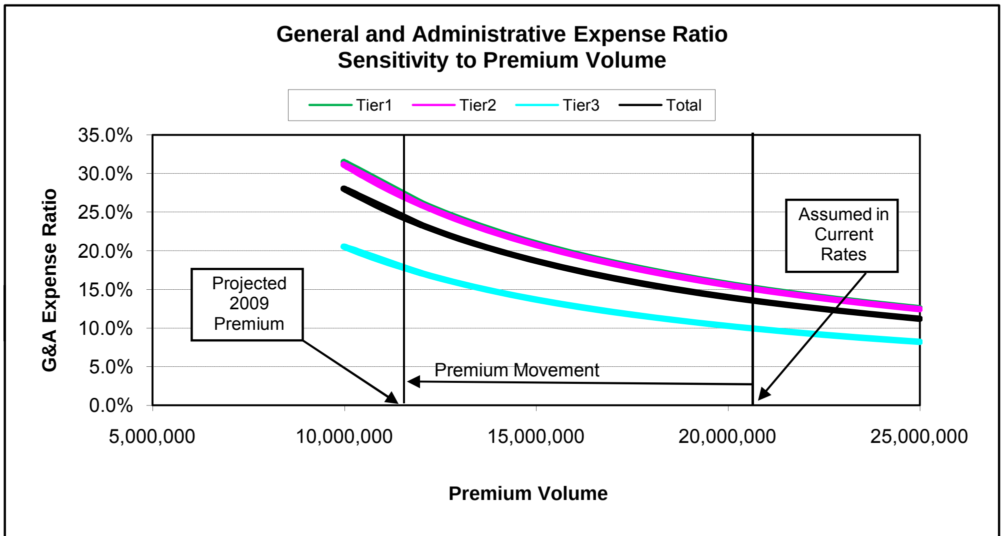
(9)	Commissions as a Percent of Unsurcharged Premium	5.9%	7.2%	7.2%	6.5%
(10)	JUA Underwriting Expenses (Total Allocated by (1))	133,729	271,772	124,499	530,000
(11)	JUA Administration Expenses (Total Allocated by (7))	1,259,761	501,454	508,786	2,270,000
(12)	JUA General and Administration (10)+(11)	1,393,490	773,226	633,284	2,800,000
Expense Percentages for Filing Purposes:					
(13)	Commissions as a Percent of Premium at Actual Rates	3.7%	3.2%	2.6%	3.3%
(14)	Reinsurance	12.000%	12.000%	12.000%	12.000%
(15)	JUA General and Administration	26.222%	25.940%	17.093%	23.333%
(16)	Premium Tax	0.000%	0.000%	0.000%	0.000%
(17)	Adminstrative Trust Fund	0.000%	0.000%	0.000%	0.000%
(18)	SDTF Assess	0.000%	0.000%	0.000%	0.000%
(19)	Miscellaneous Tax	0.005%	0.005%	0.005%	0.005%
(20)	Uncollectible Premium	13.000%	13.000%	13.000%	13.000%
(21)	Servicing Carrier Allowance	25.292%	25.292%	25.292%	25.292%

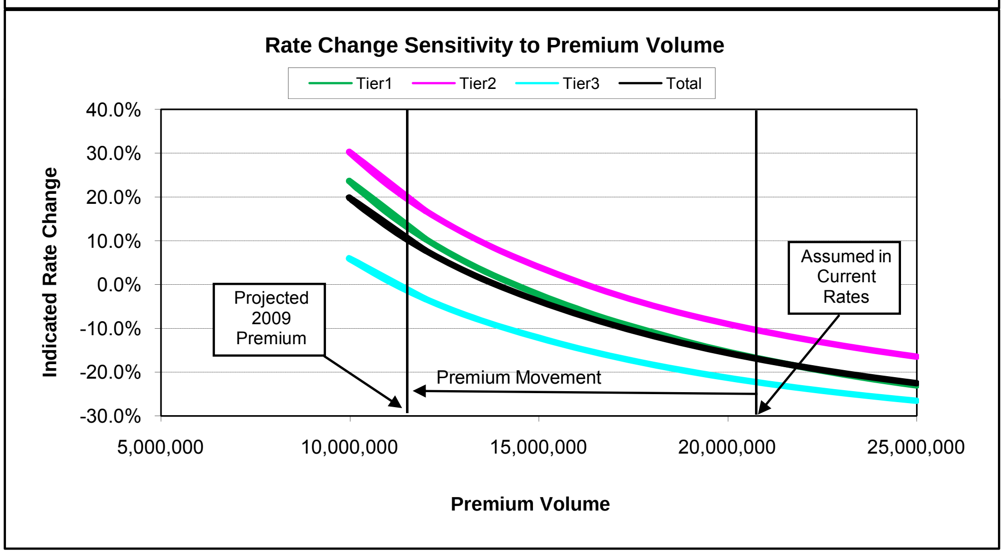
Notes:

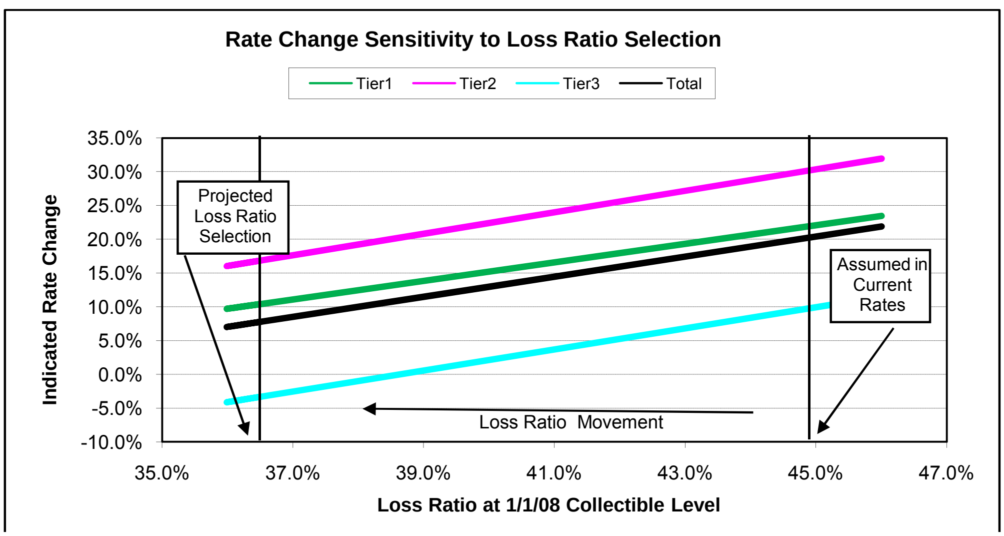
(1)-(3) Estimated by Milliman from FWCJUA Historical Data
(9) From FWCJUA Producer Fee Table using (7)
(10),(11) Total from FWCJUA
(13) (9)x(7)/(3)
(14), (16)-(20) From FWCJUA
(15) (12)/(3)

Florida Workers' Compensation Joint Underwriting Association
G&A Expenses = $2,800,000

PREMIUM LEVEL CHANGE SENSITIVITY ANALYSIS







RATES & FORMS COMMITTEE REPORT: REVIEW OF RATES, RATING PLANS AND POLICY FORMS AND ASSOCIATED MATTERS TO INCLUDE APPLICATION FORMS

Self Audit Program

The Board shall consider the Rates & Forms Committee recommendation that it confirm staff's revision to the FWCJUA Quarterly Payroll Reporting Form that was necessitated to secure OIR's approval of the form with the introduction of the FWCJUA Employer Quarterly Self Audit Program.

At its June 11th, the Board accepted the Rates & Forms Committee recommendation to adopt an Employer Quarterly Self Audit Program on or before January 1, 2009 to supplement the payroll and classification verification process on a quarterly basis during policy currency, which included the introduction of the FWCJUA Quarterly Payroll Reporting Form. Accordingly, staff filed the program with OIR for approval. During the filing process, OIR requested that the form be revised to clarify that a "managing member" is actually an "LLC Managing member." Staff complied with OIR's request and ultimately received OIR's approval to introduce the Self Audit Program effective October 1, 2008.

Attached for the Board's review is a copy of the revised new form, the FWCJUA Quarterly Payroll Reporting Form, that was approved by OIR. The revision is indicated in red print with either strikeout or underscore for quick reference.

The Board shall determine whether to accept the Rates & Forms recommendation to confirm staff's revision to the FWCJUA Quarterly Payroll Reporting Form that was necessitated to secure OIR's approval of the form with the introduction of the FWCJUA Employer Quarterly Self Audit Program to become effective October 1, 2008, applicable to new and renewal business.

FLORIDA WORKERS' COMPENSATION JOINT UNDERWRITING ASSOCIATION, INC.
QUARTERLY PAYROLL REPORTING FORM

Date:

Employer Name:
Address:

Agency Name:
Address:

Policy Number:

Policy Period:
From:
To:

Payroll Period:
From:
To:

NOTE: This form must be completed, signed and submitted even if you have no wages for this period.

1. Instructions: Provide the name of each individual employed during this quarter and a detailed description of the work performed for each employee. Include salaries, wages, overtime, commissions, vacation pay, sick pay, etc., before any deductions are made for social security, unemployment or disability, federal income tax, etc. If overtime has been paid, please provide it in the corresponding column. Also include payroll for any persons performing work on a "contract" basis unless they have furnished you with a certificate of insurance from their insurance carrier or a certificate of exemption. Do not include your officer~~/~~'s, LLC managing member's, partner's, or individual owner's salaries in this section. Attach a separate sheet for additional employees with the required information below.

Employee Name	Describe Work Performed	Gross Wages (Including Overtime)	Overtime (Time And One Half)	Overtime (Double Time)	Company Use

2. Instructions: Provide the Title, Name, Details of Specific Duties and earnings/draws/profits for each officer/managing member, partner or individual owner. Include all principals even if they receive no pay or have elected, by filing an exclusion form, not to be covered. Attach a separate sheet for any additional individuals with the required information below.

Title	Name	Details of Specific Duties	Actual Earnings	Company Use.

3. Additional Questions:

a. Did you pay overtime? Yes ___ No ____

If so, did you deduct the premium pay from the above totals? Yes ___ No ____

b. Did you furnish lodging? Yes ___ No ____

If so, do your payroll figures include these charges? Yes ___ No ____

Provide the estimated value of the lodging: $________________

c. Did your employees receive tips? Yes ___ No ___

If so, are the value of the tips included in the above payrolls? Yes ___ No ____

4. Signature: **Any person who knowingly makes a false or misleading statement or representation, written or oral, for the purpose of avoiding or reducing the amount of premiums for workers compensation coverage commits a felony of the third degree.**

I (we) the undersigned certify that the figures appearing in this report are a true and complete statement of all earnings by all the employees covered under the above policy for the period stated:

x

Date	**Signature of Officer/Owner/Member or Partner**	**Address where payroll records are kept.**	**Telephone**

5. Mail (1) the completed Quarterly Payroll Reporting Form, (2) copy of the Quarterly State Tax Wage Report (UCT-6) or 941 Form, and (3) a completed Employer's Affidavit Form to: Travelers, P.O. Box 3556, Orlando, FL 32802

FWCJUAQPRF0608

RATES & FORMS COMMITTEE REPORT: FORMS ASSOCIATED WITH AGENCY AUTHORIZATION PROCESS

Agency Producer Agreement

The Board shall consider the Rates & Forms Committee recommendation that the Agency Producer Agreement be revised as proposed in Attachment F to implement the Producer Committee's recommended procedural changes and clarifications related to the Agency Producer Agreement authorization process.

At its August 26th meeting, the Rates & Forms Committee reviewed the Producer Committee's recommended procedural changes and clarifications related to the Agency Producer Agreement authorization process and agreed to recommend that the Board adopt the proposed revisions to the Agency Producer Agreement as one of two vehicles to implement the Producer Committee's recommendation. To peruse the proposed revisions to the Agency Producer Agreement, please refer to Attachment F. The revisions are indicated in red and yellow highlight with either strikeout or underscore for quick reference.

It is anticipated that the Board will take action on whether to accept the Rates & Forms Committee recommendation to adopt the proposed revisions to the Agency Producer Agreement as one of two vehicles to implement the Producer Committee's proposed procedural changes and clarifications related to the Agency Producer Agreement authorization process during its discussion related to Attachment F of this agenda.

RATES & FORMS COMMITTEE REPORT: OPERATIONS MANUAL REVISIONS

Reformatting & Revision

Subsequent to the June 3rd Rates & Forms Committee and June 11th Board meetings, OIR determined that it was not necessary for the FWCJUA to reformat its Operations Manual to include the statutorily required Plan of Operation elements, which would be subject to approval by OIR order, and introduce a new manual that contains the FWCJUA's day-to-day policies and procedures, which would simply be subject to OIR approval. Accordingly, staff did not pursue the reformatting of the FWCJUA Operations Manual to include the introduction of a proposed FWCJUA Policies and Procedures Guide as directed by the Board at its June 11th meeting.

No Board action is required on this agenda item.

RATES & FORMS COMMITTEE REPORT: OPERATIONS MANUAL REVISIONS

7/31/2008 Revision

The Board shall consider a Rates & Forms Committee recommendation that it confirm staff's July 31, 2008 reprint/revision filing of the FWCJUA Operations Manual to incorporate all the June 11th Board directed Operations Manual and form revisions, including the introduction of two new forms, that were filed with and approved by OIR as well as to repaginate the Manual given the volume of the approved forms and revisions.

At its June 11th meeting, the Board adopted revisions to MAP, reinstatement procedures for agencies and designated producers, Truckers Supplemental Application, Contractor's Supplemental Application, Employer's Affidavit, as well as agreed to introduce an employer's quarterly self audit program and more formerly address the FWCJUA premium payment options. In July, staff made the appropriate filings and received the required OIR approvals; however, it became apparent that given the volume of the approved forms and revisions the Manual effectively needed to be repaginated and reprinted. Accordingly, staff filed the July 31, 2008 reprint/revision of the Manual. OIR approved this Manual reprint/revision filing on August 1st to become effective September 1, 2008.

Attached for the Board's perusal is a copy of OIR's letter ordering approval of the July 31, 2008 reprint/revision of the FWCJUA Operations Manual as well as a copy of the approved filing cover letter. The corresponding stamped approved Operations Manual pages were not included within this agenda given the size of the document.

The Board shall determine whether to accept the Rates & Forms Committee recommendation to confirm staff's decision to file and secure OIR's approval of the July 31, 2008 reprint/revision of the FWCJUA Operations Manual.

OFFICE OF INSURANCE REGULATION

FINANCIAL SERVICES COMMISSION

CHARLIE CRIST
GOVERNOR

ALEX SINK
CHIEF FINANCIAL OFFICER

BILL MCCOLLUM
ATTORNEY GENERAL

CHARLES BRONSON
COMMISSIONER OF AGRICULTURE

KEVIN M. MCCARTY
COMMISSIONER

August 1, 2008

Mr. Michael K. Cleary
Operations Manager
Florida Workers Compensation Joint Underwriting Association
P.O. Box 48597
Sarasota, FL 34238

RE: Florida Workers Compensation Joint Underwriting Association
Workers' Compensation / Standard
Company File Number: Ops ManRev073108
OIR File Number: FWC 08-15672

Dear Mr. Cleary:

The above captioned filing that makes minor changes to the FWCJUA Operations Manual to incorporate previously approved filings is hereby ordered approved effective 9/1/2008. Included with this letter is an email with a link to the approved manual pages for the filing.

Please verify that these pages are the final printed manual pages and that the effective date noted above is correct. **If we do not hear from you within the next 10 days, we will assume that you have received a stamped copy of all manual pages applicable to this filing and that the effective dates are correct.**

Sincerely,

James D. Watford, ACAS, MAAA
Actuary
Jim.Watford@floir.com
(850) 413-5368

• • •
JAMES D. WATFORD • ACTUARY • PROPERTY & CASUALTY PRODUCT REVIEW
200 EAST GAINES STREET • TALLAHASSEE, FLORIDA 32399-0330 • (850) 413-3146 • FAX (850) 922-3865
website: www.floir.com • Jim.Watford@floir.com

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Florida Department of Financial Services

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

INFORMATIONAL
Date Received: JUL 31 2008 Date of Action: AUG 1 2008
OFFICE OF INSURANCE REGULATION

July 31, 2008

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, FL 32399-0326

Re: FWCJUA OPERATIONS MANUAL REPRINT/REVISION TO IMPLEMENT OIR APPROVALS OF FILINGS FWC08-14335, FWC08-14377, FWC08-14482, FWC08-14484, FWC08-14491, FWC08-14493, & FWC08-14556

Dear Mr. McCarty:

In accordance with the provisions of Section 627.311(5), Florida Statutes, and on behalf of the Board of Governors of the Florida Workers' Compensation Joint Underwriting Association, Inc. ("FWCJUA"), I am filing the July 31, 2008 reprint/revision of the FWCJUA Operations Manual to incorporate all the manual and form revisions, including the introduction of two new forms, that were filed with and recently approved by OIR as well as to repaginate the Manual given the volume of the approved forms and revisions.

As a reference, the following pages in the proposed July 31, 2008 reprint of the Operations Manual have been affected as indicated:

1. Cover page – the revision date was changed to 07312008
2. Second page – changed the copyright to ©1994-2008; and the revision date was changed to 07312008
3. Table of Contents, pages i – vi,
   Part Three, D, 10 – repaginated to 19
   Part Three, D, 14 – repaginated to 21
   Part Four, E – repaginated to 51
   Part Four, L – repaginated to 59
   Part Seven – all forms subsequent to the *Applicant's Affidavit As To Employee Leasing* were repaginated to 111 through 159
4. Page 4 – revised due to FWC08-14491 approval
5. Page 5 – "New Business" definition contains one additional line from page 4 – no new information
6. Page 9 – revised due to FWC08-14335 approval
7. Pages 15-18 – revised due to FWC08-14482 approval
8. Pages 19-23 – information moved from prior page to accommodate the pp 15-18 revisions – no new information
9. Pages 36-37 – revised due to FWC08-14491 approval
10. Page 49 – revised due to FWC08-14491 approval
11. Pages 50-54 – information moved from prior page to accommodate the p. 49 revision – no new information
12. Page 55 – revised due to FWC08-14482 and some information moved from prior page to accommodate the p. 49 revision
13. Pages 56-60 – information moved from prior page to accommodate the p. 49 and p. 55 revisions – no new information
14. Pages 61-62 – revised due to FWC08-14556 approval
15. Page 64 – revised due to FWC08-14482 approval
16. Page 97 – revised due to FWC08-14493 and FWC08-14484 approvals; however, the actual insertion of the *Quarterly Payroll Reporting Form* in the list following the *Employer's Affidavit* was not specifically identified in the FWC08-14484 filing

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17. Page 98 – information moved from prior page to accommodate the p. 97 revision – no new information
18. Pages 105-108 – revised due to FWC08-14491 and FWC08-14493 approvals
19. Pages 111-112 – revised due to FWC08-14491 and FWC08-14493 approvals and required all subsequent pages to be repaginated as new form was added
20. Pages 113-114 – revised due to FWC08-14491 and FWC08-14493 approvals; note that these pages were repaginated from 111-112
21. Pages 115-119 – information moved from prior page to accommodate the pp. 111-112 revision – no new information
22. Pages 120-124 – revised due to FWC08-14377 approval; note that these pages were repaginated from 118-122
23. Page 125 – information moved from prior page to accommodate the pp. 111-112 revision – no new information
24. Pages 126-127 – revised due to FWC08-14377 approval; note that these pages were repaginated from 124-125
25. Page 128 – revised due to FWC08-14482 and FWC08-14484 approvals and required all subsequent pages to be repaginated as new form was added
26. Pages 129-160 – information moved from prior page to accommodate the pp. 111-112 and p. 128 revisions – no new information

Upon approval of this filing, the FWCJUA shall promptly place the proposed reprint of the Operations Manual on its website.

Should you have any questions regarding this filing, please do not hesitate to contact me. Your early review and action is appreciated.

Respectfully submitted,

Florida Workers' Compensation Joint Underwriting Association, Inc.

Laura S. Torrence *ss*

Laura S. Torrence
Executive Director

enclosure

c: Tom Maida, General Counsel

RATES & FORMS COMMITTEE REPORT: OPERATIONS MANUAL REVISIONS

Producer Committee Recommendation

The Board shall consider the Rates & Forms Committee recommendation that the Operations Manual be revised as proposed in Attachment F to implement the Producer Committee's recommended procedural changes and clarifications related to the Agency Producer Agreement authorization process.

At its August 26th meeting, the Rates & Forms Committee reviewed the Producer Committee's recommended procedural changes and clarifications related to the Agency Producer Agreement authorization process and agreed to recommend that the Board adopt the proposed revisions to the Operations Manual as one of two vehicles to implement the Producer Committee's recommendation. To peruse the proposed revisions to the Operations Manual, please refer to Attachment F. The revisions are indicated in red and yellow highlight with either strikeout or underscore for quick reference.

It is anticipated that the Board will take action on whether to accept the Rates & Forms Committee recommendation to adopt the proposed revisions to the Operations Manual as one of two vehicles to implement the Producer Committee's proposed procedural changes and clarifications related to the Agency Producer Agreement authorization process during its discussion related to Attachment F of this agenda.

RATES & FORMS COMMITTEE REPORT:
NCCI AFFILIATION AGREEMENT

The Board shall consider the Rates & Forms Committee recommendation that the FWCJUA execute a 2008 Affiliation Agreement with NCCI, provided the FWCJUA secures a letter of understanding from NCCI that it will continue to assess its premium based charges utilizing the FWCJUA's unsurcharged premium.

At its August 26th meeting, the Rates & Forms Committee was advised that in late June, NCCI asked its affiliates to consider executing a revised 2008 Affiliation Agreement primarily as part of NCCI's ongoing efforts related to its new Medical Data Call which will begin in third quarter 2010, with initial reporting due in December 2010. Approximately 120 affiliate groups will be required to report this new Call to NCCI, the FWCJUA being one of the participants. Further, NCCI has asked all affiliates to execute the revised Agreement whether or not they are a Medical Data Call participant.

The Committee was also advised that NCCI determined that the Affiliation Agreement needed to be revised to adequately address the reporting and use of Medical Call data consistent with the direction of NCCI's Board of Directors. The revised Agreement addresses these issues including new provisions relating to confidentiality and privacy as well as other modifications that are intended to improve the Affiliation Agreement which governs the relationship between NCCI and its affiliates.

Further, the Committee was informed that the FWCJUA is currently an NCCI Member with an Affiliation Agreement that became effective January 1, 2005, and expires on January 1, 2010. Given General Counsel raised no concerns regarding the 2008 Affiliation Agreement, staff recommended that the Committee recommend to the Board that the FWCJUA terminate its 2005 Agreement early and execute the 2008 Agreement, provided the FWCJUA secures a letter of understanding from NCCI that it will continue to assess its premium based charges utilizing the FWCJUA's unsurcharged premium. The Committee agreed to make such a recommendation to the Board.

Attached for the Board's consideration is the side-by-side comparison of the 2005 and 2008 Affiliation Agreements as prepared by NCCI, which was reviewed by the Committee at its meeting.

The Board shall determine whether to accept the Rates & Forms Committee recommendation that the FWCJUA terminate its current 2005 Affiliation Agreement with NCCI prior to its expiration and enter into the 2008 Affiliation Agreement with NCCI, provided the FWCJUA secures a letter of understanding from NCCI that it will continue to assess its premium based charges utilizing the FWCJUA's unsurcharged premium

AFFILIATION AGREEMENT --

	2005	2008 Revised
Opening		
Paragraph 1	THIS 2005 AFFILIATION AGREEMENT, and all Attachments and Exhibits (collectively referred to as the "Agreement") is entered into and made effective this _____ day of ______, 2008, for a term of ____ year(s) with the following election: **e-Library** ☐ Member ☐ Yes ☐ No ☐ All-States Subscriber ☐ Yes ☐ No ☐ Partial-States Subscriber Not Available by and between the National Council on Compensation Insurance, Inc., a Delaware non-stock corporation having its principal business office at 901 Peninsula Corporate Circle, Boca Raton, Florida 33487 ("NCCI", "we, or "us"), and ___________ ("you" or "your"), which includes the related companies listed on Page AFF-9 of the Agreement, having its principal business office at __________ and each of the parties' respective successors and permitted assignees.	THIS 2008 AFFILIATION AGREEMENT, and all Attachments and Exhibits (collectively referred to as the "Agreement") is entered into and made effective this ___ day of _____, 2008, [ ] by and between the National Council on Compensation Insurance, Inc., a Delaware non-stock corporation having its principal business office at 901 Peninsula Corporate Circle, Boca Raton, Florida 33487 ("NCCI", "we", or "us"), and ___________ ("you" or "your"), which includes the related companies listed on Page AFF-14 of the Agreement, having its principal business office at ______ and each of the parties' respective successors and permitted assignees, as either a member or subscriber and for the period of time as determined by your election set forth in Attachment A attached hereto and incorporated herein by reference.
Paragraph 2	NCCI is a voluntary, not-for-profit, statistical research and ratemaking organization that prepares and administers loss costs/rates, rating plans and systems for workers compensation and employers liability insurance. One of the primary functions of NCCI is to collect, process, and analyze workers compensation insurance statistical information and to provide to its members and subscribers licensed use of various Products and Services.	NCCI is a voluntary, not-for-profit, [ ] data collection, research and ratemaking organization that among other things prepares and administers loss costs/rates, rating plans and systems for workers compensation and employers liability insurance. [ ] Two of the primary functions of NCCI [ ] are to collect, process, and analyze workers compensation insurance [ ] data and to provide to its members and subscribers licensed use of various Products and Services.
Paragraph 3	By signing this Agreement and paying the applicable licensing fees and costs, you are licensed to use various NCCI filed rating systems and plans, including loss costs/rates and other Products and Services more specifically outlined within this Agreement and corresponding Attachments or Exhibits.	By signing this Agreement and paying the applicable licensing fees and costs, [ ] NCCI licenses you to use various NCCI filed rating systems and plans, including loss costs/rates and other Products and Services more specifically outlined within this Agreement [ ].
Paragraph 4	As a licensed insurance organization participating in the workers compensation industry, you agree to provide and NCCI agrees to collect your policy data, statistical data, and aggregated financial data to aid in the effectiveness and efficiency of the workers compensation system.	As a state licensed insurance organization participating in the workers compensation industry, and as an essential part of the consideration for the licenses that NCCI grants to you under this Agreement, you agree to provide to NCCI and NCCI agrees to collect your policy data, unit statistical data, detailed claim information data (as applicable), medical call data (as applicable), aggregated financial data, and other data and information as may be necessary to aid in the effectiveness and efficiency of the workers compensation system (collectively "your Data"). You acknowledge and agree that the reporting of your Data is a material obligation and requirement under this Agreement and that your failure to report your Data to NCCI in a timely and accurate manner may cause harm to NCCI and its members and subscribers.

	2005	2008 Revised
Paragraph 6	This Agreement and its applicable Attachments and Exhibits are the complete agreement regarding these transactions, and replaces any prior oral or written communications between us. "Attachments" and "Exhibits" are further terms and conditions that are attached to this Agreement and are incorporated herein by reference. Once signed, (1) any reproduction of this Agreement made by reliable means (for example, photocopy or facsimile) is considered an original, and (2) all Products and Services you order under this Agreement are subject to it.	This Agreement [ ] is the complete agreement between NCCI and you regarding the [ ] the licenses and Products and Services provided under this Agreement and replaces any prior oral or written communications between us. "Attachments", "Addenda", and "Exhibits" are further terms and conditions that are attached to this Agreement and are incorporated herein by reference. Once NCCI and you have signed this Agreement, (1) any reproduction of this Agreement made by reliable means (for example, photocopy or facsimile) is considered an original, and (2) all Products and Services you order under this Agreement are subject to it.
1. License		
Paragraph 1	NCCI hereby grants to you, and you accept, subject to and in accordance with the terms, conditions, restrictions, and limitations set forth in this Agreement and applicable Attachments and Exhibits, a nontransferable, nonexclusive license to adopt and use in your operations, solely for the purpose of writing and maintaining workers compensation or employers liability insurance (or self-insuring or reinsuring against workers compensation obligations, as applicable), the Products and Services described in the applicable Affiliation Pricing Exhibit, and/or the Affiliation Services Description Exhibit. You may not copy, distribute, display, perform, recast, adapt, create derivatives of, or modify the Products and Services (produced electronically or otherwise) provided to you under this Agreement, nor distribute, rent, sublicense, transfer, or lease the Products or any information provided to you in connection with the Products and Services, except and unless expressly authorized by us in writing.	NCCI hereby grants to you, and you accept, subject to and in accordance with the terms, conditions, restrictions, obligations and limitations set forth in this Agreement [ ], a nontransferable, nonexclusive license to adopt and use in your operations, solely for the purpose of writing and maintaining workers compensation or employers liability insurance (or self-insuring [ ] against workers compensation obligations, as applicable), the Products and Services described in the applicable Affiliation Pricing Exhibit, and/or the Affiliation Services Description Exhibit. You may not copy, distribute, display, perform, recast, adapt, create derivatives of, or modify the Products and Services (produced electronically or otherwise) provided to you under this Agreement, nor distribute, rent, sublicense, transfer, or lease the Products or any information provided to you in connection with the Products and Services, except and unless expressly authorized by [ ] NCCI in writing.
2. Data Services		
a) Data Reporting	You agree to provide policy, detailed claim information (if qualified), statistical, and financial data required by NCCI to comply with regulatory requirements and to produce the Products and Services contemplated by this Agreement in accordance with the ***Workers Compensation Policy Data Reporting Manual,*** the ***Detailed Claim Information Instruction Manual,*** the ***Workers Compensation Statistical Plan Manual,*** the ***Reporting Guidebook for the Annual Calls for Experience,*** or such other data reporting specifications as are mutually agreed to by you and NCCI. We agree to provide you with reasonable notice of changes to the reporting manuals and guidebooks set forth above. The obligation to report data to NCCI is not applicable to excess and reinsurers with the exception of premium data as identified in the Reporting Guidebook for the Annual Calls for Experience	As an essential part of the consideration for the licenses that NCCI grants you in Section 1 of this Agreement, you agree to provide to NCCI your Data, including without limitation, policy data, detailed claim information data ([ ] as applicable), unit statistical data, financial call data [ ] and medical call data (as applicable) and such other data that NCCI may request from you from time to time that is used by NCCI to (i) comply with regulatory requirements on your behalf; and/or (ii) to [ ] provide the Products and Services contemplated [ ] under this Agreement. You shall report your Data to NCCI in accordance with the applicable provisions of the ***Workers Compensation Policy Data Reporting Manual, the Detailed Claim Information Instruction Manual, the Workers Compensation Statistical Plan Manual, the Unit Statistical Reporting Guidebook, the Reporting Guidebook for the Annual Calls for Experience, the Medical Data Call Reporting Guidebook***, or such other data reporting specifications as are mutually agreed to by you and NCCI and subject to the restrictions and limitations as set forth in Section 6 below. [ ] NCCI agrees to provide you with reasonable notice of changes to the reporting manuals and guidebooks set forth above. [ ]

	2005	2008 Revised
b) Data Reporting Compliance	*Not Included*	Data that you submit to NCCI is required to be complete and accurately reflect your company experience. You agree to comply with NCCI data quality procedures and inquiries including but not limited to: responding to edits flagging on submitted data and responding to data validation notifications and inquiries including cross data type checks (such as comparisons of unit statistical data to financial call data). Your compliance includes, but is not limited to, submitting corrections to all impacted data and/or providing written explanations where explanation of data accuracy is required by NCCI. It is expected that data submissions, data corrections and responses to data inquiries be completed by you in a timely and accurate manner. You acknowledge and agree that data you submit to NCCI may be subject to compliance or incentive programs (e.g. ADQIP/DQIP and any future programs) as set forth in the applicable compliance or incentive program documents and which are modified by NCCI from time to time. Such compliance or incentive program documents are incorporated herein by reference as if attached hereto. **YOUR FAILURE TO REPORT YOUR DATA TO NCCI ON A TIMELY AND ACCURATE BASIS AS PRESCRIBED IN THE APPLICABLE DATA REPORTING MANUAL, GUIDEBOOK, INCENTIVE PROGRAM DOCUMENT OR SPECIFICATIONS MAY RESULT IN NCCI TAKING ANY OR ALL OF THE FOLLOWING ACTIONS: (i) FINANCIAL PENALTIES THROUGH DATA INCENTIVE PROGRAMS (ii) NOTIFICATION TO THE APPROPRIATE REGULATORY AUTHORITIES; (iii) NCCI WITHHOLDING FROM YOU YOUR PRODUCTS AND SERVICES PROVIDED UNDER THIS AGREEMENT PENDING SUBMISSION OF SUCH DATA; AND (iv) TERMINATE THIS AGREEMENT PURSUANT TO SECTION 7(i) SET FORTH BELOW.**
c) Notification of System Changes *Changed from Item b) in the Revised Agreement*	Proactive identification of relevant system changes in connection with your reporting of data to NCCI will enable you to continue to report data to NCCI in a timely and accurate manner. You agree to provide NCCI timely notification of changes that may impact your data reporting systems and reporting protocols. NCCI reserves the right to require joint testing for any material data reporting system changes. NCCI reserves the right to implement and maintain incentive and/or fining programs to promote timely and correct data submissions.	Your proactive identification of relevant system changes in connection with [ ] the reporting of your Data to NCCI will enable you to continue to report your Data to NCCI in a timely and accurate manner. You agree to provide NCCI timely notification of changes that may impact your data reporting systems and reporting protocols. NCCI reserves the right to require joint testing for any material data reporting system changes. [ ]
d) Data Fixes *Changed from Item c) in the Revised Agreement*	You agree to timely notify NCCI upon the discovery of data reporting errors that cannot be corrected via standard NCCI correction tools and correction protocols (as specified in NCCI standard procedures) or for which you can't provide timely corrections. In the event you request NCCI to perform a data fix or correction to your data, such Services will be performed by NCCI under a separate attachment to this Agreement. NCCI reserves the right to charge you for such Services. If a data fix is attributable to your error and results in modifications of NCCI databases or corresponding Products or Services (e.g., ***Experience Rating Services)*** NCCI reserves the right to charge you for such modifications.	You agree to [ ] promptly notify NCCI upon the discovery of any data reporting errors [ ]. In certain circumstances NCCI will at your written request perform a data fix to enable the data correction process or where data cannot be corrected via standard NCCI correction tools and correction protocols (as specified in NCCI standards [ ]) [ ]. In the event you request NCCI to perform a data fix or correction to your Data, such services will be performed by NCCI under a separate attachment to this Agreement. NCCI reserves the right to charge you for such services. [ ] NCCI reserves the right to refuse any data fix request where other options to correct your Data are available. NCCI's refusal to provide such services does not alleviate any data quality or timeliness requirements as noted in Section 2(b) above.

	2005	2008 Revised
e) Privacy	*Not included*	In performing its obligations and duties under this Agreement, each party, to the extent applicable, may handle general personally identifiable financial and/or health information of insureds, or claimants (hereinafter collectively "Protected Information") which may be subject to federal, state and local privacy laws and regulations. It is acknowledged and agreed that a) each party shall be solely responsible for maintaining the security of such Protected Information in its possession in order to comply with this privacy requirement and all applicable federal, state, and local laws or regulations governing the privacy and use of such information; and b) each party shall immediately notify the other party of any violations of any such laws or regulations that involves your Data that arises out of each party's respective obligations under this Agreement or any complaint or judicial or administrative proceeding initiated concerning any actual or alleged violation of such law or regulation. The terms of this Section shall survive the termination of this Agreement.
3. Exclusion of Warranties		
Paragraph 1	The Products and Services provided under this Agreement, and any Products and Services specified in the applicable Attachments and Exhibits, will be performed in a professional workmanlike manner and will materially comply with the specifications set forth in the applicable Attachment or Exhibit. You agree that you will permit NCCI to attempt to correct, within thirty (30) days, any defects or other nonconformity in the Products and Services before any other remedy is sought by you as a result of such defect or nonconformity. NCCI will not be obligated to correct, use, or otherwise remedy any such defect or nonconformity in a Product or Service if (1) you have performed any unauthorized modification or enhancement of a Product or Service, (2) the Products or Services have been misused or damaged in any respect other than by employees of NCCI, or (3) NCCI has not been notified of the existence and nature of such nonconformity or defect as expeditiously as possible upon its discovery by you.	The Products and Services provided under this Agreement, and any Products and Services specified in the applicable Attachments and Exhibits, will be performed by NCCI in a professional workmanlike manner and will materially comply with the specifications set forth in the applicable Attachment or Exhibit. You agree that you will permit NCCI to attempt to correct [ ] any defects or other nonconformity in the Products and Services within thirty (30) days of NCCI's becoming aware of such defects or other nonconformity before you seek any other remedy [ ] as a result of such defects or nonconformity in a Product or Service. NCCI will not be obligated to correct, [ ] cure, or otherwise remedy any such defects or nonconformity in a Product or Service if (1) you have performed any unauthorized modification or enhancement of a Product or Service, (2) the Products or Services have been misused or damaged in any respect other than by employees of NCCI, or (3) NCCI has not been notified of the existence and nature of such nonconformity or defects as expeditiously as possible upon [ ] your discovery [ ] of such nonconformity or defects.

	2005	2008 Revised
4. Liabilities Limited		
a) Disclaimer	EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, NCCI DOES NOT MAKE ANY WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE PRODUCTS OR SERVICES PROVIDED UNDER THIS AGREEMENT OR THE RESULTS OBTAINED FROM OR THROUGH THEM, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. IN NO EVENT SHALL WE BE LIABLE FOR ANY LOSS OF PROFIT OR ANY INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE, OR CONSEQUENTIAL DAMAGES SUSTAINED OR INCURRED IN CONNECTION WITH ANY PRODUCT OR SERVICE PROVIDED OR PERFORMED OR TO BE PROVIDED OR PERFORMED UNDER THIS AGREEMENT OR OTHERWISE ARISING UNDER THIS AGREEMENT, REGARDLESS OF THE FORM OF THE ACTION AND WHETHER SUCH DAMAGES WERE FORESEEN OR UNFORESEEN AND EVEN IF WE ARE ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.	EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, NCCI DOES NOT MAKE ANY WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE PRODUCTS OR SERVICES PROVIDED UNDER THIS AGREEMENT OR THE RESULTS OBTAINED FROM OR THROUGH THEM, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. IN NO EVENT SHALL [ ] NCCI BE LIABLE FOR ANY LOSS OF PROFIT OR ANY INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE, OR CONSEQUENTIAL DAMAGES SUSTAINED OR INCURRED IN CONNECTION WITH ANY PRODUCT OR SERVICE PROVIDED OR PERFORMED OR TO BE PROVIDED OR PERFORMED BY NCCI UNDER THIS AGREEMENT OR OTHERWISE ARISING UNDER THIS AGREEMENT, INCLUDING WITHOUT LIMITATION NCCI'S INDEMNIFICATION OBLIGATIONS SET FORTH HEREIN, REGARDLESS OF THE FORM OF THE ACTION AND WHETHER SUCH DAMAGES WERE FORESEEN OR UNFORESEEN AND EVEN IF [ ] NCCI IS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR LOSS OF PROFITS.
b) Total Liability	You agree that except as set forth in Section 7(f), NCCI's total liability for damages under this Agreement or for damages arising or resulting from any Products or Services provided pursuant to this Agreement, or any applicable Attachments or Exhibits, regardless of the form of action (including without limitation, any claims, demands, or liability for breach of contract or negligence), shall be limited to the actual direct damages or loss you incur, up to an annual aggregate in the amount of $50,000. The $50,000 limitation provided for herein shall be applicable to any claims for indemnity brought pursuant to Section 5(a) of this Agreement	You agree that except as set forth in Section 7(f) of this Agreement, NCCI's total liability for damages under this Agreement or for damages arising or resulting from any Products or Services provided by NCCI pursuant to this Agreement, or any applicable Attachments or Exhibits, regardless of the form of action (including without limitation, any claims, demands, or liability for breach of contract or negligence), shall be limited to the actual direct damages or loss you incur, up to an annual aggregate in the amount of $50,000. The $50,000 limitation provided for [ ] in this Section shall be applicable to among other matters, any claims for indemnity brought pursuant to Section 5(a) of this Agreement.
c) Force Majeure	Neither party shall be held liable for any delay or failure to perform under this Agreement when caused by circumstances beyond the reasonable control of the affected party, including but not limited to, shortages of labor, raw materials or equipment; sabotage; failure or delays in transportation or communication; fire, floods, embargoes, acts of war, insurrections, or riots; strikes or other labor disturbances; acts of God; or acts of governmental authorities; provided, however, that this Section is intended only to suspend and not discharge a party's obligations under this Agreement and when the cause of the failure or delay is removed, the affected party shall promptly resume performance of its obligations hereunder.	Neither party hereto shall be held liable for any delay or failure to perform under this Agreement when caused by circumstances beyond the reasonable control of the affected party, including but not limited to, shortages of labor; raw materials or equipment; sabotage; failure or delays in transportation or communication; fire; floods; embargoes; acts of war or terrorism; domestic or foreign; insurrections; or riots; strikes or other labor disturbances; acts of God; or acts of governmental authorities; provided, however, that this Section is intended only to suspend and not discharge a party's obligations under this Agreement and when the cause of the failure or delay is removed, the affected party shall promptly resume performance of its obligations hereunder.

	2005	2008 Revised
5. Indemnity		
Section a)	NCCI agrees to indemnify and hold you harmless from and against any and all claims, demands, and actions, and any liabilities, damages, or expenses resulting there-from, including court costs and reasonable attorney fees, arising out of or relating to the negligent or willful acts or omissions of NCCI in the provision of Products and/or performance of Services by NCCI hereunder. You agree to give NCCI prompt notice of any such claim, demand or action and shall, to the extent you are not adversely affected, cooperate fully with NCCI in the defense and settlement of said claim, demand, or action. This provision is subject to the $50,000 limitation as set forth in Section 4(b) above.	NCCI agrees to indemnify and hold you harmless from and against any [ ] claims and demands, made against you by a third party and any actions, brought or asserted against you by a third party and any liabilities, damages, or expenses resulting therefrom, including court costs and reasonable attorney's fees, arising out of or relating to the negligent or willful acts or omissions of NCCI in the provision of Products and/or the performance of Services by NCCI hereunder. You agree to give NCCI prompt notice of any such claim, demand or action and shall, to the extent you are not adversely affected, cooperate fully with NCCI in the defense and settlement of said claim, demand, or action. The provisions of this Section are [ ] subject to (i) the provision set forth in Section 4(a) above and (ii) the $50,000 limitation as set forth in Section 4(b) above.
Section b)	You agree to indemnify and hold NCCI harmless from and against any and all claims, demands, and actions, and any liabilities, damages, or expenses resulting there-from, including court costs and reasonable attorney fees arising out of or relating to your negligent or willful acts or omissions hereunder. NCCI agrees to give you prompt notice of any such claim, demand, or action and shall, to the extent NCCI is not adversely affected, cooperate fully with you in the defense and settlement of said claim, demand, or action.	You agree to indemnify and hold NCCI harmless from and against any [ ] claims, demands, and actions, brought or asserted against NCCI by a third party and any liabilities, damages, or expenses resulting therefrom, including court costs and reasonable attorney's fees arising out of or relating to your negligent or willful acts or omissions hereunder. NCCI agrees to give you prompt notice of any such claim, demand, or action and shall, to the extent NCCI is not adversely affected, cooperate fully with you in the response to and defense and settlement of said claim, demand, or action.
Section c)	This provision shall survive the termination of this Agreement.	The provisions of Section 5(a) and 5(b) shall survive the termination of this Agreement
6. Acknowledgement : Data		
Section a)	You acknowledge our right, title, and interest in and to the copyright and other commercial and proprietary rights provided by law to all Products and Services produced and/or provided by us under this Agreement.	You acknowledge [ ] NCCI's right, title, and interest in and to the copyright and other commercial and proprietary rights provided by law to all Products and Services produced and/or provided by [ ] NCCI under this Agreement.
Section b)	You will have access to the data you submitted to us within a reasonable period of time upon your written request, on a cost recovery basis.	[ ] Upon your written request, NCCI will provide you with a copy of your Data submitted by you or your authorized Service Provider to NCCI that is contained within NCCI's production systems within a reasonable period of time. NCCI will charge you a base fee for each request and may charge additional amounts dependent upon on the amount of work involved for each request.
Section c) Paragraph 1	NCCI acknowledges that the data submitted by you is a valuable asset and NCCI shall take reasonable steps to ensure its confidentiality. NCCI agrees to preserve the confidential and proprietary nature of any data or information you provide to NCCI pursuant to this Agreement, and NCCI further agrees not to release any data or information without your prior written consent if it identifies your individual claimants or customers or is requested in a manner which identifies it with you, except as set forth below:	[ ] NCCI agrees to preserve the confidential and proprietary nature of [ ] your Data [ ] that you provide to NCCI pursuant to this Agreement, and NCCI further agrees not to release [ ] your Data or information without your prior written consent if it identifies your individual claimants or customers or is requested in a manner which identifies it with you, except as set forth below:

	2005	2008 Revised
Section c) Paragraph 2	You specifically agree that NCCI may use and distribute such data and information provided by you for the following Products, Services, and purposes:	Excluding Medical Call Data which is addressed under Section 6(f) herein, you specifically agree that NCCI may use and distribute [ ] your Data and Confidential Information provided by you to NCCI for the following Products, Services, and purposes:
Section c) Item #6	Background materials NCCI submits to regulators in support of loss cost/rate filings and in related NCCI circulars, provided any data you submit that is contained in such materials is not released in a manner which identifies you, an insured or claimant unless such identification (a) is required by law to be provided to regulators, (b) is, as a matter of standard practice, customarily provided to regulators as part of such background materials (this applies to identification of you only and not an insured or claimant), or (c) is provided to regulators in response to a regulatory request pursuant to Item 8 below	Background materials NCCI submits to regulators in support of loss cost/rate filings and in related NCCI circulars, provided that any of your Data [ ] that is contained in such materials is not released in a manner which identifies you, an insured or claimant unless such identification (a) is required by law to be provided to regulators, (b) is, as a matter of standard practice, customarily provided to regulators as part of such background materials (this applies to identification of you only and not an insured or claimant), or (c) is provided to regulators in response to a regulatory request pursuant to Item 8 below;
Section c) Item #7	Legislative reform efforts, provided any data you submit that is contained in materials related to such efforts which identifies you is not released by NCCI to individuals or entities, other than regulators, without advance notice to you	Legislative [ ] analysis, provided that any of your Data you submit that is contained in materials related to such efforts which identifies you is not released by NCCI to individuals or entities, other than regulators, without advance notice to you; and
Section c) Item #8	In response to regulatory requests (notice of any such request will be provided to you by NCCI prior to the release of any of the data submitted by you)	In response to regulatory requests, a valid subpoena, or court order (NCCI shall provide you with notice of any such request [ ] prior to the release of [ ] your Data [ ]).
Section d)	Notwithstanding the foregoing, NCCI may aggregate such data and information with data and information submitted by other insurers and the use and distribution of such aggregated data and information shall be permitted under this Agreement, unless otherwise agreed to in an attachment to this Agreement.	Notwithstanding the foregoing, but excluding Medical Call Data, NCCI may aggregate [ ] your data [ ] with data and information submitted to NCCI by other insurers and the use and distribution of such aggregated data and information shall be permitted under this Agreement, unless otherwise agreed by the parties hereto in an attachment to this Agreement.
Section e)	Notwithstanding any other provisions of this Agreement to the contrary, NCCI and you agree that, by signing this Agreement, employing the license granted herein and providing NCCI with the data that is the subject of this paragraph, you do not waive any ownership rights or other legal interests you may have in such data.	Notwithstanding any other provisions of this Agreement to the contrary, NCCI and you agree that, by signing this Agreement, employing the license granted herein and providing NCCI with [ ] your Data [ ] and Confidential Information (as defined below in Section 8) you do not waive any ownership rights or other legal interests that you may have in [ ] your Data and Confidential Information.
Section f)	*Not included*	**MEDICAL DATA CALL –This Section 6(f) is applicable only to Medical Data Call Participants.** If you are required to report Medical Call Data to NCCI pursuant to the participation criteria set forth in the ***Medical Data Call Reporting Guidebook***, your Medical Data provided under this Agreement may be used by NCCI for the purpose of legislative analysis and, if permitted by you for research (as defined in Attachment B) subject to the criteria set forth in Attachment B which is attached hereto and incorporated herein by reference

	2005	2008 Revised
7. General Provisions		
a) Prices and Price Changes Item 1 Paragraph 2	NCCI's Affiliation Fee; NCCI's Workers Compensation Infrastructure; Experience Rating Production Services; Filing Services; Data Management Services and Proof of Coverage	NCCI's Affiliation Fee; NCCI's Workers Compensation Infrastructure Fee; Experience Rating Production Services Fee; Filing Services Fee; Data Management Services Fee and Proof of Coverage Fee.
a) Prices and Price Changes Item 3	*Not Included*	Notwithstanding anything contained herein to the contrary, NCCI may add or delete Products and Services including without limitation adding a new state.
b) Credit, Invoicing, Payment, and Taxes Paragraph 1	Premium-based charges will be invoiced quarterly in advance. Other Products and Services may be invoiced monthly, quarterly, semiannually, or annually, as appropriate, in accordance with NCCI's standard billing practices.	Premium-based charges will be invoiced to you quarterly in advance. Other Products and Services may be invoiced to you monthly, quarterly, semiannually, or annually, as appropriate, in accordance with NCCI's standard billing practices.
b) Credit, Invoicing, Payment, and Taxes Paragraph 2	All credit and payment terms extended to you under this Agreement are in accordance with our then-current credit policy. A copy of our current credit policy is available by contacting our Credit/Risk Management Department.	All credit and payment terms extended to you under this Agreement are in accordance with [ ] NCCI's then-current credit policy. A copy of NCCI's current credit policy is available by contacting our Credit [ ] Services Department.
c) Premium Reporting Paragraph 1	Your organization acknowledges that NCCI's premium-based fees will be based on actual premium as reported on the NAIC Annual Statement or another format approved by NCCI. If you are a new affiliate or adding additional states, you must provide NCCI your estimated annual premium as identified on the Estimated Annual Premium Chart (see Estimated Annual Premium Exhibit on page EXH-1).	Your organization acknowledges that NCCI's premium-based fees will be based on actual premium as reported on [ ] your NAIC Annual Statement or another format approved by NCCI. If you are a new affiliate or adding additional states, you must provide NCCI your estimated annual premium as identified on the Estimated Annual Premium Chart (see Estimated Annual Premium Exhibit on page EXH-1).
c) Premium Reporting Paragraph 3	You acknowledge that your failure to report your premium on a timely basis may result in one of the following, at NCCI's option: (1) NCCI may base premium-based invoices upon the last premium amount reported to NCCI by your organization, (2) NCCI may base premium-based invoices upon a premium amount NCCI obtains from documentation your organization supplied to a regulatory agency, or (3) NCCI may elect to withhold services under the Affiliation Agreement pending submission of such information or terminate the Affiliation Agreement. You acknowledge that if NCCI exercises either of the initial two options above, NCCI shall have the right, but not the obligation, to adjust premium-based invoices retroactively to reflect updated premium reported.	You acknowledge that your failure to report your premium on a timely basis may result in one of the following, at NCCI's option: (1) NCCI may base premium-based invoices upon the last premium amount reported to NCCI by your organization, (2) NCCI may base premium-based invoices upon a premium amount NCCI obtains from documentation your organization supplied to a regulatory agency, or (3) NCCI may elect to withhold Products and Services under the [ ] Agreement pending submission of such premium information or terminate this [ ] Agreement. You acknowledge that if NCCI exercises either of the [ ] first two options [ ] set forth in the paragraph, NCCI shall have the right, but not the obligation, to adjust premium-based invoices retroactively to reflect updated premium reported.
d) Mutual Responsibilities Item 1	Neither of us will use the other's trademark, trade name, service mark, or other designation in any promotion or publication without prior written consent.	Neither of us will use the other's trademark, trade name, service mark, or other designation in any promotion or publication without the other's prior written consent

	2005	2008 Revised
d) Mutual Responsibilities Item 2 *Eliminated as it is incorporated in the new Section 8*	Except as set forth in Section 6(c), and as set forth below, all information exchanged is not confidential unless otherwise indicated under applicable federal and state laws, or covered by a confidentiality agreement between parties. However, you agree to maintain as confidential (i.e., not disclose to third parties) rate and loss cost filings, similar information packages and related documents and circulars, which are produced by NCCI and/or marked by NCCI as being confidential, unless such documents or materials (1) are within or later fall within the public domain, without breach of this Agreement; or (2) are required to be disclosed pursuant to a valid subpoena or order of a court or other governmental body or any political subdivision thereof, provided you promptly notify NCCI in order to allow us to seek appropriate legal remedies, including but not limited to, obtaining a protective order to prevent the release of disclosure of such confidential materials.	[ ]
d) Mutual Responsibilities Item 3 *Changed to Item 2 in the Revised Agreement*	Each is free to enter into similar agreements with others.	Each of us is free to enter into similar agreements with [ ] third parties.
d) Mutual Responsibilities Item 4 *Changed to Item 3 in the Revised Agreement*	Except for the licenses granted expressly in this Agreement, no other license has been granted by one party to the other.	Except for the licenses granted expressly in this Agreement, no other license has been granted by one party to the other.
e) Your Other Responsibilities Item 1	Not to assign this Agreement or your rights under it, delegate your obligations, or redistribute any Product or Service without prior written consent. Any attempt to do so is void.	Not to assign this Agreement or your rights under it, delegate your obligations hereunder, or redistribute any Product or Service without NCCI's prior written consent. Any attempt by you to do so is void.
e) Your Other Responsibilities Item 2	That you are responsible for the results of any misuse, unauthorized modification or application of the Products and Services.	That you are responsible for the results of [ ] your misuse, unauthorized modification or application of the Products and Services.
e) Your Other Responsibilities Item 3	To notify NCCI of any Service Provider that provides services to you including but not limited to data reporting, claim administration, and policy issuance and to notify NCCI of any organization that utilizes NCCI's Workers Compensation Infrastructure, including loss costs/rates and other Products and Services as set forth within this Agreement. Notification of these organizations must be provided through the Service Provider Attachment to Affiliation Agreement.	To notify NCCI of any Service Provider that provides services to you including but not limited to data reporting, claim administration, and policy issuance and to notify NCCI of any organization that utilizes NCCI's Workers Compensation Infrastructure, including without limitation loss costs/rates and other Products and Services as set forth within this Agreement. Notification of these organizations must be provided through the Service Provider Attachment and the Service Provider Data Tool Access Addendum to Affiliation Agreement, if applicable.

	2005	2008 Revised
e) Your Other Responsibilities Item 4	To accurately maintain your on-line passwords and user ID's. This includes maintaining the security of such passwords and user ID's by keeping them confidential. This means you may not disclose or transfer them to third parties and that you disable passwords that are no longer in use.	To accurately maintain your on-line passwords and user ID's. This includes maintaining the security of such passwords and user ID's by keeping them confidential. This means you may not disclose or transfer [ ] your on-line passwords and user ID's to third parties and that you will disable passwords that are no longer in use.
f) Patents and Copyrights Paragraph 1	Notwithstanding Section 4(b), we agree that if a third party presents a claim, demand, or action alleging that a Product or Service we provide infringes a U.S. patent, copyright or misappropriates a proprietary right, we will defend you against that claim, demand, or action at our expense and pay all costs, damages, and other attorney fees that (1) a court finally awards or (2) are related to settlement of a third party claim under this Section, provided that you:	Notwithstanding Section 4(b) of this Agreement, we agree that if a third party presents a claim, demand, or action alleging that a Product or Service we provide infringes a U.S. patent, or copyright or misappropriates a proprietary right, we will defend you against that claim, demand, or action at our expense and pay all costs, damages, and attorney's fees that (1) a court finally awards or (2) are related to settlement of a third party claim under this Section, provided that you:
f) Patents and Copyrights Item 2	Allow us to control and cooperate with us in the defense and any related settlement negotiations. If such a claim, demand, or action is presented or appears likely to be presented, you agree to permit us to enable you to continue to use the product, or to modify or replace it. If we determine that none of these alternatives is reasonably available, you agree to return the product to us upon our written request. We will then give you a credit equal to your net book value for the product based on generally accepted accounting principles.	Allow us to control and cooperate with us in the defense and any related settlement negotiations. If such a claim, demand, or action is presented or appears likely to be presented, you agree to permit us to enable you to continue to use the Product or Service, or to modify or replace it. If we determine that none of these alternatives is reasonably available, you agree [ ] upon our written request to return the product to us or discontinue use of the Product or Service. We will then give you a credit [ ] for the Product or Service based on generally accepted accounting principles to be determined solely by NCCI.
f) Patents and Copyrights Paragraph 2	This is our entire obligation and your sole and exclusive remedy for any claim of infringement.	This is our entire obligation and your sole and exclusive remedy for any claim of infringement or misappropriation of a proprietary right.
h) Changes to the Agreement Terms	Except as provided in Section 7(a), changes to the Agreement must be in writing and signed by both parties. Additional or different terms in any order or written communication from you are void.	Except as provided in Section 7(a) hereof, changes to the Agreement must be in writing and signed by both parties. Additional or different terms in any order or written communication from you are void
i) Termination and Changes Item 1 Paragraph 1	The term of this Agreement is set forth on Page AFF-1 of the Agreement and will automatically renew for the length of the original term of this Agreement unless either of us provides written notice ninety (90) days prior to the termination date of this Agreement of our intention not to renew.	The term of this Agreement is set forth on [ ] Attachment A of the Agreement and will automatically renew for the length of the original term of this Agreement unless either of us provides written notice to the other ninety (90) days prior to the termination date of this Agreement of [ ] its intention not to renew
i) Termination and Changes Item 1 Paragraph 2	You may terminate this Agreement on any January 1 following the first year of this Agreement by providing ninety (90) days prior written notice to NCCI. In the event of your termination of this Agreement, you agree to pay all outstanding invoices prior to the effective date of termination. Item(s) on an outstanding invoice with which you have a good faith dispute need not be paid prior to your termination of the Agreement, provided NCCI is furnished with (1) prompt written notice of the amount of the dispute, (2) the reasons for the dispute, and (3) prompt payment upon the resolution of the dispute.	[ ] Either party may terminate this Agreement on any January 1 following the first year of this Agreement by providing ninety (90) days prior written notice to [ ] the other party. In the event of [ ] such termination of this Agreement, you agree to pay to NCCI all outstanding invoices prior to the effective date of termination. Item(s) on an outstanding invoice with which you have a good faith dispute need not be paid prior to your termination of the Agreement, provided NCCI is furnished with (1) prompt written notice of the amount of the dispute, (2) the reasons for the dispute, and (3) prompt payment upon the resolution of the dispute.

	2005	2008 Revised
i) Termination and Changes Item 1 Paragraph 3	In the event that you are eligible for and select a multiyear affiliation and either (1) terminate this Agreement prior to the initial term, or (2) following a change in status to a Partial-States Subscriber, terminate your Affiliation in a particular state in which you continue to write workers compensation insurance prior to the expiration of the initial term, you agree to reimburse NCCI for the portion of any multiyear discounts that have actually accrued to your benefit under this Agreement, but for which you have not met the applicable requirements. For example, if you elected a five (5) year term, and you terminate the Agreement prior to the conclusion of the third year, you would be required to reimburse NCCI for the entire multiyear discount that accrued to your benefit under the Agreement. If you elect a five (5) year term, and you terminate the Agreement after the third year, you would be required to reimburse NCCI for the difference between the five year and three year multiyear discount for each year that the Agreement was in effect.	In the event that you are eligible for and select a multiyear affiliation and either (1) terminate this Agreement prior to the expiration of the initial term, or (2) following a change in status to a Partial-States Subscriber, terminate your Affiliation in a particular state in which you continue to write workers compensation insurance prior to the expiration of the initial term, you agree to reimburse NCCI for the portion of any multiyear discounts that have actually accrued to your benefit under this Agreement, but for which you have not met the applicable requirements. For example, if you elected a five (5) year term and you terminate the Agreement prior to the conclusion of the third year, you would be required to reimburse NCCI for the entire multiyear discount that accrued to your benefit under the Agreement. If you elect a five (5) year term, and you terminate the Agreement after the third year, you would be required to reimburse NCCI for the difference between the five year and three year multiyear discount for each year that the Agreement was in effect.
i) Termination and Changes Item 1 Paragraph 4	In the event of a material breach of this Agreement, the non-breaching party may terminate this Agreement, provided that non-breaching party gives written notice of the material breach to the breaching party and the breaching party fails to cure such breach within thirty (30) days of receipt of such notice, ten (10) days for non-payment. You agree to reimburse NCCI for any multiyear discounts you receive if NCCI terminates this Agreement prior to the expiration of the initial term for your material breach of this Agreement. You shall not be held responsible for any reimbursements for any multiyear discounts you receive prior to the expiration of the initial term for NCCI's material breach of this Agreement.	In the event of a material breach of this Agreement, the non-breaching party may terminate this Agreement, provided that non-breaching party gives written notice of the material breach to the breaching party and the breaching party fails to cure such breach within thirty (30) days of receipt of such notice, except that any breach based upon non payment must be cured within ten (10) days [ ] of receipt of such notice. You agree to reimburse NCCI for any multiyear discounts you receive if NCCI terminates this Agreement prior to the expiration of the initial term for your material breach of this Agreement. You shall not be held responsible for any reimbursements for any multiyear discounts you receive prior to the expiration of the initial term for NCCI's material breach of this Agreement.
i) Termination and Changes Item 1 Paragraph 5	Upon termination of this Agreement or your affiliation in a particular state in any manner provided herein, all the rights and licenses granted to you under the Agreement or with respect to the state(s) in which you are terminating your affiliation are terminated and you are required to immediately discontinue use of the Products and Services and promptly, at our option and upon our instructions, (1) destroy the material under our supervision (or furnish us with an affidavit of such destruction sworn to by a principal or officer of your organization), or (2) deliver the Products and Services and all licensed material to us or our duly authorized representative. You are permitted, however, to archive a single unmodified copy of the Product(s) provided by NCCI under this Agreement for use by you for historical purposes only.	Upon termination of this Agreement or your affiliation in a particular state in any manner provided herein, all the rights and licenses granted to you under the Agreement or with respect to the state(s) in which you are terminating your affiliation are terminated and you are required to immediately discontinue use of the Products and Services and [ ] upon our instructions and to the extent applicable, (1) destroy the material under our supervision (or furnish us with an affidavit of such destruction sworn to by a principal or officer of your organization), or (2) deliver the Products and Services and all licensed material to us or our duly authorized representative. You are permitted, however, to archive a single unmodified copy of the Product(s) provided by NCCI under this Agreement for use by you for historical purposes only.
i) Termination and Changes Item 3 Paragraph 1	You may terminate your affiliation in a state in which you no longer write workers compensation insurance at any time with thirty (30) days prior written notice by providing documentation sufficient to satisfy NCCI that you are no longer writing or self-insuring against workers compensation insurance in that particular state, as applicable, (e.g. surrender of License).	You may terminate your affiliation in a state in which you no longer write workers compensation insurance at any time with thirty (30) days prior written notice to NCCI by providing documentation sufficient to satisfy NCCI that you are no longer writing [ ] workers compensation insurance or self-insuring your workers compensation exposure in that particular state, as applicable (e.g. surrender of License). However, termination of affiliation does not relieve you of your obligation to continue to report any applicable data relating to that state.

	2005	2008 Revised
i) Termination and Changes Item 6	In the event you opt for any of the changes set forth in subsection 7(i), you agree to comply with the procedures set forth in the Affiliation Agreement Overview and Instructions regarding notification to NCCI of such changes.	In the event you opt for any of the changes set forth in [ ] Section 7(i), you agree to comply with the procedures set forth in the Affiliation Agreement Overview and Instructions regarding notification to NCCI of such changes.
j) Governing Law / Compliance Paragraph 2 *Eliminated as it is incorporated in Section 2.e)*	Each party shall at all times comply with all federal, state and local laws and regulations applicable to a person who performs any of the functions or services performed under this Agreement including but not limited to laws and regulations concerning privacy, confidentiality or security of personally identifiable financial or health information. Each party shall immediately notify the other party of any violations of any such laws or regulation applicable to provision of services under this Agreement or any complaint or judicial or administrative proceeding initiated concerning any actual or alleged violation of such law or regulation.	[ ]
k) notices	All notices to be given under this Agreement shall be in writing, addressed to either of us at our respective addresses first set forth above (or at any other address, which either of us designates by written notice) and shall be effective (1) when deposited in the United States mail, provided it is received in due course, (2) when delivered by hand or via overnight courier, postage prepaid, (3) when sent by fax with confirmation of transmission received, or (4) by electronic mail at the address designated in writing by the parties. Notices to NCCI shall be addressed to Contract Administration	All notices to be given under this Agreement shall be in writing, addressed to either of us at our respective addresses first set forth above (or at any other address, which either of us designates by written notice) and shall be effective (1) when deposited in the United States mail, provided it is received in due course, (2) when delivered by hand or via overnight courier, postage prepaid, (3) when sent by fax with confirmation of transmission received, or (4) by electronic mail at the address designated in writing by the parties. All notices to NCCI shall be addressed to Contract Administration.
l) Signer Is Authorized	The parties represent that the individuals executing this Agreement possess all requisite authority to bind the respective parties hereto.	The parties represent that the individuals executing this Agreement on their behalf possess all requisite authority to bind the respective parties hereto.
n) Agreement, Exhibits, Attachments, and Addenda	*Not Included*	The parties acknowledge and agree that upon execution of this Agreement, the prior Affiliation Agreement is: a) terminated through mutual agreement and shall have no further effect and; b) if your natural Affiliation renewal would have occurred in 2010 through 2013, the parties agree to attach all current Exhibits, Attachments, Addenda that have been executed or filled out as part of your prior Affiliation Agreement making them a part of this Agreement with full legal effect.

	2005	2008 Revised
8. Confidentiality		
Section a)	*Not included*	NCCI acknowledges that the Data submitted by you to NCCI pursuant to this Agreement is a valuable asset and shall take reasonable steps to ensure its confidentiality. For the purposes of this Agreement, "Confidential Information" will mean confidential and proprietary information disclosed by one party to this Agreement to the other party, and shall include but not be limited to: data, data mapping, rate and loss cost filings, similar information packages, and related documents and circulars, which are produced by NCCI or are marked by NCCI as being confidential, technical and financial information, data collection techniques, and data processes, including any abstracts, summaries or portions thereof, whether disclosed or communicated orally, in writing, graphically, electronically, or mechanically. Confidential Information will also include any information which any party has received from a third party under an obligation of confidentiality.
Section b)	*Not included*	Each party to this Agreement agrees that the Confidential Information is proprietary and confidential information and that it shall not use any Confidential Information of the other party for its own use or for any purpose except as expressly provided for under this Agreement. No party will disclose any Confidential Information to any other person or entity or its employees, except those employees and other persons who require the Confidential Information to further the objectives of this Agreement and who agree in writing to maintain the security and confidentiality of the Confidential Information as provided herein and to use a reasonable degree of care in safeguarding all Confidential Information disclosed to them.
Section c)	*Not included*	The foregoing obligations of confidentiality will not apply with respect to Confidential Information to the extent such Confidential Information:
Section c) Item 1	*Not included*	is within or later falls within the public domain through no fault of the receiving party or without breach of this Agreement;
Section c) Item 2	*Not included*	at the time of disclosure is proven to be already in the possession of the receiving party without an obligation of confidentiality and without breach of this Agreement;
Section c) Item 3	*Not included*	is developed independently by the receiving party without access to any Confidential Information of the other party, such independent development to be evidenced by written documentation thereof;
Section c) Item 4	*Not included*	is required to be disclosed pursuant to a valid subpoena or court order, provided and only to the extent that the party receiving such subpoena or order will give immediate written notice thereof of its receipt of such subpoena or court order to the party that has disclosed such Confidential Information of such subpoena or order, so that the party that disclosed Confidential Information may seek appropriate legal remedies, including, but not limited to, obtaining a protective order to prevent the release or disclosure of such Confidential Information; or

	2005	2008 Revised
Section c) Item 5	*Not included*	as permitted to be disclosed as set forth in Section 6 and Medical Data Call Attachment B herein.
Section d)	*Not included*	The parties to this Agreement agree that they shall take all reasonable measures to protect the confidentiality of Confidential Information and to prevent its disclosure to any third parties who are not authorized to have such Confidential Information in their possession and to prevent the Confidential Information from falling into the public domain. Each party hereto agrees to notify the other party in writing of any potential misuse or misappropriation of Confidential Information that may come to its attention.
Section e)	*Not included*	Notwithstanding anything to the contrary elsewhere in this Agreement, the parties acknowledge that monetary damages may not be a sufficient remedy for unauthorized disclosure of Confidential Information of the other party and that any party hereto shall be entitled, in addition to any other rights or remedies available at law or in equity, to such injunctive or equitable relief as may be deemed proper by a court of competent jurisdiction.

	2005	2008 Revised
9. Arbitration		
Paragraph 1	*Not included*	Any controversy, dispute or claim arising out of or relating in any way to this Agreement or the transactions arising hereunder which is not resolved by negotiation between the parties shall be settled exclusively by arbitration in West Palm Beach, Florida. Such arbitration shall be administered by the American Arbitration Association ("AAA") in accordance with its then prevailing Rules for Non-Administered Arbitration of Business Disputes (except as otherwise provided herein) by three independent and impartial arbitrators, with each party picking an arbitrator and the final arbitrator being chosen by the other arbitrators; provided, that if the two arbitrators chosen by the parties are unable to agree on the third arbitrator then the third arbitrator shall be selected in accordance with such Rules. As a minimum requirement each arbitrator is required to have workers compensation insurance experience at an executive level. Notwithstanding anything to the contrary provided in Section 7(j) above, the arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. § 1 et seq. The fees and expenses of the AAA and the arbitrators shall be shared equally by the parties and advanced by them from time to time as required; provided, that at the conclusion of the arbitration, the arbitrators shall award to the prevailing party or parties costs and reasonable expenses (including the costs of the arbitration previously advanced and the reasonable fees and expenses of attorneys, accountants and other experts) subject to Section 4(b). The arbitrators shall permit and facilitate such discovery, as either party shall reasonably request. The arbitrators shall render their award within ninety (90) days of the conclusion of the arbitration hearing. Any party may apply to any court of competent jurisdiction for temporary injunctive or other provisional judicial relief if such action is necessary to avoid irreparable damage or to preserve the status quo until such time as the arbitrators are selected and available to hear such party's request for temporary relief. The award rendered by the arbitrators shall be final and not subject to judicial review (absent manifest error), and judgment thereon may be entered in any court of competent jurisdiction and shall be subject to Section 4(b).

NCCI TERM AND ELECTION ATTACHMENT A –

This is a new attachment to replace the term, election, and e-Library options removed from the opening paragraph 1 of the Affiliation Agreement.

ATTACHMENT A-1 – RELATED COMPANIES MADE PARTY TO THIS AGREEMENT

This is the standard area previously found following the signature block, but now entered as an Attachments.

ATTACHMENT B – MEDICAL CALL DATA USEAGE STANDARDS

This is a new attachment to accommodate the new Medical Data Call requirements as outlined in new Section 6 of the Affiliation Agreement.

NCCI AFFILIATE PRODUCT AND SERVICE ATTACHMENT

	2005	2008 Revised
1. In addition to definitions . . .		
Section d)	**“Informational Tools”** shall mean current and future Internet-based workers compensation workstations, interactive tools and web based services that provide information and data as well as other features unique to each particular Informational Tool.	**“Informational Tools” and “Information Tools”** shall mean current and future Internet-based workers compensation workstations, interactive tools and web based services that provide information and data as well as other features unique to each particular Informational Tool
4. Media Type: Information Tools and Other Electronic Media. Applicable Products and Services: All, Except Products and Services Not Distributed Electronically		
Section a)	**Rate Table Data, and Similar Data Products, Excluding Information Tools such as Compoint, Pricepoint and Similar Information Tools:** The right to copy and integrate these Data Products into your computer systems, or other storage devices, for your internal use only in writing workers compensation insurance.	**Rate Table Data, and Similar Data Products, Excluding Information Tools such as [ ] *WorkComp Workstation* and Similar Information Tools:** The right to copy and integrate these Data Products into your computer systems, or other storage devices, for your internal use only in writing workers compensation insurance.
Section h) *Eliminated – Product discontinued*	***RQS®* Software:** The right to use the ***RQS®*** software, accompanying documentation (“Documentation”) and NCCI retrospective rating factors (“Factors”) collectively referred to herein as the “***RQS®*** software,” solely for your internal operations on the corresponding number of CPUs/desktops as set forth in the applicable Product Order. You also have the right to store factors files on your networked client server or other storage device to allow your end users to access, copy, and store the factors and any output.	[ ]

	2005	2008 Revised
Section i) *Eliminated – Product discontinued*	**NCCI *RQS*® Software Factors:** The Factors accessed and used through the ***RQS***® software are the property of NCCI, and are protected by applicable copyright, trade secret and other commercial laws. This Agreement allows you to use the Factors in conjunction with ***RQS***® software, for internal purposes only. You may not lease, lend, rent, create derivative works, modify, sublicense, copy, distribute or otherwise transfer the Factors in whole or in part in any media to any third party except as provided for herein. The factors provided with the ***RQS***® software are for reference purposes only and shall not constitute the rendering of any advice by NCCI. **No representation or warranties are made by NCCI as to the completeness or accuracy of the Factors or the results obtained therefrom, and NCCI hereby expressly disclaims all warranties or representations, express, implied or statutory, including the Implied Warranties of Merchantability and Fitness for a Particular Purpose.**	[ ]
Section j) *Eliminated – Product discontinued*	**Your Retrospective Rating Factors for Use in the *RQS*® Software:** You acknowledge and agree to provide NCCI with your specific retrospective rating factors on an as-needed basis, as set forth in the ***RQS***® documentation. Accordingly, you grant NCCI a limited, nonexclusive, royalty free, nontransferable license in and to your retrospective rating factors to allow NCCI to copy and integrate your retrospective rating factors into maintenance disks for use solely by you and for no other purpose. You acknowledge and agree that due to the nature and functionality of the ***RQS***® software that your failure to provide NCCI with your specific retrospective rating factors, may diminish your ability to use the ***RQS***® software. NCCI shall have no liability as to such diminished use.	[ ]
11. *RQS*® Software Maintenance		
Paragraph 1 *Eliminated – Product discontinued*	***RQS*® Software Maintenance:** You acknowledge and agree that due to the nature and functionality of the ***RQS***® software, maintenance of the ***RQS***® software is to be provided by NCCI, and is required as it is integral to the operation of ***RQS***® software. Maintenance shall also include NCCI (1) providing updated factors on an “as needed” basis, and (2) integrating your specific retrospective rating factors into a file and providing such file via disk, electronically or via CD ROM for your use with the ***RQS***® software on an as-needed basis. There are specific annual maintenance fees for the ***RQS***® software. Please consult NCCI’s Customer Service or your Product Order.	[ ]
Note: Sections 12-15 renumbered 11-14 due to the elimination of Section 11.		

FLORIDA STATISTICAL AGENT SERVICES ATTACHMENT --

	2005	2008 Revised
2. NCCI Data Reporting Tools		
Paragraph 1	NCCI shall provide to you one (1) copy of Florida data reporting tools, including data reporting manuals, data reporting circulars, data reporting user's guides, and other customer tools used to report data in connection with the performance of services under the Agreement, on a royalty-free license basis. Any additional copies will be provided pursuant to the prices as published by NCCI from time to time and through NCCI's Web site. After the first year, annual maintenance fees for such data reporting tools may be changed at the then-current rates published by NCCI from time to time on NCCI's Web site, subject to the approval of the OIR.	NCCI shall provide to you [ ] access to Florida data reporting tools, including data reporting manuals, data reporting circulars, data reporting user's guides, and other customer informational tools used to report data in connection with the performance of services under the Agreement, on a royalty-free license basis. [ ] Hard copies will be provided pursuant to the prices and terms published [ ] in NCCI's [ ] then-current products and services price list. After the first year, annual maintenance fees for such data reporting tools may be changed at the then-current rates published by NCCI from time to time on NCCI's Web site, subject to the approval of the OIR.
4. Fees		
Paragraph 2	$4.50 per billable unit report or as otherwise agreed to or approved by the Office of Insurance Regulation for services provided under the Agreement. Billable unit reports are those unit reports (or other equivalent reports) other than correction reports, reported by you to NCCI, excluding significant exception processing situations that may occur from time to time and will be billed on an individual basis to you. NCCI reserves the right to modify this unit report fee, with three (3) months prior written notice to you, subject to review and approval by the OIR.	[ ] $4.00 per billable unit report or as otherwise agreed to or approved by the Office of Insurance Regulation for services provided under the Agreement. Billable unit reports are those unit reports (or other equivalent reports) other than correction reports, reported by you to NCCI, excluding significant exception processing situations that may occur from time to time and will be billed on an individual basis to you. NCCI reserves the right to modify this unit report fee, with three (3) months prior written notice to you, subject to review and approval by the OIR.
Paragraph 3	In addition, you agree that you may be charged data reporting quality and timeliness fines, and receive credits as appropriate, according to the then-current incentive programs outlined in NCCI's ***Unit Report Quality Users Guide*** and ***Reporting Guidebook for the Annual Calls for Experience.*** You will also be charged data entry fees for the conversion of hard copy unit reports collected, as set forth in the Affiliation Pricing Exhibit.	In addition, you agree that you may be charged data reporting quality and timeliness fines, and receive credits as appropriate, according to the then-current incentive programs outlined in NCCI's [ ] ***Unit Statistical Reporting Guidebook*** and ***Reporting Guidebook for the Annual Calls for Experience.*** You will also be charged data entry fees for the conversion of hard copy unit reports collected, as set forth in the Affiliation Pricing Exhibit

TEXAS STATISTICAL AGENT SERVICES ATTACHMENT --

This is a new attachment to include the NCCI statistical services provided and fees charges for the state of Texas.

SERVICE PROVIDER ATTACHMENT TO THE AFFILIATION AGREEMENT --

	2008	2008 Revised
Section 2	Service Provider acknowledges and agrees that by executing this Attachment, Service Provider is and shall be bound by the terms and conditions of the Affiliation Agreement and any applicable Exhibit(s), Addenda, and Attachment(s). Specifically, Service Provider agrees to abide and be bound by (1) all data reporting requirements, as set forth in Section 2 of the Affiliation Agreement (to the extent Service Provider reports data on behalf of Affiliate), and (2) the licensing and intellectual property provisions of the Affiliation Agreement (as well as all other applicable provisions).	Service Provider acknowledges and agrees that by executing this Attachment, Service Provider is and shall be bound by the terms and conditions of the Affiliation Agreement and any applicable Exhibit(s), Addenda, and Attachment(s). Specifically, Service Provider agrees to abide and be bound by (1) all data reporting requirements, as set forth in Section 2 and 6 of the Affiliation Agreement (to the extent Service Provider reports data on behalf of Affiliate), and (2) the licensing and intellectual property provisions of the Affiliation Agreement (as well as all other applicable provisions).
Section 3	Service Provider and Affiliate further acknowledge and agree that in the event Service Provider requires access to any NCCI Product or Services (content) for integration into a software application, or other computer system being used on behalf of Affiliate in connection with its responsibilities as Affiliate's Service Provider, a separate Service Provider Content Agreement is required to be executed and Service Provider may only use such NCCI Products and Services for the benefit of and in its capacity as an agent of Affiliate and for no other purpose, unless authorized by NCCI in writing. In addition, in the event Service Provider requires access to NCCI Data Tools, in assisting or performing data reporting functions on behalf of Affiliate, a separate Service Provider Data Tool Agreement is required to be executed, and Service Provider may only use such NCCI Data Tools for the benefit of and in its capacity as an agent of Affiliate and for no other purpose, unless authorized by NCCI in writing.	Service Provider and Affiliate further acknowledge and agree that in the event Service Provider requires access to any NCCI Product or Services (content) for integration into a software application, or other computer system being used on behalf of Affiliate in connection with its responsibilities as Affiliate's Service Provider, a separate Service Provider Content Agreement is required to be executed and Service Provider may only use such NCCI Products and Services for the benefit of and in its capacity as an agent of Affiliate and for no other purpose, unless authorized by NCCI in writing. In addition, in the event Service Provider requires access to NCCI Data Tools, in assisting or performing data reporting functions on behalf of Affiliate, a separate Service Provider Data Tool [ ] Access Addendum is required to be executed, and Service Provider may only use such NCCI Data Tools for the benefit of and in its capacity as an agent of Affiliate and for no other purpose, unless authorized by NCCI in writing.
Section 4	In the event the Affiliate is no longer represented by the Service Provider, the Affiliate agrees to so notify NCCI as soon as is reasonably possible. Should the Affiliate select a new Service Provider, the Affiliate understands and agrees that a new Service Provider Attachment to the Affiliation Agreement must be completed within 30 days of such selection.	In the event the Affiliate is no longer represented by the Service Provider, the Affiliate agrees to so notify NCCI as soon as is reasonably possible. Should the Affiliate select a new Service Provider, the Affiliate understands and agrees that a new Service Provider Attachment to the Affiliation Agreement must be completed within thirty (30) days of such selection.
Section 5	For purposes of the Affiliation Agreement, the word "you" refers to Affiliate and Service Provider.	For purposes of the Affiliation Agreement, the word "you" and "your" refers to Affiliate and Service Provider.

RATES & FORMS COMMITTEE REPORT: RETURN OF PREMIUM DIVIDEND

The Board shall consider a proposed FWCJUA policyholder dividend program philosophy and methodology.

At its June 11th meeting, the Board directed staff to develop a proposed methodology for a return of premium dividend for future consideration by the Rates & Forms Committee and the Board. At its August 26th meeting, the Rates & Forms Committee reviewed the initial draft policy and suggested that staff clearly define within its methodology those policies considered "uncollectible" and "uncooperative" and of those, who would be eligible under the FWCJUA policyholder dividend program. It was the consensus of the Committee that the dividend policy be presented to the Board to include the edits discussed.

Accordingly, attached for Board discussion purposes is the second draft of the policyholder dividend policy that addresses the Rates & Forms Committee's suggestions. Also attached for the Board's perusal is policy year income information as of 12/31/2007 developed by staff with input from Milliman and Thomas Howell Ferguson.

The Board shall provide staff with comments and further direction related to this draft policy.

On January 1, 1994, pursuant to section 627.311(5a), Florida Statutes, 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 procure such insurance through the voluntary market. In addition, Florida Statutes section 627.311(26f), states that any premium or assessments collected by the plan in excess of the amount necessary to fund projected ultimate incurred losses and expenses of the plan and not paid to insured of the plan in conjunction with loss prevention or dividend programs shall be retained by the plan for future use. Any state funds received by the plan in excess of the amount necessary to fund deficits in subplan D or any tier shall be returned to the state.

In mid-2007, as a result of the December 31, 2006 surplus position, the FWCJUA Board of Governors agreed to consider a policyholder dividend program. After many discussions and policy year financial statement analyses, the following FWCJUA Policyholder Dividend Policy and Methodology has been developed.

Policyholder Dividend Philosophy

In determining the gross amount of a policyholder dividend, a policy year profit and loss calculation will be determined. The actual amount of underwriting gain and/or loss will be the starting point in determining the gross amount of the policyholder dividend. Generally a 5% underwriting gain will be retained, however depending upon the volatility of any particular policy year's results; a 10% underwriting gain may be retained. Therefore the individual policy year specifics will be taken into consideration in determining a reasonable underwriting gain. These specifics will include such items as the total number of claims reported, the total number of open claims at the time of dividend declaration, any catastrophic or serious injuries within that policy year as well as other factors such as the policy year's premium volume, total number of policies written, change in premium volume, changes in rates, and changes to the mix of policyholders. Each policy year will be reviewed upon its own merits. Once the Board of Governors determines what appropriate amount of underwriting gain is reasonable to retain, any additional underwriting gain will be distributed as a policyholder dividend.

All investment income earned on premium payments collected by the FWCJUA will be retained for future use. Monies retained for future use should reasonably ensure that there will be sufficient funds to pay any unexpected losses unknown at the time of a dividend declaration, utilized to offset any underwriting losses developed in prior or future policy years to minimize the possibility of an assessment. It will also provide the FWCJUA with additional options related to reinsurance attachment points, contingency and surplus factors as well as an offset to general and administrative expenses utilized in rate making.

After determining the gross amount of the policyholder dividend, expenses associated with completing the policyholder dividend will also need to be deducted before determining how much the net policyholder dividend amount will be. Once the net amount is determined, the individual policyholder dividend calculation will proceed. Each individual policy will be reviewed to determine if it meets the following criteria and thus, qualifies for a dividend payment.

Policy years eligible to be considered for a policyholder dividend: A determination as to whether a policyholder dividend will be made and for what amount will be made once a policy year has been closed for 5 calendar years. For example: the 2001 Policy year is completely closed at the end of the 2002 calendar year + 5 calendar years would result in the 2001 Policy year to be eligible for dividend consideration after the 2007 annual statement and audit are complete.

Policy Years 1994 – 1999: These policy years are not eligible for policyholder dividends as an LPT Reinsurance Agreement was purchased removing the possibilities of significant gain or loss. The LPT Reinsurance Agreement essentially closed these years to both a policyholder dividend as well as a policyholder assessment

Minimum Premium Policies: Minimum Premium policies would not be eligible for any policyholder dividends as these policies were charged the absolute minimum premium amount for a policy that assumed limited exposure and thus, the minimum premium charged was not sufficient to generate underwriting results sufficient to warrant a policyholder dividend. Therefore any positive development or underwriting gain experienced within the policy year will not be attributed to the minimum premium policies

Policies with No Final Audit: Any policy for the year under consideration for a policyholder dividend where the final audit was not completed because the policyholder did not comply with the FWCJUA's final audit requirements will not be eligible for any policyholder dividend amount.

Policies referred to outside collection service provider: Any policy for the year under consideration for a policyholder dividend, where the policy was referred to the FWCJUA's outside service provider. (A policy is referred to the FWCJUA's outside service provider when a policy remains unpaid and therefore deemed uncollectible and when the policyholder fails to complete the final audit.)

<u>Policyholder Dividend Calculation Methodology</u>:

Once a dividend has been declared by the Board of Governors, a number of calculations must be completed to determine which policies in that policy year are eligible to receive a policyholder dividend payment.

First, a calculation of the policy year's combined ratio (excluding investment income and expenses) will need to be determined, which will essentially become the 'standard' for those policies within the policy year which has been declared to receive a policyholder dividend. If an individual policy meets or exceeds this 'standard' underwriting result, then it will qualify and receive a policyholder dividend payment. The combined ratio is the sum of the reinsurance premium expense ratio plus the administrative expense ratio plus the selected dividend loss & ALAE ratio.

Utilizing data from the particular policy year of which the Board has declared a policyholder dividend, the three components of the policy year's total expense ratio are calculated as described below:

1) The reinsurance premium expense ratio is calculated using the financial information from the *Financial Information By Policy Year* report. The reinsurance premium expense ratio is equal to the total reinsurance premium allocated to the policy year divided by the collected premium for that policy year.

2) The administrative expense ratio is the sum of the average servicing carrier fees (SCF) paid ratio plus the average producer fees paid ratio plus the general & administrative (G&A) expense ratio. If the individual policy year being considered has more than one subplan and/or tier, these calculations will need to be calculated for each individual subplan and/or tier separately. Both the servicing carrier fees paid ratio and the producer fees paid ratio are developed by utilizing the *J11 premium record* information from the FLARE database. The SCF paid ratio is the total of all SCF paid for all policies in that policy year divided by the total collected premiums for that policy year. The producer fees paid ratio is the total of all producer fees paid for all policies in that policy year divided by the total collected premiums for that policy year. The G&A expense ratio is the total general and administrative (G&A) expenses for that corresponding calendar year divided by the total collected premiums for that policy year

3) The selected dividend loss & ALAE ratio will be determined by selecting the highest of the following three loss ratios: a) cumulative FWCJUA net loss & ALAE ratio (for all years excluding Subplan D data); b) the cumulative individual policy year & ALAE ratio (excluding Subplan D data); or c) the subplan and/or tier's cumulative net loss & ALAE ratio. These ratios will be obtained from the *Ultimate Loss Summary* reports prepared by the FWCJUA each quarter as a detailed work paper for the Statutory Quarterly and Annual Statements filed with the Office of Insurance Regulation.

Once the 'standard' has been determined, a review of the individual policies in that particular policy year will be completed. Below is a step by step analysis of how to determine the policies that will qualify and receive a proportionate share of the net policyholder dividend to be declared.

<u>Step by Step Policy Analysis:</u>

Step 1: Determine if the policy is eligible. If the policy is a minimum premium policy, was uncooperative at audit or currently has uncollectible premium or previously had uncollectible premium – the policy is ineligible and is no longer considered in the analysis.

Step 2: Calculate the individual policy's combined ratio. This would be the sum of the administrative expense ratio for the policy year + reinsurance premium expense ratio for the policy year + the individual policy's loss & ALAE ratio (sum of all loss & ALAE incurred / total earned premium for the policy).

Step 3: Compare the individual policy's combined ratio to the 'standard' policy year's combined ratio. If the individual policy's combined ratio is equal to or less than the 'standard' policy year's combined ratio, then the policy qualifies and will receive payment of the policyholder dividend on the basis of a proportionate share of the positive underwriting results of those policyholders participating in the policyholder dividend.

Step 4: Complete combined ratio analysis on all eligible policies. Sum up the total of the positive underwriting results for all of the qualified policies, as this is the amount used as the denominator in the proportionate share calculation of the actual policyholder dividend payment.

Step 5: Next is to determine the actual individual policy dividend payment amount. The policy's final positive underwriting results would be divided by the total positive underwriting results for that policy's proportionate share of the net policyholder dividend declared as shown in the following formula.

<u>Positive Underwriting Results</u>	X	Net Policyholder	=	Policy's Proportionate
Total Positive		Dividend Declared		Share of the Dividend
Underwriting Results				*(using 3 decimals places)*

A Sample Calculation could be:
Proportionate share = $1,000 / $500,000 = .002
= .002 X 250,000 = $500.00

Step 6: Before actual payment, it will be necessary to implement a further verification process to ensure that the policyholder does not have any uncollectible premium or an uncooperative audit status in any other policy year with the FWCJUA. If an uncollectible premium is found for another policy year, then the policy's proportionate share of the dividend would first be applied to the uncollectible premium for that policyholder. If there is any positive dividend amount remaining, the positive balance will be distributed to the policyholder. However, if the policyholder is found to have been uncooperative in another policy year and no audit has been completed; the policyholder will have to comply with the audit on the uncooperative policy year before payment of any policy year's policyholder dividend.

Step 7: All policyholder dividend payments will be sent via check to the most recent address on file for the policyholder. Checks will not be printed for any amounts less than $1.00.

FWCJUA Policyholder Dividend Methodology Analysis - Revised
estimated as of June 30, 2008

	2001	2002	2003 Prior	2003 A	2003 C
Policies Issued	656	1,156	2,028	63	314
Minimum Premium Policies (at audit)	77	182	558	20	27
Referred to outside collection service provider	36	80	240	5	53
Eligible for Policyholder Dividend	**543**	**894**	**1,230**	**38**	**234**
(before consideration of Combined Ratio - % of policies eligible)	*82.8%*	*77.3%*	*60.7%*	*60.3%*	*74.5%*
Policies with Claims	56	109	197	0	50
Administrative Expense Ratio (SCF, Commissions and G&A)	24.49%	20.42%	19.62%	32.20%	21.67%
Reinsurance Premium Expense Ratio	25.79%	26.64%	18.48%	18.48%	18.48%
Cumulative FWCJUA Net Loss & ALAE Ratio (excluding D) *	32.41%	32.41%	32.41%	32.41%	32.41%
Cumulative Policy Year Loss & ALAE Ratio (excluding D) **	23.10%	13.40%	17.68%	17.68%	17.68%
Cumulative Subplan Policy Year Loss & ALAE Ratio	36.40%	36.40%	36.40%	0.00%	29.40%
Selected Dividend Loss & ALAE Ratio *(use highest of the 3 averages)*	**36.40%**	**36.40%**	**36.40%**	**32.41%**	**32.41%**
Therefore,					
'standard' policy year combined ratio would be:	**86.68%**	**83.46%**	**74.50%**	**83.09%**	**72.56%**

If policy has a combined ratio less than or equal to the 'standard', then the policy qualifies for a policyholder dividend payment.

* cumulative loss/alae ratio as of 6/30/08 excluding D

cumulative net earned premiums	437,449,297
less D net earned premiums	(22,434,708)
	415,014,589
cumulative ultimate loss & alae	146,366,155
less D ultimate loss & alae	(11,841,800)
	134,524,355
* cumulative loss/alae ratio excluding D	32.41%

** 2003 loss / alae ratio as of 6/30/08 excluding D

2003 net earned premiums	39,343,223
less D net earned premiums	(1,918,206)
	37,425,017
2003 ultimate loss & alae	8,854,000
less D ultimate loss & alae	(2,236,000)
	6,618,000
** 2003 loss/alae ratio excluding D	17.68%

Financial Information by POLICY YEAR
As of December 31, 2007

	LPT Years 1994 - 1999	2000	2001	2002	2003	2004	2005	2006	2007	Total
Gross Earned Premium	203,143,282	5,252,487	12,557,503	25,389,268	62,517,557	68,478,659	63,540,304	40,354,274	11,959,776	493,193,110
Reinsurance Premium *	12,865,321	762,951	2,305,892	5,303,863	9,071,326	11,418,605	10,008,160	6,262,673	2,248,521	60,247,313
Paid Losses & LAE	91,862,919	1,595,675	1,653,612	4,695,205	15,717,631	14,978,863	11,320,977	3,714,246	591,277	146,130,405
Case Reserves	813,286	0	117,934	220,907	1,100,951	3,296,574	1,269,616	542,359	459,290	7,820,917
Net Underwriting Gain / (Loss)	97,601,756	2,893,861	8,480,065	15,169,293	36,627,649	38,784,617	40,941,551	29,834,996	8,660,688	278,994,475
Net Loss Ratio w/out IBNR	**48.7%**	**35.5%**	**17.3%**	**24.5%**	**31.5%**	**32.0%**	**23.5%**	**12.5%**	**10.8%**	**35.6%**
IBNR & ULAE Reserve	4,244,974	65,705	222,440	177,866	1,072,503	6,500,596	6,235,685	3,543,013	3,079,484	25,142,266
Net Underwriting Gain / (Loss)	94,815,631	2,828,156	8,257,625	14,991,427	35,555,146	32,284,021	34,705,866	26,291,983	5,581,204	253,852,209
Net Loss Ratio with IBNR	**50.2%**	**37.0%**	**19.5%**	**25.4%**	**33.5%**	**43.4%**	**35.2%**	**22.9%**	**42.5%**	**41.4%**
Uncollectible Premium	38,883,515	1,069,802	3,520,624	1,773,555	11,947,277	10,900,424	6,487,043	1,433,071	56,279	76,071,590
% of Gross Earned Premium	19.1%	20.4%	28.0%	7.0%	19.1%	15.9%	10.2%	3.6%	0.5%	15.4%
Other Underwriting Expenses	42,673,694	2,589,863	3,024,944	5,653,468	15,657,089	17,947,788	12,081,406	8,210,815	5,077,766	112,916,833
Misc Income / (Expense)	(10,174,038)	405,370	984,853	126,033	343,672	259,839	146,816	143,820	112,438	(7,763,635)
Federal Income Taxes	9,637,431	(349,929)	1,192,456	3,328,547	2,862,515	721,506	7,855,527	4,604,072	91,715	29,943,840
Underwriting Gain / (Loss)	**(6,553,047)**	**(76,210)**	**1,504,454**	**4,361,889**	**5,431,937**	**2,974,142**	**8,428,706**	**12,187,845**	**467,882**	**27,156,311**
% of Underwriting Gain/(Loss) / Gross Earned Premium	**-3.2%**	**-1.5%**	**12.0%**	**17.2%**	**8.7%**	**4.3%**	**13.3%**	**30.2%**	**3.9%**	**5.5%**
Reasonable % "Underwriting Gain"		**5.0%**	**5.0%**	**5.0%**	**5.0%**	**5.0%**	**5.0%**	**5.0%**	**5.0%**	
Reasonable $ "Underwriting Gain"		**262,624**	**627,875**	**1,269,463**	**3,125,878**	**3,423,933**	**3,177,015**	**2,017,714**	**597,989**	**14,502,491**
Excess "Underwriting Gain"		**(338,834)**	**876,579**	**3,092,426**	**2,306,059**	**(449,791)**	**5,251,691**	**10,170,131**	**(130,107)**	**20,778,154**
% of Excess Underwriting Gain/(Loss) / Gross Earned Premium		**-6.5%**	**7.0%**	**12.2%**	**3.7%**	**-0.7%**	**8.3%**	**25.2%**	**-1.1%**	**7.2%**
Estimated Investment Income	*21,290,735*	*83,555*	*651,427*	*1,860,808*	*2,255,911*	*2,213,271*	*3,560,343*	*1,858,650*	*220,279*	*33,994,979*
Total Net Income / (Loss)	***14,737,688***	***7,345***	***2,155,881***	***6,222,697***	***7,687,848***	***5,187,413***	***11,989,049***	***14,046,495***	***688,161***	***61,151,290***
% of Total Net Income / Gross Earned Premium	***7.3%***	***0.1%***	***17.2%***	***24.5%***	***12.3%***	***7.6%***	***18.9%***	***34.8%***	***5.8%***	***12.4%***
Total Policies Written	36,147	522	662	1,140	4,178	5,434	4,991	3,875	2,575	59,524
Total Claims Reported	5,463	86	120	229	657	732	482	303	90	8,162
Total Open Claims as of 12/31/07	13	0	2	1	10	28	47	31	40	172

** No Reinsurance for AY 1994 claims*

** 2004 & 2005 - reduced by $ rec'd from the DOL Trust Fund*

Financial Information by POLICY YEAR
As of December 31, 2007

	LPT Years 1994 - 1999	2000	2001	2002	2003	2004	2005	2006	2007	Total
Gross Earned Premium	203,143,282	5,252,487	12,557,503	25,389,268	62,517,557	68,478,659	63,540,304	40,354,274	11,959,776	493,193,110
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Paid Losses & LAE	91,862,919	1,595,675	1,653,612	4,695,205	15,717,631	14,978,863	11,320,977	3,714,246	591,277	146,130,405
Case Reserves	813,286	0	117,934	220,907	1,100,951	3,296,574	1,269,616	542,359	459,290	7,820,917
Net Underwriting Gain / (Loss)	97,601,756	2,893,861	8,480,065	15,169,293	36,627,649	38,784,617	40,941,551	29,834,996	8,660,688	278,994,475
Net Loss Ratio w/out IBNR	**48.7%**	**35.5%**	**17.3%**	**24.5%**	**31.5%**	**32.0%**	**23.5%**	**12.5%**	**10.8%**	**35.6%**
IBNR & ULAE Reserve	4,244,974	65,705	222,440	177,866	1,072,503	6,500,596	6,235,685	3,543,013	3,079,484	25,142,266
Net Underwriting Gain / (Loss)	93,356,782	2,828,156	8,257,625	14,991,427	35,555,146	32,284,021	34,705,866	26,291,983	5,581,204	253,852,209
Net Loss Ratio with IBNR	**50.9%**	**37.0%**	**19.5%**	**25.4%**	**33.5%**	**43.4%**	**35.2%**	**22.9%**	**42.5%**	**41.4%**
Uncollectible Premium	38,883,515	1,069,802	3,520,624	1,773,555	11,947,277	10,900,424	6,487,043	1,433,071	56,279	76,071,590
% of Gross Earned Premium	19.1%	20.4%	28.0%	7.0%	19.1%	15.9%	10.2%	3.6%	0.5%	15.4%
Other Underwriting Expenses	42,673,694	2,589,863	3,024,944	5,653,468	15,657,089	17,947,788	12,081,406	8,210,815	5,077,766	112,916,833
Misc Income / (Expense)	(10,174,038)	405,370	984,853	126,033	343,672	259,839	146,816	143,820	112,438	(7,763,636)
Federal Income Taxes	9,637,431	(349,929)	1,192,456	3,328,547	2,862,515	721,506	7,855,527	4,604,072	91,715	29,943,840
Underwriting Gain / (Loss)	**(8,011,896)**	**(76,210)**	**1,504,454**	**4,361,889**	**5,431,936**	**2,974,142**	**8,428,706**	**12,187,845**	**467,882**	**27,156,310**
% of Underwriting Gain/(Loss) / Gross Earned Premium	**-3.9%**	**-1.5%**	**12.0%**	**17.2%**	**8.7%**	**4.3%**	**13.3%**	**30.2%**	**3.9%**	**5.5%**
Reasonable % "Underwriting Gain"		**10.0%**	**10.0%**	**10.0%**	**10.0%**	**10.0%**	**10.0%**	**10.0%**	**10.0%**	
Reasonable $ "Underwriting Gain"		**525,249**	**1,255,750**	**2,538,927**	**6,251,756**	**6,847,866**	**6,354,030**	**4,035,427**	**1,195,978**	**27,809,005**
Excess "Underwriting Gain"		**(601,459)**	**248,704**	**1,822,963**	**(819,819)**	**(3,873,724)**	**2,074,676**	**8,152,418**	**(728,096)**	**7,003,758**
% of Excess Underwriting Gain/(Loss) / Gross Earned Premium		**-11.5%**	**2.0%**	**7.2%**	**-1.3%**	**-5.7%**	**3.3%**	**20.2%**	**-6.1%**	**2.5%**
Estimated Investment Income	*21,290,735*	*83,555*	*651,427*	*1,860,808*	*2,255,911*	*2,213,271*	*3,560,343*	*1,858,650*	*220,279*	*33,994,979*
Total Net Income / (Loss)	***13,278,839***	***7,345***	***2,155,881***	***6,222,697***	***7,687,847***	***5,187,413***	***11,989,049***	***14,046,495***	***688,161***	***61,151,289***
% of Total Net Income / Gross Earned Premium	***6.5%***	***0.1%***	***17.2%***	***24.5%***	***12.3%***	***7.6%***	***18.9%***	***34.8%***	***5.8%***	***12.4%***
Total Policies Written	36,147	522	662	1,140	4,178	5,434	4,991	3,875	2,575	59,524
Total Claims Reported	5,463	86	120	229	657	732	482	303	90	8,162
Total Open Claims as of 12/31/07	13	0	2	1	10	28	47	31	40	172

** No Reinsurance for AY 1994 claims*
** 2004 & 2005 - reduced by $ rec'd from the DOL Trust Fund*

FWCJUA Information by SUBPLAN for POLICY YEAR 2003

	2003	Prior	A	C	D
Gross Earned Premium	62,517,557	36,851,650	117,391	11,674,627	13,873,889
Reinsurance Premium *	9,071,326	5,001,513	15,222	1,789,082	2,265,510
Paid Losses & LAE	15,717,631	8,044,091	1,576	1,562,841	6,109,123
Case Reserves	1,100,951	34,355	-	8,471	1,058,125
Net Underwriting Gain / (Loss)	36,627,649	23,771,691	100,593	8,314,233	4,441,131
Net Loss Ratio w/out IBNR	**31.8%**	**25.4%**	**1.5%**	**15.9%**	**61.7%**
IBNR & ULAE Reserve	1,072,503	33,467	-	8,253	1,030,784
Net Underwriting Gain / (Loss)	35,555,146	23,738,224	100,593	8,305,980	3,410,347
Net Loss Ratio with IBNR	**33.5%**	**25.5%**	**1.5%**	**16.0%**	**70.6%**
Uncollectible Premium	11,947,277	6,564,373	-	2,230,837	3,152,067
% of Gross Earned Premium	**19.1%**	**17.8%**	**0.0%**	**19.1%**	**22.7%**
Other Underwriting Expenses	15,657,089	8,072,167	38,776	2,998,366	4,547,780
Misc Income / (Expense)	343,672	343,672	-	-	-
Federal Income Taxes	2,862,515	2,467,901	2,668	391,946	-
Underwriting Gain / (Loss)	**5,431,937**	**6,977,455**	**59,150**	**2,684,831**	**(4,289,500)**
% of Underwriting Gain/(Loss) / Gross Earned Premium	**8.7%**	**18.9%**	**50.4%**	**23.0%**	**-30.9%**
Reasonable % "Underwriting Gain"	**5.0%**	**5.0%**	**5.0%**	**5.0%**	**5.0%**
Reasonable $ "Underwriting Gain"	**3,125,878**	**1,842,583**	**5,870**	**583,731**	**693,694**
Excess "Underwriting Gain"	**2,306,059**	**5,134,872**	**53,280**	**2,101,099**	**(4,983,195)**
% of Excess Underwriting Gain/(Loss) / Gross Earned Premium	**-5.4%**	**8.9%**	**40.4%**	**13.0%**	**-40.9%**
Estimated Investment Income	2,255,911	2,077,467	1,779	94,842	81,824
Total Net Income / (Loss)	7,687,848	9,054,922	60,929	2,779,673	(4,207,676)
% of Total Net Income / Gross Earned Premium	**12.3%**	**24.6%**	**51.9%**	**23.8%**	**-30.3%**
Total Policies Written	4,178	2,082	54	283	1,759
Total Claims Reported	657	354	-	128	175
Total Open Claims as of 12/31/07	10	4	-	2	4

FWCJUA Information by SUBPLAN for POLICY YEAR 2003

	2003	Prior	A	C	D
Gross Earned Premium	62,517,557	36,851,650	117,391	11,674,627	13,873,889
Reinsurance Premium *	9,071,326	5,001,513	15,222	1,789,082	2,265,510
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Case Reserves	1,100,951	34,355	-	8,471	1,058,125
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Net Loss Ratio w/out IBNR	**31.8%**	**25.4%**	**1.5%**	**15.9%**	**61.7%**
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Uncollectible Premium	11,947,277	6,564,373	-	2,230,837	3,152,067
% of Gross Earned Premium	19.1%	17.8%	0.0%	19.1%	22.7%
Other Underwriting Expenses	15,657,089	8,072,167	38,776	2,998,366	4,547,780
Misc Income / (Expense)	343,672	343,672	-	-	-
Federal Income Taxes	2,862,515	2,467,901	2,668	391,946	-
Underwriting Gain / (Loss)	**5,431,937**	**6,977,455**	**59,150**	**2,684,831**	**(4,289,500)**
% of Underwriting Gain/(Loss) / Gross Earned Premium	**8.7%**	**18.9%**	**50.4%**	**23.0%**	**-30.9%**
Reasonable % "Underwriting Gain"	**10.0%**	**10.0%**	**10.0%**	**10.0%**	**10.0%**
Reasonable $ "Underwriting Gain"	**6,251,756**	**3,685,165**	**11,739**	**1,167,463**	**1,387,389**
Excess "Underwriting Gain"	**(819,819)**	**3,292,290**	**47,411**	**1,517,368**	**(5,676,889)**
% of Excess Underwriting Gain/(Loss) / Gross Earned Premium	**-5.4%**	**8.9%**	**40.4%**	**13.0%**	**-40.9%**
Estimated Investment Income	*2,255,911*	*2,077,467*	*1,779*	*94,842*	*81,824*
Total Net Income / (Loss)	**7,687,848**	**9,054,922**	**60,929**	**2,779,673**	**(4,207,676)**
% of Total Net Income / Gross Earned Premium	**12.3%**	**24.6%**	**51.9%**	**23.8%**	**-30.3%**
Total Policies Written	4,178	2,082	54	283	1,759
Total Claims Reported	657	354	-	128	175
Total Open Claims as of 12/31/07	10	4	-	2	4

OPERATIONS COMMITTEE REPORT:
2009 BUSINESS PLAN & FORECAST PRELIMINARY OUTLINE

The Board shall consider the Operations Committee's attached preliminary outline of the 2009 Business Plan & Forecast, including the projected 2009 capital expenditures.

Of note, the preliminary outline of 2009 Business Plan & Forecast currently contemplates the following:

1. A Written Premium Projection of $12 million;
2. The extension of Thomas Howell Ferguson's engagement for financial auditing services for an additional year (the 2009 financial audit);
3. The extension of RSI's engagement for collection services for an additional year (7/1/09 – 6/30/10);
4. The continued use of contracted attorneys in lieu of in-house attorneys for legal services;
   - **a.** Tom Maida, of Foley & Lardner, will continue to be engaged as the General Counsel.
   - **b.** Steve Coonrod, of McConnaughhay, Duffy, Coonrod, Pope & Weaver, will continue to be engaged as the Claims Litigation Manager.
5. The presentation of two one-day safety educational seminars for policyholders (e.g., in South Florida and Tampa-area) at a projected cost of $11,400.
6. The adoption and implementation of a Policyholder Dividend Policy.
7. The evaluation and possible redesign of the web-based on-line application process to provide agencies with the ability to submit application information through the system for FWCJUA eligibility review and underwriting prior to the submission of hard copies and monies to further streamline the submission process and improve cost efficiencies.
8. The satisfaction of the recommendations resultant from the IT systems disaster recovery "internal" audit.
9. The evaluation and possible development of an on-line process that would permit agencies to issue certificates of insurance that would capture certificate holder information for policyholder underwriting and audit.
10. The evaluation and possible development of a process to transfer the application and binding information digitally to the policy administration service provider.
11. The replacement of older servers with virtualization technology to allow for greater efficiency and reduced costs.
12. The upgrading of the computer room cooling system to ensure appropriate cooling at maximum efficiency with dependable redundancy.

During its August 28th meeting, the Committee also discussed the organization's sustainability and corporate responsibility to go green, and it was suggested that Torrence work with Bennett to add an initiative regarding the FWCJUA's sustainability or corporate responsibility to go green that will highlight business continuity. This initiative shall be presented for discussion at the Board meeting. To conclude, it is the Committee's intent to finalize this working draft of the 2009 Business Plan & Forecast over the next several months for presentation to the Board for approval at its December meeting.

The Board shall provide comments with regard to the projected 2009 objectives, key activities and initiatives.

PRELIMINARY OUTLINE
2009 FWCJUA BUSINESS PLAN

INTRODUCTION

Following is the FWCJUA business plan for 2009 defining our objectives and key activities. We are confident that in 2009 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 2009 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 2009 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.

PRELIMINARY OUTLINE
2009 FWCJUA BUSINESS PLAN

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~~ Monitor 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 2008 is completed no later than ~~April~~ May 1, 2009.

d) Satisfy any recommendations presented in the Auditor's Letter to Management no later than June 1, 2009.

e) Manage to the G&A budget.

f) Prepare and file the FWCJUA Annual Financial Statement no later than March 1, 2009 and the Quarterly Financial Statements no later than May 15, August 15, and November 15, 2009.

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.~~ Ensure that the Statement of Actuarial Opinion for 2008 is completed no later than April 1, 2009.

c) 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.

d) 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.

e) Confirm ~~one or more reinsurance intermediaries~~ Benfield to act on behalf of the FWCJUA and approach selected direct markets with respect to the placement of the FWCJUA's 2010 reinsurance program.

f) 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.

g) 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.

h) Ensure timely and accurate reporting to the reinsurers with full disclosure of large and/or serious injuries.

- **i)** 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.
- **j)** If a deficit is recognized at the 2008 audit, a program to eliminate the deficit will be developed and filed with OIR.
- **k)** Monitor the 1994 – 1999 LPT transaction to determine the status of the restrictive surplus and the status of the aggregate limit.
- **l)** Complete the Management Discussion and Analysis on schedule.
- **m)** Ensure that any FWCJUA Policyholder Dividend Policy adopted by the Board is implemented appropriately.

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.
- **c)** Continue to conduct monthly Investment Committee meetings as scheduled to monitor investment compliance, as necessary and re-evaluate quarterly the additional investment parameters added in June 2008 to determine if the parameters are still warranted.

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 2006 of ~~17.0~~ 15.9% (as of 6/30/08) as of 12/31/08.
- **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)** Evaluate and redesign, as deemed appropriate by the Board, the web-based on-line application process to ~~improve user interface with the FWCJUA and~~ provide ~~users~~ agencies with the ability to ~~upload application forms and/or information~~ submit application information through the system for FWCJUA eligibility review and underwriting prior to the submission of hard copies and monies to further streamline the submission process and improve cost efficiencies.
- **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.~~ Address the recommendations resultant from the IT systems disaster recovery "internal" audit and satisfy as warranted.
- **d)** ~~Explore external audit of recovery plans and implement subject to Board approval.~~ Evaluate and develop, if feasible, an on-line process that would permit agencies to issue certificates of insurance that would capture certificate holder information for policyholder underwriting and audit.
- **e)** Evaluate and develop, if feasible, a process to transfer the application and binding information digitally to the policy administration service provider.
- **f)** Test and implement the developed enhancement to the on-line agency authorization renewal process.
- **g)** Upgrade the email system to Exchange 2007 and provide a higher level of redundancy to the system for disaster recovery purposes.
- **h)** Replace older servers with virtualization technology to allow for greater efficiency and reduced costs.
- **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 agency/producer" locator; 8) answers to FAQ's; 9) MAP reports; and 9) general information.
- **j)** Continue to explore and implement disaster recovery initiatives as deemed appropriate by the Board.

- **k)** Evaluate the effectiveness of MAP and make appropriate recommendations to the MAP Committee.
- **l)** ~~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.~~ Upgrade the computer room cooling system to ensure appropriate cooling at maximum efficiency with dependable redundancy.
- **m)** Engage Thomas Howell Ferguson as the financial auditor for the year ending December 31, 2009.
- **n)** 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.
- **o)** 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.
- **p)** Extend RSI's engagement for collection services through June 30, 2010.
- **q)** 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.
- **r)** ~~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.~~ Assist with the on-site training of the policy administration service provider's underwriters, adjusters and auditors with regard to the prevention of uncollectible premium.
- **s)** ~~Develop a formal telecommuting policy for Board consideration.~~ Conduct two one-day educational seminars (e.g., in South Florida and Tampa-area) to assist policyholders with cost containment and effective management of their workers' compensation risk control programs with emphasis on loss prevention and post injury management.
- **t)** 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, 2009.
- **u)** Explore additional options for document management data redundancy and make appropriate recommendations to the Operations Committee.
- **v)** ~~Explore options for the audio recording of exempt portions of meetings and make appropriate recommendations to the Operations Committee.~~
- **w)** ~~Engage the Hay Group to update its 2005 executive compensation review of the FWCJUA to include total compensation compared to other workers compensation residual markets, other Florida residual markets and like organizations as well as private insurers with an approved budget for consideration by the Executive Compensation 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.
Premium and Loss Forecast With Budgeted Expenses
For Year Ending December 31, 2009

9/3/2008 10:14

2008 Pricing is being used.
Estimate for 2009

	Forecast 2008	Forecast 2009	Increase (Decrease)	% Change	% Change
REVENUE:					
Direct written premium (new & renewals with PY 2009)	21,000,000	12,000,000	(9,000,000)	-42.9%	*rate filing projection (approx. 1,700 policies)*
Direct written premium (prior years' adjustments)	3,000,000	1,000,000	(2,000,000)	-66.7%	
Direct earned premium (new & renewals with PY 2009)	15,750,000	7,800,000	(7,950,000)	-50.5%	
Direct earned premium (prior years' adjustments & UEP)	2,000,000	6,000,000	4,000,000	200.0%	
Reinsurance premium (10.437% E.P.)	1,852,568	1,541,711	(310,857)	-16.8%	*minimum premium will apply - estimated here*
Net earned premium	15,897,433	12,258,289	(3,639,144)	-22.9%	
Interest income ($75M @ 4.5% / $90M @ 3.5%)	4,100,000	3,250,000	(850,000)	-20.7%	*assuming continued low interest rates*
Producer authorizations	10,000	84,550	74,550	745.5%	*2 year agreement - 2009 is 1st renewal period*
Miscellaneous	60,000	20,000	(40,000)	-66.7%	*interest on collection payment plan*
TOTAL REVENUE	**20,067,433**	**15,612,839**	**(4,454,594)**	**-22.2%**	
OPERATING EXPENSES:					
Loss & LAE incurred - (% of earned premium x loss ratio)	6,766,922	5,871,000	(895,922)	-13.2%	*Gross Loss Ratio for 2008 as of 6/08 - 31.8%*
Ceded reinsurance recoverables	(1,111,541)	(423,971)	687,570	-61.9%	*Ceded Loss Ratio for 2008 as of 6/08 - 27.5%*
Net loss & LAE incurred	5,655,381	5,447,029	(208,352)	-3.7%	*(includes $75K for litigation mgmt & not covered claims)*
Service provider fees - written premium less bad debt	3,666,140	2,715,200	(950,940)	-25.9%	*New 3 yr agreement for 2009 - graduated scale*
Producer fees - written premium less bad debt	456,918	285,743	(171,175)	-37.5%	*average on surcharged premium: 2.737%*
Rating/statistical organization fees	100,000	100,000	-	0.0%	
Bad-debt write-off - (14% / 13%)	2,940,000	1,560,000	(1,380,000)	-46.9%	*13% assumption now being used*
Bad debt write off - (suspected fraud adj.)	2,000,000	1,000,000	(1,000,000)	-50.0%	
Collection expense - 12.5% est. collections @ 30%	110,250	58,500	(51,750)	-46.9%	
Taxes and assessments - (0.05% / .1% of written prem.)	21,000	12,000	(9,000)	-42.9%	*US DOL USL&H assessment*
TOTAL OPERATING EXPENSES	**14,949,689**	**11,178,472**	**(3,771,217)**	**-25.2%**	

Florida Workers' Compensation Joint Underwriting Association, Inc.
Premium and Loss Forecast With Budgeted Expenses
For Year Ending December 31, 2009

9/3/2008 10:14

2008 Pricing is being used.
Estimate for 2009

	Forecast 2008	Forecast 2009	Increase (Decrease)	% Change	% Change
GENERAL & ADMINISTRATIVE EXPENSES:					
Professional Services					
Actuarial services	60,000	74,000	14,000	23.3%	*New 3 year agreement*
Auditing/taxes - financial	77,000	72,000	(5,000)	-6.5%	
Audit fee recovery - Travelers	(16,750)	(15,500)	1,250	-7.5%	*% of audit fee*
Consulting - systems	85,000	85,000	-	0.0%	*IT consulting*
Legal - *(General Counsel - $157K;*	150,000	157,000	7,000	4.7%	*Include both general counsel work (84%)*
Legal GC Expenses - $5K	5,000	5,000	-	100.0%	*& legislative oversight (16%)*
Litigation-Collections - $12K)	5,000	12,000	7,000	140.0%	*Court costs & # of suits has increased*
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	395,150	419,400	24,250	6.1%	
General					
Rent	162,249	167,789	5,540	3.4%	*New Office Space annual increase*
Bank charges	7,800	7,800	-	0.0%	*Direct expenses now*
Telecommunications	49,060	49,060	-	0.0%	
Insurance - BI/GL/WC/D&O	97,731	101,637	3,906	4.0%	*annual price increases*
Licenses and fees	1,500	1,500	-	0.0%	
Office equipment and supplies	94,585	109,435	14,850	15.7%	*annual price increases*
Disaster Recovery Plan Maintenance	37,044	57,516	20,472	100.0%	*Sungard offsite network hosting*
Utilities	16,800	18,000	1,200	7.1%	*annual price increases*
Postage and printing	25,920	25,920	-	0.0%	
Depreciation/amortization	181,833	201,667	19,834	10.9%	
Total General	674,522	740,323	65,801	9.8%	
Personnel					
Compensation	1,153,938	1,185,330	31,392	2.7%	*annual increases*
Benefits	220,066	234,048	13,982	6.4%	*annual increases*
Payroll taxes	85,042	85,928	885	1.0%	*annual increases & increase in SUTA*
Employee recruitment/training/education	44,500	44,500	(0)	0.0%	*education & licenses*
Total Personnel	1,503,547	1,549,806	46,259	3.1%	
Travel and Business Expenses					
Travel - employees	32,000	32,000	-	0.0%	
Travel - board/committee meetings	20,600	20,600	-	0.0%	*board meetings in JUA office*

Florida Workers' Compensation Joint Underwriting Association, Inc.
Premium and Loss Forecast With Budgeted Expenses
For Year Ending December 31, 2009

2008 Pricing is being used.
Estimate for 2009

9/3/2008 10:14

	Forecast 2008	Forecast 2009	Increase (Decrease)	% Change	% Change
Total Travel and Business Expenses	52,600	52,600	-	0.0%	
TOTAL GENERAL & ADMINISTRATIVE EXPENSES	**2,625,819**	**2,762,129**	**136,310**	**5.2%**	
KEY INITIATIVE EXPENSES:					
Litigation	10,000	10,000	-	0.0%	
Legislative initiatives	-	100,000	100,000	0.0%	
Legal - Special Projects	TBD	TBD	-	0.0%	
Second rate filing	15,000	15,000	-	0.0%	
Safety Seminars	-	11,400	11,400	100.0%	
Virtualization Project (capital expenditures only)	-	31,100	31,100	100.0%	
Executive Compensation Study	16,000	-	(16,000)	-100.0%	
Disaster Recovery Analysis	34,300	-	(34,300)	-100.0%	
Disaster Recovery Deployment	TBD	TBD	-	0.0%	
TOTAL KEY INITIATIVE EXPENSES	**75,300**	**167,500**	**92,200**	**122.4%**	
Total G&A and Key Initiatives	**2,701,119**	**2,929,629**	**228,510**	**8.5%**	
TOTAL ALL EXPENSES	**17,650,808**	**14,108,102**	**(3,542,706)**	**-20.1%**	
less $750,000 per Florida Statute & Appropriation	**-**	**(750,000)**	**(750,000)**	**100.0%**	
LOSS BEFORE ASSESSMENTS	**2,416,625**	**2,254,737**	**(161,887)**	**-6.7%**	

TBD - To Be Determined

Florida Workers' Compensation Joint Underwriting Association, Inc.
Budgeted Capital Expenditures
For Year Ending December 31, 2009

Hardware		
Servers (2) (for virtualization project)		22,000
Scanner PC replacement		12,000
Hardware upgrades		2,000
Printer		700
UPS replacements for servers (if needed as 3-4 yrs old now)		400
keyboards, mice, patchcords, NIC		800
Software		
Virtualization and Exchange (for virtualization project)		9,100
Network monitoring		1,500
Development tools		1,500
Property, Plant & Equipment		
	Total	**50,000**

16,667
annual depreciation / amortization *

OPERATIONS COMMITTEE REPORT: DISASTER RECOVERY MATTERS

Disaster Recovery Review

At its August 28th meeting, the Operations Committee reviewed the results of an "internal" audit of the FWCJUA's disaster recovery plan related to IT systems, to include security, documentation, and support. The purpose of the "internal" audit was to ensure the security of IT systems as well as the reliability of the documentation for IT systems disaster recovery. The report was favorable and identified some opportunities for improvement, all of which staff is committed to addressing and most of which were addressed by staff during the audit.

No Board action is required on this agenda item.

OPERATIONS COMMITTEE REPORT: DISASTER RECOVERY MATTERS

Disaster Recovery & Emergency Preparedness Plan

At its April 28th meeting, the Operations Committee confirmed the Executive Director's modifications to the Disaster Recovery & Emergency Preparedness Plan (Revised August 25, 2008). Generally, the Plan has been modified to further clarify the duties of the Disaster Recovery Coordinators and the management team; further clarify the office evacuation procedures; specify the existence and response of the Special Commercial Package Policy; update the Vendor Contact; update the Department Checklist, including formalizing the procedures for public notification of an office closure; add a Tropical Storm & Hurricane Preparation appendix; add two "how to" appendices; and clean-up the document with non-substantive editorial revisions.

No Board action is required on this agenda item.

OPERATIONS COMMITTEE REPORT:
DOCUMENT MANAGEMENT & RETENTION

The Board shall consider revisions to the FWCJUA Records Management and Retention Policy as recommended by the Operations Committee.

Attached for the Board's consideration is the proposed revised Records Management and Retention Policy. The changes are indicated in red and yellow highlight with either strikeout or underscore for quick reference. The Policy has been revised to:

1. provide more flexibility with regard to records reviews and document purges on pages 4 & 6;
2. delete the erroneous record series title "Claims Not Covered (Claims)" on page 14, because these records are actually back-ups for accounts payable records;
3. correct the record series placement of "Financial Audits" and its corresponding retention period within the record retention schedule on page 15 (Financial audits are filed with the State and should be classified as such within the Policy);
4. add a record series title for "Underwritten Policy Information - prior to 1/1/07" and a record series title for "Underwritten Policy Information - 1/1/2007 & subsequent," both with corresponding retention periods on page 16 (Although the FWCJUA does not currently issue its policies within its office, it is appropriate that our Policy dictate the minimum term for a policy administration service provider to maintain such records.); and
5. add a record series for "Claims File Records" with a corresponding retention period on page 16 (Although the FWCJUA does not currently issue its policies within its office, it is appropriate that our Policy dictate the minimum term for a policy administration service provider to maintain such records.).

If adopted by the Board pursuant to the Committee's recommendation, the revised FWCJUA retention schedule will be submitted to the Department of State, Division of Library and Information Services. It is anticipated that the Division will authorize both the placement of the "Insurance Policies Issued" records series within the FWCJUA specific Underwriting records as well as the revised placement of the "Audits/financial" records within the States General Records Schedule GS1-SL with its corresponding amended retention schedule.

The Board shall determine whether to accept the Operations Committee recommendation to adopt the proposed revisions to the FWCJUA Records Management and Retention Policy.

~~Effective~~ Adopted
12-11-2007

FLORIDA WORKERS COMPENSATION JOINT UNDERWRITING ASSOCIATION

RECORDS MANAGEMENT AND RETENTION POLICY

Revised: ~~2/22/2008~~ To be determined

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. 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.

Once the minimum retention has been met, disposition of the records is recommended. Disposition may be by physical destruction or, in the case of electronic records, erasure.

FLORIDA WORKERS COMPENSATION JOINT UNDERWRITING ASSOCIATION
RECORDS MANAGEMENT AND RETENTION POLICY

~~Effective~~ Adopted: December 11, 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. Document or Record **-** "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. Active Records – 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 consistent with those established by the Florida Department of State Division of Library and Information Services. These requirements include the State's 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 the FWCJUA, 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 designee, has 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 and his or her designee 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 Director's 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 designee, is 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 designee, 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 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 the third quarter of each year,~~ Once a 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. RETENTION

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

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

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. The FWCJUA shall consult its legal counsel to determine 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 such written notice, all records relevant to the legal hold may be returned 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 designee, 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 and his or her designee 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 designee, 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 Payme nts	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	4 yrs after term of office or committee/board is abolished
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
Records Management & Retention 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
Bad Debt Write Off Authorizations	Current + 5 years
Correspondence: Administrative	Current + 5 years
Legal Correspondence	Current + 5 years
Faxes	Current + 5 years
Directives/Policies/Procedures	Current + 7 years
Accounting Policies & Procedures	Current + 7 years
Claims Procedures	Current + 7 years
Document Retention Procedures	Current + 7 years
Reporting Manual	Current + 7 years
Underwriting Procedures	Current + 7 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**

CONTRACTS	
RECORD SERIES TITLE	**RETENTION PERIOD**
Bid Records:Non-Capital Improvement	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 yrs 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

16. Contracts (Cont)	
Reinsurance Program	No less than 25 years, and at least 2 years after final claim is closed
Loss Portfolio Transfer Agreement	No less than 25 years, and at least 2 years after final claim is closed
Reinsurance Program Contract	No less than 25 years, and at least 2 years after final claim is closed
Service Provider Records	No less than 25 years, and at least 2 years after final claim is closed
Performance Bond	No less than 25 years, and at least 2 years after final claim is closed
Policy/Admin Managed Care Provider	No less than 25 years, and at least 2 years after final claim is closed

17. Human Resources/Personnel & Payroll

HUMAN RESOURCES, PERSONNEL & PAYROLL	
RECORD SERIES TITLE	**RETENTION PERIOD**
Employment Application and Selection Records	Permanent
Application	Permanent
Payroll Record: Deduction Authorizations	6 years after separation or termination of employment
Direct Deposit	6 years after separation or termination of employment
FSA Enrollment	6 years after separation or termination of employment
W-4	6 years after separation or termination of employment
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 Beneficiary	Permanent
Form I-9	Permanent
Resignation Letter/Employee Exit Checklist	Permanent
Dental Insurance Application	Permanent
Health Insurance Application	Permanent
Life Insur. App. Beneficiary	Permanent
Employment Offers	Permanent
Personnel Records: Supplemental Documentation	6 years after separation or termination of employment
Code of Conduct Signature Page	6 years after separation or termination of employment
Conflict of Interest Signature Page	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 Verification	6 years after separation or termination of employment
Salary Changes/Reviews	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	No less than 25 years, and at least 2 years after final claim closed
Actuarial Analysis of Exposure	No less than 25 years, and at least 2 years after final claim closed
~~Claims Not Covered (Claims)~~	~~No less than 25 years, and at least 2 years after final claim closed~~
LPT Monthly/Quarterly	No less than 25 years, and at least 2 years after final claim closed
Reinsurance Notification	No less than 25 years, and at least 2 years after final claim closed
Reinsurance Recovery Received	No less than 25 years, and at least 2 years after final claim closed
Reinsurance Reimbursement Request	No less than 25 years, and at least 2 years after final claim closed
Reinsurance Notification Summary Rpt	No less than 25 years, and at least 2 years after final claim closed

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
~~Audit/financial~~	~~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	Current + 25 years after filing or reporting date
940	Current + 25 years after filing or reporting date
941	Current + 25 years after filing or reporting date
1096/1099	Current + 25 years after filing or reporting date
UCT-6	Current + 25 years after filing or reporting date
W-3 / W-2	Current + 25 years after filing or reporting date
Unemployment Tax Rate	Current + 25 years after filing or reporting date
Federal & State Tax Forms/Reports	Current + 25 years after filing or reporting date
DOL Assessments	Current + 25 years after filing or reporting date
DOL USL&H	Current + 25 years after filing or reporting date
Federal Tax Return-1120PC	Current + 25 years after filing or reporting date
Intangible Personal Property	Current + 25 years after filing or reporting date
Premium Taxes	Current + 25 years after filing or reporting date
Tangible Personal Property	Current + 25 years after filing or reporting date
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	Current + 25 years after filing or reporting date
Abandoned Property	Current + 25 years after filing or reporting date
Actuarial Analysis & Opinion	Current + 25 years after filing or reporting date
Audit/financial	Current + 25 years after filing or reporting date
Corp Business Report	Current + 25 years after filing or reporting date
Financial Statements Annual & Quarterly	Current + 25 years after filing or reporting date
Forms Filing	Current + 25 years after filing or reporting date
Managed Care Arrangement Renewal	Current + 25 years after filing or reporting date
Mgmt. Disc & Analysis	Current + 25 years after filing or reporting date
Minimum Premium	Current + 25 years after filing or reporting date
NCCI Financial Calls	Current + 25 years after filing or reporting date
Operations Manual Revisions	Current + 25 years after filing or reporting date
Program to Eliminate the Deficit	Current + 25 years after filing or reporting date
Rate Filing	Current + 25 years after filing or reporting date
Reinsurance Program Filing	Current + 25 years after filing or reporting date
Statistical Codes Filing	Current + 25 years after filing or reporting date

22. Underwriting

UNDERWRITING RECORD SERIES TITLE	RETENTION PERIOD
Application Related Records	7 years from date received
Applications	7 years from date received
Audit Disputes	7 years from date received
Bound	7 years from date received
Certificate of Insurance	7 years from date received
DFS Consumer Complaints	7 years from date received
Rejected	7 years from date received
Withdrawn	7 years from date received
Agency Producer Records	7 years from date received
Agency Misconduct	Permanent
Revocation/Suspension	Permanent
Authorization Package	7 years from date received
Certificate of Insurance	7 years from date received
E/O Expiration	7 years from date received
Expiration Notice	7 years from date received
Rejected/Returned Package	7 years from date received
Collection Activity Records	Current + 10 years after receipt of final payment
Bankruptcy	Current + 10 years after receipt of final payment
Mid AM-Collection Summary	Current + 10 years after receipt of final payment
Settlements	Current + 10 years after receipt of final payment
Litigation Case Files	7 years after case closed
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
Underwritten Policy Information - prior to 1/1/07	10 years after FINAL policy expiration
Hard Copies & Electronic Copies of Insurance Policies Issued & Related Records – prior to 1/1/07	10 years after FINAL policy expiration (i.e., includes any and all renewals of a policy within one record)
Underwritten Policy Information - 1/1/07 and subsequent	25 years after FINAL policy expiration
Insurance Polices Issued & Related Records – 1/1/07 and subsequent	25 years after FINAL policy expiration (i.e., includes any and all renewals of a policy within one record)
Claim File Records	20 years after claim is closed
Claim File Records	20 years after claim is closed

INVESTMENT COMMITTEE REPORT: INVESTMENT CUSTODY & INVESTMENT MANAGEMENT AGREEMENTS

The Board shall consider an Investment Committee recommendation that the FWCJUA update its investment custody and investment management agreements such that the FWCJUA's agreements would meet the requirements of 690-143, F.A.C., which specifically apply to Florida domestic stock insurers and not the FWCJUA.

In June 2008, OIR alerted staff that the FWCJUA's investment custody agreements with South Trust Estate & Trust Company of Florida (now US Bank/Evergreen Investment) and Sun Trust Capital Markets, Inc. did not meet all the requirements of 690-143, F.A.C. OIR further directed that the FWCJUA's agreements be amended to include and state certain requirements of the Code. Staff timely responded to OIR's request by identifying the fact that the FWCJUA was not a domestic stock insurer and as such, the regulations applicable to and governing equity securities of all domestic stock insurers outlined in 690-143, F.A.C., did not apply to the FWCJUA.

Recognizing that the requirements of 690-143, F.A.C., were reasonable and desiring to take advantage of OIR's suggestions to enhance our agreements, staff contacted the FWCJUA's investment partners and inquired about the availability of these additional controls and disclosures. Both investment partners informed staff that the suggested enhanced requirements were readily available to the FWCJUA by simply executing new agreements. It was recognized that the FWCJUA's current agreements merely had not been updated since their original inception. Further, US Bank advised that if a new custodial agreement was executed, an updated Investment Management Agreement would be required.

In considering the updated custodial agreements, questions came up in regards to the security of the FWCJUA's investment holdings at US Bank and SunTrust Bank in light of the many financial institution failures seen recently. The US Bank Custody Agreement as well as a separate letter from US Bank clearly indicates that the FWCJUA's investment holdings are clearly held in trust and are not assets of US Bank. The FWCJUA's investments are titled to the FWCJUA and therefore, would not be available to satisfy the claims of any US Bank creditor. In addition, US Bank also purchases securities insurance which would provide coverage to the FWCJUA if there was either a loss or damage to a negotiable or non-negotiable instrument while being held in trust by US Bank. SunTrust's First Amendment to Custody Agreement includes a new section 3 that provides a very clear indemnification statement that indicates it will indemnify the FWCJUA for any loss of securities. The original SunTrust agreement addressed the issue that all FWCJUA securities are held in a separate account titled in our name.

Attached for the Board's review are copies of the US Bank updated Custodial Agreement and updated Investment Management Agreement as well as a copy of the First Amendment to Custody Agreement from SunTrust Bank that the Investment Committee is recommending that the Board authorize staff to execute.

The Board shall determine whether to accept the Investment Committee's recommendation to update the FWCJUA's investment custody and investment management agreements such that the FWCJUA's agreements would meet the requirements of 690-143, F.A.C. as identified by OIR.

CUSTODY AGREEMENT

This AGREEMENT made as of the _____ day of ____________________, 200__ by and between **U.S. BANK NATIONAL ASSOCIATION,** a national banking association organized under the laws of the United States of America ("Custodian") and ___________________________________ ____ ("Customer") a _______________________________ organized under the laws of the State or Commonwealth of _______________________________.

In consideration of the premises, undertaking and covenants herein, the parties agree as follows:

1. **Appointment and Acceptance.** Customer hereby appoints Custodian as its agent to provide custody and other services in connection with securities, cash and other property delivered from time to time to Custodian hereunder by, or at the direction of, Customer, and income, distributions and payments received by Custodian with respect thereto (collectively the "Assets"); and Custodian hereby agrees to act in such capacity, and perform such services, and hold the Assets in a custody account established in the name of Customer (the "Account"), upon the terms and conditions set forth below. For purposes of this Agreement, all references contained herein to actions, directions and responsibilities (other than the obligations set forth in Sections 12 and 14 below) of Customer shall include, apply to and be binding upon the Customer's agents, including any investment manager or advisor, appointed and authorized by Customer to direct Custodian or otherwise take actions on behalf of Customer in connection with Custodian's services and responsibilities hereunder. Customer shall provide written notice to Custodian of the identity of all such appointed agents and the scope of their authority to act hereunder. Customer shall be responsible for providing to each such agent a copy of this Agreement and all written policies and procedures of Custodian governing its performance of services hereunder that Customer shall receive from time to time. In the event that Customer requires Custodian to establish one or more sub-accounts within the Account under this Agreement ("sub-Accounts"), Customer shall identify such sub-Accounts on a separate Exhibit A attached hereto, and which may be amended from time to time. In such event, Customer shall deposit or direct the transfer of Assets to or among the separate sub-Accounts. Further, for such situations, the term "Account" as used in this Agreement shall refer to one or all of the sub-Accounts established by Customer, as the context of this Agreement shall require.

2. **Asset Delivery, Transfer, Custody and Safekeeping.**

2.1. Customer will from time to time deliver (or cause to be delivered) Assets to Custodian, which Custodian shall receive and accept for the Account upon appropriate directions from the Customer. All transactions involving Assets shall be recorded in the Account.

2.2. Upon receipt of appropriate directions, Custodian will release and return Assets to Customer, Customer's Depository (as that term is defined in Section 3.3 below) account or accounts, or otherwise deliver Assets to such location or third party, as such directions may indicate, provided that, in connection therewith it is the sole responsibility of Customer to provide any transfer documentation as may be required by the Depository or third party recipient. Custodian shall have no power or authority to assign, hypothecate, pledge or otherwise dispose of any Assets, except as provided herein or pursuant to appropriate directions.

2.3. Custodian shall furnish Customer, as part of the services for which Custodian charges its basic fee hereunder, with periodic Account statements (not less frequently than annually) reflecting all Asset transactions in the Account during the reporting period and ending Asset holdings.

2.4. Custodian shall forward to Customer, or Customer's designated agent identified in Section 17.10, below (or as identified in a separate written designation by Customer that is received by Custodian), all information it receives with respect to any of the Assets concerning redemption rights that are exercisable at Customer's option, tender or exchange offers, class action lawsuits and other special matters or shareholder rights. Custodian shall follow Customer's or Customer's designated agent's, as applicable, written directions with respect thereto consistent with Custodian's governing policies and procedures and in the absence of such directions Custodian shall take no action. Custodian shall forward to Customer or Customer's designated agent, as applicable, all proxy material it receives with respect to securities included among the Assets. The registered holder of the securities shall execute proxies so forwarded, if registered in the name of the Custodian or its nominee, but without indicating the manner in which such proxies are to be voted. Exception: Customer expressly acknowledges that Custodian will not forward so-called "mini-tenders" to Customer or its designated agent, as applicable. Mini-tenders are tender offers for a small amount of the outstanding securities made on "target" company, generally with an offer price at or below market value. For equity issues, unless a tender offer is made for 5% or greater of the outstanding issue, and therefore subject to Securities Exchange Commission ("SEC") review, the tender offer will not be forwarded by Custodian. For debt issues, the actual terms of the offer will serve as the notification parameters. Therefore, no tender offer will be forwarded by Custodian for a debt issue if: (a) it is not registered with the SEC, (b) it has a "first received, first buy" basis with no withdrawal privilege and includes a guarantee of delivery clause, or (c) the offer includes the statement that "the purchase price includes all accrued interest on the note and has been determined in the sole discretion of the buyer and may be more than or less than the fair market value of the notes" or similar language.

2.5. Absent specific investment directions to the contrary from Customer, Custodian is hereby authorized and directed by Customer to hold all cash and all checks and drafts (when collected funds are received) in a First American Funds money market fund, identified in Section 18.11, below. Customer acknowledges receipt of the current prospectus for the applicable, designated money market fund to be held in this Account. Customer also understands and acknowledges the following information about the First American Funds: The First American family of funds (the "First American Funds") are offered through the funds' distributor identified in the current prospectuses for the funds. U.S. Bank National Association ("U.S. Bank") or an affiliate of U.S. Bank serves as the funds' investment advisor, custodian, distributor, administrator and other service provider as disclosed in the prospectuses for the funds. Compensation paid to U.S. Bank and its affiliates by the First American Funds as well as other fees and expenses of the funds are detailed in the prospectuses. Mutual funds, including the First American Funds, are not guaranteed by, or deposits of, any bank including U.S. Bank, nor are such funds insured by the FDIC or any other agency. Investments in mutual funds involve risks, including the possible loss of principal. This authorization and direction shall continue in effect with respect to the designated fund should the fund be merged with or into another money market fund.

2.6. Customer hereby authorizes and approves Custodian's performance of its services and duties hereunder consistent with the terms and conditions of the Custodian's duly adopted policies and procedures, as established and modified from time to time, related to the subject matter hereof.

2.7. If any of the Assets received and held by Custodian hereunder shall be "plan assets" with respect to any "employee benefit plan" (as those terms are defined in Section 3 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), the Custodian shall not be deemed to be, and shall not exercise any discretionary powers or control over such "plan" or "plan assets" so as to be a fiduciary with respect to the plan. Furthermore, Customer shall notify Custodian in writing whenever any Assets do constitute such "plan asset," and thereafter, all subcontracts, agreements or other arrangements between Custodian and any subsidiary or affiliate thereof for services or products paid for from any assets of the said plan and utilized in the performance of Custodian's duties hereunder shall be subject to the advance approval of Customer.

2.8. Any additional services and/or performance requirements applicable to the Assets shall be set forth on Schedule I attached hereto.

3. **Powers of Custodian**. In the performance of its duties hereunder, Custodian shall have the following powers:

3.1. To register any of the Assets in the name of Customer or in the Custodian's name or in the name of a nominee of Custodian or in the name of the Custodian's agent bank or to hold any of the Assets in unregistered form or in such form as will pass title by delivery, provided that such Assets shall at all times be recorded in Customer's Account hereunder as one of the Assets. In consideration of Custodian's registration of any securities or other property in the name of Custodian or its nominee or agent, Customer agrees to pay on demand to Custodian or to Custodian's nominee or agent the amount of any loss or liability for Stockholders' assessments, or otherwise, claimed or asserted against Custodian or Custodian's nominee or agent by reason of such registration.

3.2. To make, execute, acknowledge and deliver any and all documents of transfer and conveyance and any or all other instruments that may be necessary or appropriate to carry out the duties described and powers granted herein.

3.3. To maintain qualifying Assets in any registered clearing agency or in a Federal Reserve Bank (collectively a "Depository"), as Custodian may select, and to permit such deposited Assets to be registered in the name of Custodian or Custodian's agent or nominee on the records of such Federal Reserve Bank or such registered clearing agency or the nominee of either, and to employ and use securities depositories, clearing agencies, clearance systems, sub- Custodians or agents located outside the United States in connection with transactions involving foreign securities.

3.4. To employ agents and to delegate duties to them as it sees fit and to employ or consult with experts, advisors and legal counsel (who may be employed also by Customer) and to rely on information and advice received from such agents, experts, advisors, and legal counsel.

3.5. To perform any and all other ministerial acts deemed by Custodian necessary or appropriate to the proper discharge of its duties hereunder.

3.6. To hold uninvested reasonable amounts of cash whenever it is deemed advisable to do so to facilitate disbursements or for other operational reasons, and to deposit the same, with or without interest, in the commercial or savings departments of the Custodian serving hereunder or of any other bank, trust company or other financial institution including those affiliated with the Custodian, notwithstanding the Custodian's or other entity's receipt of "float" from such uninvested cash.

4. **Purchases**. Upon availability of sufficient funds and receipt of appropriate directions from Customer, Custodian shall pay for and receive Assets purchased for the Account, payment for which is to be made in the amount specified in such instructions and only upon receipt by Custodian of the Assets in satisfactory form for transfer.

5. **Sales**. Upon receipt of appropriate directions from Customer, Custodian will deliver Assets held by it as Custodian hereunder and sold by or for Customer against payment to Custodian of the amount specified in such directions in accordance with the then current securities industry practices and in form satisfactory to Custodian. Customer acknowledges that the current securities industry practice is delivery of physical securities against later payment on delivery date. Custodian agrees to use its best efforts to obtain payment therefore during the same business day, but Customer confirms its sole assumption of all risks of payment for such deliveries. Custodian may accept checks, whether certified or not, in payment for securities delivered on Customer's direction, and Customer assumes sole responsibility for the risks of collectability of such checks.

6. **Settlements.**

6.1. Custodian shall provide Customer with settlement of all purchases and sales of Assets in accordance with Custodian's then prevailing settlement policies provided that (a) appropriate directions for purchases and sales are received by Custodian in accordance with Custodian's then current published instruction deadline schedule, and (b) Custodian has all other information, funds and/or Assets necessary to complete the transaction.

6.2. Custodian shall not be liable or responsible for or on account of any act or omission of any broker or other agent designated by Customer to purchase or sell securities for the Account of Customer.

7. **Corporate Actions.** In connection with any mandatory conversion of Asset securities pursuant to their terms, reorganization, recapitalization, redemption in kind, consolidation, or other exchange transaction that does not require or permit approval by the owner of the affected Assets, Custodian will tender or exchange securities held for other securities, for other securities and cash, or for cash alone.

8. **Collections.** Custodian shall collect all income, principal and other distributions due and payable on securities held either by Custodian or a Depository but shall be under no obligation or duty to take action to effect collection of any amount if the Assets upon which such payment is due are in default, or if payment is refused after due demand and presentation. Custodian shall have no responsibility to notify Customer in the event of such default or refusal to pay, but if Custodian receives notice of default or refusal to pay from an issuer or transfer agent, Custodian shall so advise Customer. Collections of monies in foreign currency, to the extent possible, are to be converted into United States dollars at customary rates through customary banking channels, including Custodian's own banking facilities, and in accordance with Custodian's prevailing policies for foreign funds repatriation. All risk and expense incident to such foreign collection and conversion is the responsibility of the Account and Custodian shall have no responsibility for fluctuations in exchange rates affecting such collections or conversion.

9. **No Discretionary Authority; Standard of Care**. Customer and Custodian acknowledge that, except to the extent set forth in any separate instrument signed by the parties with respect to this Agreement, Custodian's duties hereunder do not include any discretionary authority, control or responsibility with respect to the management or disposition of any Asset; that Custodian has no authority or responsibility to render investment advice with respect to any Asset; and that Custodian is not a fiduciary with respect to Customer. In addition, it is agreed that:

9.1. Custodian shall have no duty to make any evaluation or to advise anyone of the suitability or propriety of action or proposed action of Customer in any particular transaction involving an Asset or the suitability or propriety of retaining any particular investment as an Asset. Custodian shall have no duty or authority to review, question, approve or make inquiries as to any investment instructions given pursuant hereto. Custodian shall be under no duty or obligation to review the securities or other property held in the Account with respect to prudence or diversification.

9.2. Custodian shall not be liable for any loss or diminution of Assets by reason of investment experience or for its actions taken in reliance upon a direction or other instruction from Customer or Customer's agent.

9.3. Custodian shall have no duty or responsibility to monitor or otherwise investigate the actions or omissions of Customer.

9.4 Custodian shall only be responsible for the performance of such duties as are expressly set forth herein or in directions or other instructions of Customer or Customer's agent which are not contrary to the provisions of this Agreement. Custodian shall exercise reasonable care in the performance of its services hereunder. In no event shall Custodian be liable for indirect or consequential damages.

Custodian shall not be responsible or liable for any failure or delay in performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by directions or other instructions, actions or omissions of Customer or by circumstances beyond Custodian's reasonable control, including, without limitation, loss or malfunctions of utility, transportation, computer (hardware and software) or communication service; nor shall any such failure or delay give Customer the right to terminate this Agreement, except as provided in section 15 of this Agreement.

10. **Books, Records and Accounts**.

10.1. Custodian will make and maintain proper books of account and complete records of all Assets and transactions in the Account maintained by Custodian hereunder on behalf of Customer. Custodian will preserve for the periods prescribed by applicable federal statute or regulation all records required to be maintained.

10.2. On at least four (4) business days' notice, Custodian will make available to and permit inspection during Custodian's regular business hours by Customer and its auditors of all books, records, and accounts retained by Custodian (or, to the extent practicable, its agents) in connection with its duties hereunder on behalf of Customer.

11. **Instructions and Directions**.

11.1. Custodian shall be deemed to have received appropriate "instructions" or "directions" upon receipt of written instructions or directions, or in the case of cash movement, written or oral instructions or directions, (a) signed or given by any person(s) whose name(s) and signature(s) are listed on the most recent certificate delivered by Customer to Custodian which lists those persons authorized to give orders, corrections and instructions in the name of and on behalf of the Customer or (b) signed or given by any other person(s) duly authorized by Customer to give instructions or directions to Custodian hereunder or whom Custodian reasonably believes to be so authorized (such as an investment adviser or other agent designated by Customer, for example).

11.2. Appropriate instructions or directions shall include instructions or directions sent to Custodian or its agent by letter, memorandum, telegram, cable, telex, facsimile, video (CRT) terminal, internet e-mail or other "on-line" system, or similar means of communication, or in the case of cash movement, given orally over the telephone or in person. Customer assumes full responsibility for the security of electronically transmitted communications, whether sent by Customer or Custodian.

11.3. In the event that Custodian is directed to deliver Assets to any party other than Customer or Customer's agent, appropriate directions shall include, and Customer shall supply, customary transfer documentation as required by such party, and, to the extent that such documentation has not been supplied, Custodian shall not be deemed to have received appropriate directions.

12. **Compensation; Security**.

12.1. Customer shall pay to Custodian fees for its services under this Agreement and shall reimburse Custodian for costs incurred by it hereunder as set forth in Custodian's then current applicable fee schedule or such other fee arrangement as Custodian and Customer may otherwise agree in writing.

12.2. If any advance of funds is made by Custodian on behalf of Customer to purchase, or to make payment on or against delivery of securities or there shall arise for whatever reason an overdraft in Customer's account, or if Customer is for any other reason indebted to Custodian, including, but not limited to, any advance of immediately available funds to Customer with respect to payments to be received by Custodian in next-day funds (which Customer acknowledges Customer is liable to repay if Custodian does not receive final payment), Customer agrees to repay Custodian on demand the amount of the advance, overdraft or other indebtedness, reserve requirements and accrued interest at a rate per annum (based on a 360-day year for the actual number of days involved) equal to the Federal Funds effective rate in effect from time to time.

12.3. In the event of an advance of funds by Custodian, or if any overdraft is created by Account transactions, Custodian may directly charge the Account and receive such payment therefrom. In the event that a compensation payment due Custodian is past due by more than thirty (30) days, such amount may also be charged to the Account and Custodian may receive such payment therefrom. To secure such payments obligations, Customer does hereby grant to Custodian a security interest in all Assets held in the Account from time to time.

13. **Customer Responsibility**. Customer shall be responsible for the review of all reports, accountings and other statements provided thereto by the Custodian, and shall within ninety (90) days following receipt thereof notify the Custodian of any mistakes, defects or irregularities contained or identified therein, after which time all such matters shall be presumed to be ratified, approved and correct and shall not provide any basis for claim or liability against the Custodian.

14. **Indemnification**. Customer hereby agrees to fully and promptly indemnify Custodian and its affiliates, officers, directors, employees and agents (each an "Indemnified Party") and hold each Indemnified Party harmless from and against any cost, losses, claims, liabilities, fines, penalties, damages and expenses (including reasonable attorneys' and accountants' fees (collectively, a "Claim") arising out of (i) Customer's actions or omissions or (ii) Custodian's action taken or omitted hereunder in reliance upon Customer's directions or instructions, or upon any information, order, indenture, stock certificate, power of attorney, assignment, affidavit or other instrument delivered hereunder to Custodian, reasonably believed by Custodian to be genuine or bearing the signature of a person or persons authorized by Customer to sign, countersign or execute the same; provided, that Customer shall not indemnify an Indemnified Party for any Claim arising from the Indemnified Party's judicially determined willful misfeasance, bad faith or gross negligence in the performance of its duties under this Agreement. Custodian hereby agrees to indemnify Customer and its Indemnified Parties (i.e., the Customer and its controlling person, officers, directors, employee and agents) and hold each of them harmless from and against any and all Claims arising out of (i) Custodian's breach of this Agreement, willful misfeasance, bad faith or gross negligence in the performance of its duties under this Agreement, or (ii) any loss of Assets, including theft or destruction thereof but expressly excluding investment losses or other diminution of Assets resulting from the Custodian's proper performance of its duties hereunder; provided, that Custodian shall not indemnify an Indemnified Party for any Claim arising from the Indemnified Party's breach of this Agreement, willful misfeasance, bad faith or gross negligence with respect to its duties and responsibilities under this Agreement. This section 14 shall survive the termination of this Agreement.

15. **Termination**.

15.1. This Agreement will remain in effect until terminated by either party giving written notice thirty (30) days in advance of the termination date.

15.2. Upon termination of this Agreement, Custodian shall follow such reasonable Customer instructions concerning the transfer of Assets' custody and records; provided, that (a) Custodian shall have no liability for shipping and insurance costs associated therewith; (b) Custodian shall not be required to make any such delivery or payment until full payment shall have been made by Customer of all liabilities constituting a charge on or against Custodian and until full payment shall have been made to Custodian of all its compensation, costs, including special termination costs, if any, and expenses hereunder; and (c) Custodian shall have been reimbursed for any advances of monies or securities made hereunder to Customer. If any Assets remain in the Account, Customer acknowledges and agrees that Custodian may designate Customer as successor Custodian hereunder and deliver the same directly to Customer.

15.3. Upon termination of this Agreement, all obligations of the parties to each other hereunder shall cease, except that all indemnification provisions herein shall survive with respect to any Claims arising from events prior to such termination.

16. **Binding Obligations**. Customer and Custodian each hereby represent that this Agreement constitutes its legal, valid and binding obligation enforceable in accordance with the terms hereof; subject, as to enforcement of remedies, to applicable bankruptcy and insolvency laws, and to general principles of equity.

17. **Insurance Regulatory Requirements.** In the event of any conflict between the provisions of this part 17 and any other provisions of this Agreement, the provisions of this part 17 shall control.

17.1. Custodian's Responsibility. Custodian shall indemnify the Customer against any loss of the Customer's securities in the custody of Custodian if the loss is occasioned by the negligence or dishonesty of Custodian, its officers or employees, or through burglary, robbery, holdup, theft or mysterious disappearance, including loss by damage or destruction. In the event of any loss of securities for which Custodian is obligated to indemnify the Customer, Custodian shall promptly replace the securities or the value of the securities and shall also promptly replace the value of any loss of rights or privileges that are a part of, or were issued in connection with, such lost securities.

Custodian shall not be liable for any failure to take any action required to be hereunder in the event, and to the extent, that the taking of such action is prevented or delayed by war (whether declared or not and including existing wars), revolution, insurrection, riot, civil commotion, act of God, accident, fire, explosion, labor stoppage, strikes or other differences with employees, laws, regulations, orders or other acts of any governmental authority, or any other cause whatever beyond its reasonable control.

17.2. Agreements with Certain Agents. If Custodian gains entry to a clearing corporation through an agent, Custodian shall enter into a written agreement with such agent providing that the agent shall be subject to the same liability for loss of securities as Custodian as set forth in the foregoing Section 9.1.

17.3. Notice to the Insurance Commissioner. If this Agreement is terminated, or if all of the Assets in the custody account governed by this Agreement are withdrawn, Custodian shall provide written notification of such occurrence, within three (3) business days' after such termination or withdrawal, to the insurance commissioner of the State in which the Customer is domiciled.

17.4. Examinations, Records and Reports.

a. During regular business hours, and upon reasonable advance request, Custodian, any subcustodian and agents, shall permit an authorized officer or employee of the Customer, an independent accountant selected by the Customer, and a representative of an appropriate insurance regulatory body to examine, on Custodian's premises, Custodian's records relating to the Assets, if Custodian is given written instructions to that effect by an authorized representative of the Customer.

b. Custodian and its agents shall be required to send to the Customer all reports received by Custodian and its agents, from a clearing corporation or the Federal Reserve book-entry system with regard to their respective systems of internal accounting control and reports prepared by outside auditors on Custodian and its agents' internal accounting control of custodied securities that the Customer may reasonably request.

c. If and to the extent that certain information maintained by Custodian in its role as Custodian is relied upon by the Customer for the preparation of the Customer's annual statement and supporting schedules Custodian shall maintain such records created as Custodian sufficient to determine and verify such information.

d. Securities held in fungible bulk by Custodian and securities in a clearing corporation or in the Federal Reserve book-entry system shall be separately identified on Custodian's official records as being owned by the Customer. Said records shall identify which Assets are held by Custodian or by its authorized sub-custodian and which securities are in a clearing corporation or in the Federal Reserve book-entry system. If the securities are in a clearing corporation or in the Federal Reserve book-entry system, said records shall also identify where the securities are and if in a clearing corporation, the name of the clearing corporation and if through a sub-custodian, the name of the sub-custodian.

e. Upon reasonable advance written request from an appropriate insurance regulatory body or an authorized representative of the Customer, Custodian shall provide affidavits with respect to the Customer's Assets held by Custodian under this Agreement.

f. Custodian shall be required to send or cause to be sent to the Customer a confirmation of all transfers of Assets to or from the account of the Customer. In addition, Custodian shall be required to furnish the Customer with reports of holdings of Assets at such times and containing such information as may be reasonably requested by the Customer.

17.5. Insurance. Custodian shall secure and maintain insurance protection in an adequate amount with respect to its custodial activities.

17.6. Instructions.

a. Assets shall be held subject to the instructions of the Customer and shall be withdrawable upon the demand of the Customer, except that Assets used to meet the deposit requirements set forth in Section 624.411, Florida Statues, shall to the extent required by the section, be under the control of the Insurance Commissioner and shall not be withdrawn by the Customer without the approval of the Insurance Commissioner.

b. Custodian shall arrange for execution of transaction in Assets in accordance with the Customer's instructions and shall not exercise discretionary authority in effect transactions in Assets except in such limited or special circumstances as the Customer may authorized.

18. **General Provisions**.

18.1. Notice. Except as provided in paragraph 11 above, any notice or other communication under this Agreement shall be in writing and shall be considered given when delivered by certified mail, return receipt requested, to the parties at the addresses set forth on the execution page hereof (or at such other address as a party may specify by notice to other). Notice shall be effective upon receipt if by mail, or on the date of personal delivery (by private messenger, courier service or otherwise) or telex or facsimile, whichever occurs first, to the addressed indicated below. The below addresses and individuals may be changed at any time by an instrument in writing executed by the party giving same and given to the other party, in accordance with the procedure set forth above.

18.2. No Tax Responsibility. Unless expressly indicated otherwise below in this section and notwithstanding any other terms or conditions contained herein, Custodian shall not be responsible for, and Customer does hereby waive all duties or functions of Custodian (imposed by law or otherwise) relating to, the withholding and government deposit of any and all taxes, or amounts with respect thereto, that may be incurred or payable in connection with the Account established hereunder, income or gain realized on Assets held therein or transactions undertaken with respect thereto. Except as required by law in such manner that cannot be delegated to or assumed by Customer, Custodian shall have no responsibility to undertake any federal, state, or local tax reporting in connection with Assets, the Account or transactions therein. (Check only one below.)

____ Custodian shall have no duty to provide tax information.

____ Custodian shall provide tax information as reasonably requested by Customer, including Form 1099.

18.3. Complete Agreement; Modification. This Agreement contains a complete statement of all the arrangements between the parties with respect to its subject matter, supersedes all existing agreement(s) between them concerning the subject, and cannot be amended or modified in any manner except by a written agreement executed by both parties. Notwithstanding the foregoing, if at any time Custodian is holding assets or property of Customer pursuant to any other custodial, pledge or other agency agreement with Customer (or which Customer has acknowledged in instructions to Custodian) and one or more third parties that involves Custodian's duties or obligations to a third party (which may be affiliates to Custodian) with respect to Assets, the terms and requirements of the other agreement(s) concerning such Assets shall supersede and control the provisions and duties set forth herein.

18.4. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

18.5. Assignment. No party may assign any of its rights hereunder without the consent of the other, which consent shall not be unreasonably withheld. The foregoing consent requirement does not apply if either party shall merge or consolidate with or sell substantially all of its assets to another corporation, provided that such other corporation shall assume without qualification or limitation all obligations of that party hereunder either by operation of law or by contract.

18.6. Separability. If any provision of this Agreement is invalid or unenforceable, the balance of the Agreement shall remain in effect, and if any provision is inapplicable to any person or circumstances, it shall nevertheless remain applicable to all other persons and circumstances.

18.7. No Third Party Rights. In performing its services hereunder, Custodian is acting solely on behalf of Customer. No agency, contractual or service relationship shall be deemed to be established hereby between Custodian and any other persons.

18.8. Counterparts and Duplicates. This Agreement may be executed in any number of counterparts, each of which shall be considered an original, but all of which together shall constitute the same instrument. This Agreement and any administrative form under the Agreement may be proved either by a signed original or by a reproduced copy thereof (including, not by way of limitation, a microfiche copy or an electronic file copy).

18.9. Shareholder Communications Act Authorization. The Shareholder Communications Act of 1985, as amended, requires Custodian to make an effort to permit direct communications between a company that issues securities and the shareholder that exercises shareholder rights with respect to those securities. Unless Customer specifically directs Custodian in writing not to release Customer's name, address and security position to requesting companies, Custodian is required by law to disclose Customer's name and address to such companies. Therefore the Customer hereby responds to the following question [no response will mean "yes"]. Does Customer authorize Custodian to provide its name, address and security position to requesting companies whose stock is owned in this Account?
_____ Yes / ____ No

18.10. Customer's Agent – Shareholder Rights. Should Customer require that a designated agent for the Account, such as an investment advisor, be responsible for proxy voting and other special matters and shareholder rights as specified in Section 2.4, above, the Customer shall provide the name and address of that agent below. Such agent shall be removed upon Custodian's receipt of a written removal from Customer. Customer may designate more than one agent to be responsible for separate sub-Accounts or investment accounts under this Agreement by providing a clear, written designation to that effect to Custodian. Custodian hereunder has no authority or responsibility with regard to proxy voting or any similar special matters. Therefore, it may not be designated below unless it has separately agreed in writing to act as investment advisor for the Account.

Designated Agent: ____

Address: ____

Telephone Number: ____

18.11. Money Market Fund. Pursuant to Section 2.5, above, the First American Funds money market fund designated for this Account shall be (check one – if none is checked, the Customer hereby directs that the First American Prime Obligations Fund shall be designated):

Taxable Money Market Funds
___ First American Prime Obligations Fund –Class ______
___ First American Government Obligations Fund –Class ______
___ First American Treasury Obligations Fund –Class ______

Federal Tax-Exempt Money Market Fund
___ First American Tax-Free Obligations Fund –Class ______

Other

___ (Must indicate correct fund name and class for election to be valid.)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representative as of the date and year first above written.

______________________________(**Customer**)	**U.S. BANK NATIONAL ASSOCIATION (Custodian)**
By:_____________________________________	By:_____________________________________
Title:___________________________________	Title:___________________________________
Date:___________________________________	Date:___________________________________
Address:	Address:
____	U.S.Bank National Association
____	____
____	____
	____
	____
	Attn: ___________________________________

SCHEDULE I

Custodian shall perform the specific services with respect to the assets as specified below:

U.S. BANK NATIONAL ASSOCIATION
INVESTMENT MANAGEMENT AGREEMENT
Non-ERISA

THIS AGREEMENT, made this __ day of _________ 20__, by and between U.S. Bank National Association, a national banking association with trust (the "Manager") and ____ (the "Client").

In consideration of the premises set forth herein, the Manager and the Client agree as follows:

1. Appointment of Manager. The Client hereby engages the Manager and the Manager hereby agrees to act as investment manager for the account of the Client (the "Account") with respect to the assets credited thereto.

2. Authority of Manager. (a) The investment of Account assets shall at all times be subject to the investment objectives, policies, directions and restrictions of Client, if any, established for the Account, or for any subaccount of investment securities established by Client within the Account (a "Subaccount"), as set forth in initial written directions, and in written amendments or supplements thereto, from time to time delivered by the Client to the Manager (the "Directions"). By delivery of Directions to the Manager, the Client may direct retention of any assets credited to the Account and may direct acquisition of assets for the Account or disposition of assets from the Account, including the stock or other securities issued by U.S. Bancorp, the Manager's parent holding company, and other investment securities in which the Manager or its affiliates have an interest as issuer, investment advisor or service provider. The Client shall ascertain that such Directions do not violate any applicable state or federal law. The Manager shall have no authority, power or responsibility to analyze, recommend, approve or undertake the retention, acquisition or disposition of Account assets that are the subject of Client's Directions. It shall be the Client's sole responsibility to promptly deliver all Directions to the Manager and to give the Manager prompt written notice if Client deems any Account investments to be in violation of the Directions or applicable state or federal law. The initial Directions shall be in the form set forth in Exhibit A hereto.

(b) Within the parameters of the requirements set forth in the Directions for the Account or any Subaccount and subject to Section 2 of this Agreement, the Manager shall have the sole and exclusive responsibility for the investment management of the Account assets and the making and execution of all investment decisions for the Client with respect to the Account. Notwithstanding the forgoing, the Manager is not responsible to identify or monitor investments in the Account that are in violation of applicable federal or state law.

(c) Unless otherwise agreed in writing, the Manager will not act as the custodian or trustee for the Account. The Client will cause the Account's custodian to take all necessary steps to settle purchases, sales, and trades directed by the Manager, including delivery of certificates, payment of funds, and such other acts as may be necessary to fulfill such custodial responsibilities. The Manager shall give notice and directions (and copies thereof) with respect to transactions in such manner as shall be agreed upon between or among the Account's custodian and the Client.

(d) The Client may at any time add assets to or remove them from the Account or any Subaccount; provided that reasonable lead time may be necessary between the time of the Client's notice to the Manager of the Client's intent to transfer assets from the Account and the subsequent removal of such assets.

(e) The Client hereby authorizes and directs the Manager to invest Account funds in the First American Funds, Inc., the First American Investment Funds, Inc. and the First American Strategy Funds, Inc. (collectively the "Affiliated Funds") to the extent consistent with the Account's then current Directions. The Client acknowledges and understands that the Manager's affiliate is the investment advisor for the Affiliated Funds. The Manager is the sub-administrator, securities lending agent and custodian of the Affiliated Funds and the Manager receives compensation from the Affiliated Funds as detailed in the prospectuses for the Affiliated Funds. The Client also acknowledges receipt of the Affiliated Funds prospectuses. Notwithstanding the Directions for the Account, the Client further authorizes and directs the Manager to invest in the Affiliated Funds on a temporary basis, uninvested cash held in the Account from time to time. The Manager shall have no authority to vote proxies of the Affiliated Funds held in the Account, and shall forward any such proxies to Client. **The Client acknowledges that the Affiliated Funds are not insured by the Federal Deposit Insurance Corporation or any other government agency, are not guaranteed by the Manager or any affiliate bank or trust company, and that any mutual fund investment involves investment risks, including the possible loss of principal.**

3. Representations and Warranties. Client hereby represents and warrants to Manager that (a) Client has the requisite legal capacity and authority to execute, deliver and perform its obligations under this Agreement, (b) this Agreement has been duly authorized, executed and delivered by Client and is the legal, valid and binding agreement of Client, enforceable against Client in accordance with its terms, (c) Client's execution of this Agreement and the performance of its obligations hereunder do not conflict with or violate any provisions of the governing documents of Client or any obligations by which Client is bound, whether by contract, operation of law or otherwise, (d) Client will deliver to the Manager evidence of Client's authority in compliance with such governing documents upon Manager's request, and (e) Client is the owner of all cash, securities and other assets in the Account, and there are no restrictions on the Client's ability to pledge, hypothecate, transfer, sell or distribute such cash, securities or assets.

4. Books, Records and Reports. (a) The Manager will furnish information, reports or statements at such times and in such manner as the Client may from time to time reasonably request, and the Manager shall report to the Client regularly at such times and in such detail as the Client may from time to time reasonably determine to be appropriate, in order to permit the Client to determine the Manager's investment of Account assets are consistent with the Directions.

(b) The Manager hereby acknowledges that records necessary in the operation of the Account, including, without limitation, records pertaining to investment of the Account, are the property of the Client. If a transfer of management or investment advisory services to someone other than the Manager should occur, the Manager will promptly take all steps necessary to segregate such records and deliver them to the Client.

(c) The Client agrees to furnish the Manager or cause to be furnished to the Manager such information as the Manager may from time to time reasonably request with respect to services to be performed by the Manager under this Agreement.

5. Proxy Voting, Corporate Actions. The Client hereby delegates all authority to the Manager to vote proxies; except, however, that proxies for securities of U.S. Bancorp or any affiliate company will be forwarded to the Client, as will proxies for any Affiliated Funds held under the Account. The Manager shall not be responsible for administrative filings, including but not by way of limitation, proofs of claims or claims in class actions.

6. Compensation for Services. In payment for all services rendered by the Manager under this Agreement, and for all costs incurred by the Manager in connection with the rendering of services under this Agreement, the Client shall compensate the Manager at such times, in such manner and amounts and in accordance with such formulae as agreed upon from time to time between the Manager and the Client, a current description of which is set forth in Exhibit B attached hereto. Such compensation may be paid directly by the Client or from the Account assets as directed by the Client. The Client shall review and approve all market quotations and fee calculations upon which any fees payable to the Manager for services rendered under this Agreement are based.

7. Investment Manager Representations. The Manager hereby represents and warrants that it is U.S. Bank National Association, which is a "bank" as defined in Section 202(a)(2) of the Investment Advisers Act of 1940, as amended (the "1940 Act), and, therefore, that it is exempt from registration with the Securities and Exchange Commission under Section 202(a)(11)(A) of the 1940 Act.

8. Standard of Care; Indemnification. Client acknowledges and agrees that Manager does not warrant the rate of return on, or market value of, the Account. It is further agreed that the Manager may rely upon information that the Client furnishes to the Manager and that the Manager reasonably believes to be accurate and reliable. Client agrees to indemnify and hold the Manager, its officers, directors, employees and agents harmless against all liabilities and claims (including reasonable attorneys' and other professional fees and expenses) arising out of or in connection with (1) alleged errors in judgment in managing the Account under this Agreement; (2) any loss of Account assets due to asset value depreciation; and (3) following Directions hereunder in good faith and/or failure to act in the absence of Directions; provided, however, that the Client shall not provide indemnification or hold the Manager harmless for claims resulting from the Manager's material breach of this Agreement, or the dishonest or criminal acts or the gross negligence or bad faith of the Manager under this Agreement.

Under no circumstances shall Manager be liable to the Client hereunder for indirect, incidental or consequential damages, even if such damages are reasonably foreseeable.

9. Freedom to Deal with Third Parties. The Manager shall be free to render services to others similar to those rendered under this Agreement or of a different nature except as and to the extent that such services may conflict with the services to be rendered or the duties to be performed hereunder.

10. Term and Termination. This Agreement shall continue in force until terminated by the Client or the Manager upon 30 days' written notice to the other party.

11. Amendments to Agreement. No amendment to this Agreement shall be effective until approved in writing by both parties hereto. This Agreement may not be assigned by either party without the prior written consent of the other party hereto.

12. Notices. Any notice under this Agreement shall be in writing, addressed, delivered or mailed, postage prepaid, to the other party at such address and to such person as such other party may designate in writing for receipt of such notice.

13. Governing Laws. This Agreement and the rights of the parties hereunder shall be governed by and interpreted in accordance with the laws of the State of Minnesota, without regard to conflicts of laws, to the extent not pre-empted by federal law.

14. Entire Agreement. This Agreement and the Exhibits attached hereto set forth the entire agreement and understanding of the parties relating to the subject matter hereof, and supersede all prior agreements, arrangements and understandings, written or oral, between the Parties that pertain to said subject matter. This Agreement is binding upon all successors and assigns of the Parties, and shall be construed such that invalidity and unenforceability of one provision does not void or otherwise affect the remainder of the Agreement. The Parties do not intend nor shall this Agreement be deemed to create in any third party any rights or responsibilities with respect to the Parties.

IN WITNESS WHEREOF, the Client and the Manager have caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.

U.S. BANK NATIONAL ASSOCIATION

By ___________________________________

Its ___________________________________

[CLIENT]___________________________

By ___________________________________

Its ___________________________________

EXHIBIT A
to the
INVESTMENT MANAGEMENT AGREEMENT
between
U.S. Bank National Association (the “Manager”)
and _________________________ (the “Client”)

This Exhibit A to the Agreement sets forth the investment objectives, policies, directions and restrictions (the “Directions”), subject to which Directions and the other terms and conditions set forth in the Agreement, the manager shall manage the Client’s assets.

EXHIBIT B
to the
INVESTMENT MANAGEMENT AGREEMENT
between
U.S. Bank National Association (the "Manager")
and ________________________ (the "Client")

This Exhibit B to the Agreement sets forth the times, manner, amounts and formulae governing the compensation to be paid by the Client to the Manager in payment for all services rendered by the Manager under the Agreement and for all costs incurred by the Manager in connection with the rendering of services under the Agreement.

(a) The investment management fee shall consist of a quarterly fee for each Account, which fee shall be paid to the Manager within fifteen (15) days following the end of each calendar quarter in which services under this Agreement are rendered. The fee shall be at the rate or rates set forth below and shall be based on the fair market value of the net assets of the Account. The following table sets forth the fee on an annual basis:

[Insert Fee Schedule]

(b) In the event that the Account is opened or closed during a calendar quarter, the investment management fee shall be prorated for that portion of the quarter during which the Account was open.

(c) For purposes of calculating the investment management fee, unless otherwise agreed in writing, the net assets of each Account shall be valued by the Manager in accordance with generally accepted valuation methods and procedures established by the Manager.

(d) Unless prohibited by the laws of Client's state of residency, any fees not paid within fifteen (15) days following the end of each calendar quarter in which services under this Agreement are rendered shall be paid directly from the Account.

August 18, 2008

Ms. Laura Reay Lopez
Florida Workers Compensation Joint
Underwriting Association, Inc
P.O. Box 48957
Sarasota, FL 34230-5957

Dear Laura:

The state of the financial markets and recent news about various financial institutions has generated questions and concerns about the stability of banks. We understand these concerns and are happy to provide this letter as a follow up to our earlier discussion. I am pleased to confirm that securities which U.S. Bank National Association ("U.S. Bank") holds in custody or in trust on behalf of its customers are safe from the claims of U.S. Bank's creditors.

Securities held by U.S. Bank for you in a custody (or trust) account are not assets of U.S. Bank. They are kept separate and apart from assets of U.S. Bank and do not appear on U.S. Bank's balance sheet. Beneficial title to your account securities remains with you, and the securities are not available to satisfy the claims of U.S. Bank's creditors.

As a national bank, U.S. Bank is subject to stringent regulatory oversight requirements to ensure its safety and soundness. U.S. Bank qualifies as a well-capitalized bank under the Federal Reserve Board's capital adequacy requirements and continues to meet other qualifications necessary to maintain the status of its parent, US Bancorp, as a financial holding company.

U.S. Bank IT&C does maintain a full array of insurance coverage (i.e. theft, fire, fraud, securities replacement etc). Specific insurance limits and coverage are within required federal regulations. Attached is a copy of the various types of insurance coverage with incremental coverage amounts varying from $1 million to in excess of $50 million.

We hope that this letter is helpful to you, and if you have further questions, I encourage you to call me.

Very truly yours,

Glenda D. Webb

Glenda D. Webb
Vice President & Relationship Manager
Institutional Trust & Custody

usbank
Five Star Service Guaranteed

Institutional Trust & Custody Insurance Coverage Information:

U.S. Bancorp secures a variety of insurance coverage appropriate for an organization of its type and size. In addition, other coverage has been secured to comply with various regulations.

U.S. Bank Institutional Trust & Custody is a participant in U.S. Bancorp insurance programs. Shared limits of coverage exceed $50 million for the types of coverage noted below:

Safety is a top concern for our clients, so in addition, the Fund may be pleased to learn we carry a full complement of other insurance including:

- Professional Liability
- Commercial General Liability (including international and employers liability)
- Automobile Liability (i.e., owned, non-owned and hired)
- Property (including business interruption, flood and earthquake, etc.)
- Property on premises—coverage for property (i.e., money, bonds, drafts, securities) for losses as a result of robbery, burglary, larceny, mysterious disappearances, damage or destruction while on premises
- Property in transit—provides the same coverage as property on premises when in the custody of a messenger or armored motor vehicle
- Fidelity—provides coverage for loss through fraudulent or dishonest acts of an employee, including computer-related crimes
- Forgery—provides coverage for losses due to forgery, alteration of checks, drafts, acceptances or other written instructions directing payment or transfer of funds
- Securities—provides coverage for loss of negotiable or non-negotiable instruments acquired in the course of business by forgery, alteration or counterfeiting

U.S. Bank negotiates all insurance policies in an effort to obtain the broadest coverage terms available in the insurance market.

FIRST AMENDMENT TO CUSTODY AGREEMENT

THIS FIRST AMENDMENT TO CUSTODY AGREEMENT (this "Amendment") dated as of _______, 2008 is entered into by and between Customer Name of City, State (“Client” and/or “we” or “us”) and SUNTRUST BANK ("Bank" and/or “you”).

WHEREAS, Client and Bank are parties to that certain Custody Agreement dated as _______, 2008 (the "Custody Agreement") wherein Bank agreed to open and maintain a Custody Account in the name of the Client; and

WHEREAS, Client and Bank have agreed to modify the Custody Agreement based upon the terms and conditions set forth in this Amendment; and

NOW, THEREFORE, for and in consideration of the sum of Ten Dollars ($10.00) and for other good and valuable consideration, the receipt and sufficiency of which is hereby conclusively acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Subject to the terms and conditions hereof, the Custody Agreement is amended as follows:

Section 3 of the Custody Agreement is hereby deleted in its entirety, and the following is hereby inserted in lieu thereof:

3. Indemnification:

a. **You shall be obligated to indemnify us for any loss of securities belonging to us in your care, whether in your vault or in your account identified as belonging to us with another bank, trust company or registered open-end management investment company, except that, unless domiciliary state law, regulation or administrative action otherwise require a stricter standard, you shall not be so obligated to the extent that such loss was caused by other than burglary, robbery, holdup, theft or mysterious disappearance, including loss by damage or destruction, or the negligence or dishonesty of you, your agents or of any other bank, trust company or registered open-end management investment company with which you are holding securities for us.**
b. **If the domiciliary state law, regulation or administrative action requires a stricter standard of liability for custodians of insurance company securities than that set forth in Section 3.a., then such stricter standard shall apply.**
c. **In the event that there is a loss of the securities for which you are obligated to indemnify us, the securities shall be promptly replaced or the value of the securities and the value of any loss of rights or privileges resulting from said loss of securities shall be promptly replaced.**
d. **You shall not be liable for any failure to take any action required to be taken hereunder in the event and to the extent that the taking of such action is prevented or delayed by war (whether declared or not and including existing wars), revolution, insurrection, riot, civil commotion, act of God, laws, regulations, orders or other acts of any governmental or judicial authority, or any other cause beyond your reasonable control.**
e. **In addition to the preceding requirements of this Section 3, your standard of responsibility hereunder shall be that of a bailee for hire under statutory and case law of the State of Utah. Without limiting the generality of the foregoing, it is agreed and understood that you are not acting as a trustee and further that you are in no way responsible or liable for any decline in value of any securities.**

2. A new Section 10. shall be added to the Custody Agreement as follows:

10. Custody of assets

You shall hold assets deposited with and accepted by you for our benefit, and at our direction.

a. You, as a member of the Federal Reserve System, may utilize the Federal Reserve book-entry program. You may hold such securities on deposit in an account with Bankers Trust Company. You, on your accounting system, will designate any securities so deposited as belonging to us.
b. You may hold any securities not eligible for book-entry at Bankers Trust Company in the following manner:

1) items eligible for book-entry at the Depository Trust Company ("DTC") – an account directly with DTC or in an account with another bank or trust company who has an account at DTC and

2) items not eligible for book-entry at DTC – in an account with another bank, trust company, or registered open-end management investment company or in your own vault in either registered or bearer form.

Securities so deposited will at all times be kept separate and apart from other such deposits with you so that they may be identified as belonging to us. The records of any other bank, trust company or registered open-end management investment company, with which you may hold the securities (either at DTC or otherwise), shall be designated under our name, for whom it is being held.

c. Upon request from the Department of Commerce and Insurance, you shall provide verification of securities on deposit. Examples of appropriate verification documents are Custodian Affidavit Forms A, B, and C.
d. The collection of principal cash shall be made by you in accordance with your usual and customary business practice and in accordance with the usual and customary business practices for the banking and securities industries.

3. Upon and after the effective date of this Amendment, all references to the Custody Agreement shall mean the Custody Agreement as amended by this Amendment. Except as expressly provided in this Amendment, the execution and delivery of this Amendment does not and will not amend, modify or supplement any provision of or constitute a consent to a waiver of noncompliance with the provisions of the Custody Agreement or any amendments thereto, and except as specifically provided in this Amendment, the Custody Agreement shall remain in full force and effect.
4. This Amendment shall be binding on, and shall inure to the benefit of the parties hereto and their respective successors and assigns.
5. This Amendment reflects the entire understanding of the parties with respect to the subject matter hereof and any further amendment or modification to this Amendment or the Custody Agreement shall be in writing and signed by each of the parties hereto.
6. This Amendment shall be governed by, and construed in accordance with the laws of the State of Georgia. This Amendment shall not be effective until such time as executed counterparts hereof are delivered by both parties in Atlanta, Georgia. Unless otherwise provided in this Amendment, capitalized terms used herein shall have the meanings ascribed to such terms by the Custody Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the day and year first above written.

Customer Name
City and State

[CORPORATE SEAL]

By: ____

Name: ____________________________________
Title: ____________________________________

By: ____

Name: ____________________________________
Title: ____________________________________

SunTrust Bank

[CORPORATE SEAL]

By: ____

Name: ____________________________________
Title: ____________________________________

FLORIDA WORKERS COMPENSATION J.U.A., INC.

usbank. Five Star Service Guaranteed

CUSTODIAL SERVICES
INVESTMENT MANAGEMENT SERVICES
ANNUAL ASSET FEE

10 basis points current market value on First $25 million
5 basis points on current market value of next $25 million
2.5 basis points on remaining balance of current market value

Including Investment Manager Services, provided by Evergreen Investment Management

Annual Minimum Asset Fee $10,000

No transaction charges

STANDARD SERVICES

- Assumption of responsibility for acting as custodian
- Assignment of administrative team responsible for relationship management
- Audited safekeeping of all securities
- Settlement of security transactions on a contractual settlement date
- Interest and dividends credited on payment date
- Wire Distributions upon request
- Corporate Actions and proxy information executed upon direction.
- Daily automatic cash management of invested cash balances
- Account transaction and asset position statements monthly and annually.

On line access to accounts via Trust Now Essentials

SERVICE AND FEE ASSUMPTIONS

- Custody Fees are charged to account quarterly..
- U.S. Bank as investment agent provides investment management services contracted with Evergreen Investment Management, LLC.
- For cash management sweep purposes, U.S. Bank may use proprietary mutual funds, or funds provided by a third party, for which U.S. Bank may receive a separate fee for administrative services from the fund as outlined in the prospectus.
- This fee schedule pertains to domestic securities, i.e.; DTC and ADRs. International securities priced separately
- U.S. Bank reserves the right to re-evaluate pricing and implement a change in the fee schedule with 30-day notice
- Fees quoted are subject to the execution of a satisfactory custody agreement
- Additional fees may apply based on services provided.

Laura A. Torrance

Authorized Signature:

usbank. Five Star Service Guaranteed

Institutional Trust & Custody

INVESTMENT COMMITTEE REPORT: COMPLIANCE REVIEW OF THE CURRENT INVESTMENT PORTFOLIO

The Board shall consider confirming several Investment Committee resolutions related to investment holdings as well as whether to continue to hold the further downgraded Washington Mutual bond within the FWCJUA's portfolio or sell the bond for a loss.

On February 22nd, the Board confirmed the Investment Committee's January 24th authorization of an exception to continue to hold four downgraded bonds issued by Home Depot, Washington Mutual, and two by Countrywide Home Loans in the FWCJUA's portfolio, rather than sell them at a loss as they were no longer compliant with the Investment Policy provisions. The Committee authorized and Board confirmed downgraded bond holdings, at that time, are outlined below.

Moody's	S&P	Bond Name	Maturity Date	Par Value	Cost	Market Value as of 3/31/08	Yield to Maturity
BAA3	BBB+	Countrywide Home Loans	5/21/2008	270,000	265,035	243,991	4.250%
BAA3	BB+***	Countrywide Home Loans	9/15/2009	3,500,000	3,384,850	3,153,392	5.803%
BAA1	BBB+	Home Depot	6/15/2009	135,000	134,321	133,652	3.850%
BAA3*	BBB**	Washington Mutual	1/15/2009	80,000	78,271	72,000	5.060%

On June 11th, the Board confirmed the Investment Committee's April 25th decision to authorize an additional exception to the FWCJUA's Investment Policy to permit the continued holding of the further downgraded Washington Mutual bond within the FWCJUA's portfolio. The Board also confirmed the Investment Committee's May 30th decision to authorize an additional exception to the FWCJUA's Investment Policy to permit the continued holding of the further downgraded Countrywide Home Loans bond within the FWCJUA's portfolio. At that time, the Board was also advised that the first downgraded Countrywide Home Loans listed above had matured with no incident, while two of the remaining bonds were further downgraded as specified in the table below. The Committee authorized and Board confirmed downgraded bond holdings, at that time, are outlined below.

Moody's	S&P	Bond Name	Maturity Date	Par Value	Cost	Market Value as of 3/31/08	Yield to Maturity
BAA3	BB+***	Countrywide Home Loans	9/15/2009	3,500,000	3,384,850	3,153,392	5.803%
BAA1	BBB+	Home Depot	6/15/2009	135,000	134,321	133,652	3.850%
BAA3*	BBB**	Washington Mutual	1/15/2009	80,000	78,271	72,000	5.060%

Subsequently, the Investment Committee met and conducted a compliance review of the investment portfolio on June 27th and August 29th to determine whether additional exceptions to the Investment Policy were warranted given the state of the investment marketplace and the FWCJUA's portfolio performance. No additional Investment Policy exceptions were authorized at the June 27th meeting; however, the Investment Committee on August 29th did authorize an investment policy exception to continue to hold the downgraded Anheuser Busch bonds and to re-confirm the previous exception to continue to hold the Home Depot bond in the portfolio. The Committee also authorized an investment policy exception on August 27th to hold the further downgraded Washington Mutual bond until such time as the Board can reconsider this particular investment at today's meeting. It was also noted at that time that the Countrywide Home Loans bond holding had been upgraded to above an "A" rating. The Committee authorized downgraded bond holdings, at this time, are outlined below.

Moody's	S&P	Bond Name	Maturity Date	Par Value	Cost	Market Value as of 3/31/08	Yield to Maturity
BAA1	BBB+	Home Depot	6/15/2009	135,000	134,450	133,145	3.850%
BAA3	BBB - *	Washington Mutual	1/15/2009	80,000	78,271	72,000	5.060%
A2	BBB+ **	Anheuser Busch Cos	12/1/2009	100,000	111,125	104,202	8.099%
A2	BBB+ **	Anheuser Busch Cos	4/1/2010	328,000	344,584	333,136	5.473%

* downgraded 7/23/08 by S&P from a BBB to a BBB- with a stable outlook.
Moody's has placed it on a negative watch.
** downgraded 7/14/08 by S&P to BBB+ after agreed to be acquired by InBev. Moody's and Fitch have ratings on negative outlook but have not yet downgraded.

The Board should also be aware that given the rapidly declining interest rates and unknowns in the financial marketplace, the Investment Committee resolved at its June 27th meeting to adopt the following additional investing parameters to add more conservatism to the FWCJUA's investing philosophy. These investing parameters were developed to ensure that reasonable returns were being maintained within the portfolio while allowing the continued appropriate laddering of investment maturities.

- If considering a maturity of more than 2 years – it must earn a minimum of a 4% return.
- If considering a maturity of more than 5 years – it must earn a minimum of 4.5% return.

The Board shall determine whether to confirm the Investment Committee's decisions to authorize additional exceptions to the FWCJUA's Investment Policy to permit the continued holding of the Home Depot bond as well as the downgraded Anheuser Busch Companies bond in the FWCJUA's portfolio. Further, the Board shall determine whether to continue to hold the further downgraded Washington Mutual bond within the FWCJUA's portfolio or sell the bond for a loss.

2008 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 2008 Business Plan.

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.

Third Quarter: The Subplan D Cash Flow Model has been updated using the 5/31/08 actual results as well as the updated Subplan D loss ratio based on the FWCJUA's 12/31/07 reserve analysis and indicates that no additional state funds should be required to fund the Subplan D deficit.

Second Quarter: The Subplan D Cash Flow Model has been updated using the 3/31/08 actual results as well as the updated Subplan D loss ratio based on the FWCJUA's 12/31/07 reserve analysis and indicates that no additional state funds should be required to fund the Subplan D deficit.

First Quarter: The Subplan D Cash Flow Model has been updated using the 12/31/07 actual results as well as the updated Subplan D loss ratio based on the FWCJUA's 12/31/07 reserve analysis and indicates that no additional state funds are required to fund the Subplan D deficit.

b) Identify any future statutory deficits and develop and timely file a program to eliminate said deficits.

Third Quarter: The program to eliminate the 2007 Subplan D deficit utilizing May actuals was filed July 8, 2008.

Second Quarter: At its June 11, 2008 meeting, the Board adopted a Rates & Forms Committee recommendation to authorize staff to finalize correspondence to OIR outlining the program to eliminate the FWCJUA's 2007 Subplan D deficit through May actuals and submit no later than July 14, 2008.

First Quarter: The FWCJUA recognized a $63,537,101 surplus in 2007. Only one of the individual rating plans posted a 2007 year-end deficit, that being Subplan D with a deficit of $3,886,969. 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 2007 financial statements, which we anticipate filing in April.

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.

Third Quarter: At its September 9th meeting, the Board will consider a Rates & Forms Committee recommendation to effectuate an overall average premium level change effective January 1, 2009, 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, 2009.

First Quarter: **1.** At its February 22nd meeting, the Board adopted a Rates & Forms Committee recommendation that no adjustments to the January 1, 2008 rates be filed to reflect the adjustment to Travelers' service provider fee for the 2008 contract year. **2.** January 1, 2008 rates and minimum premiums were successfully implemented and available on the FWCJUA's website.

3. MINIMIZE THE OPERATING LOSS.

a) Pursue the federal income tax exemption filed for in December 2007 without unduly jeopardizing operations or operating expenses.

Third Quarter: On July 9, 2008, the FWCJUA received a refund of its filing fee for the federal income tax exemption filing.

Second Quarter: On April 10, 2008, the FWCJUA received a letter from the IRS National Office wherein it declined to issue a letter ruling on the FWCJUA's request for federal income tax

2008 BUSINESS PLAN STATUS REPORT

exemption, as the IRS is currently re-evaluating its regulations pertaining to this issue. The FWCJUA is also waiting to receive a refund of its filing fee.

First Quarter: Andy Gray of THF continues to discuss the filing with the IRS National Office. The IRS continues to want to avoid issuing any more private letter rulings on such matters until their rules can be formalized; however, they have said that the FWCJUA appears to have taken the necessary steps to be considered an integral part of the state. We remain committed to securing a private letter ruling, and thus, the IRS has asked for more time to work on the issue.

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.

Third Quarter: 1. At the direction of the Board of Governors, staff filed revisions to the Contractor's Supplemental, Employer's Affidavit, and Truckers Supplemental Application with OIR on July 10th and on July 28th, OIR granted approval of the changes to become effective September 1, 2008. **2.** On July 11th, staff filed the "new" Acknowledgement of FWCJUA Premium Payment Options Form, including revisions to the ACORD 134 FL and the Supplemental Employee Leasing Application and on July 28th, OIR granted approval of the "new" form as well as the revisions to the other two application forms, effective September 1, 2008. **3.** On July 11th, staff had also filed the Employer Quarterly Self Audit Program with OIR and on July 29th, OIR approved the program as well as the Quarterly Payroll Reporting Form, effective October 1, 2008

Second Quarter: 1. Staff's ongoing analysis of the composition and experience of new and renewal business resulted in revisions to the Contractor's Supplemental Application and the Employer's Affidavit to address several premium disputes and collection issues that surfaced within the last year, specifically Code 5606 – Executive Supervisor; out-of-state subcontractors; and licensed contractors being prohibited to pull permits for others. **2.** The Truckers Supplemental Application was also amended to primarily update and correct typographical errors in the form. **3.** Staff also introduced an Employer Quarterly Self Audit Program to supplement the payroll and classification verification process on a quarterly basis during policy currency to avoid any potential uncollectible premiums. These form revisions as well as the Employer Quarterly Self Audit Program were adopted by the Board at its June 11th meeting. **4.** The Board also resolved to continue the Optional Payroll Service with Premium Withholding Program. **5.** The 2007 Annual Operations Report was presented to the Operations Committee on May 30th and presented to the Board on June 11th. The report was completed by Travelers on March 31, 2008, with a recommendation to host a Workers' Compensation Complimentary Seminar for FWCJUA policyholders in Orlando, which Travelers conducted April 24, 2008. **6.** Staff continues to work with a Payroll Service Company to enroll as an Authorized Payroll Service Partner under the Optional Payroll Service with Premium Withholding Program. **7.** On June 11th, the Producer Appeals Committee met and agreed to reinstate a producer and his agency's eligibility to apply for authorization to submit business to the FWCJUA. **8.** Also, on June 11th, the Producer Appeals Committee agreed to modify the reinstatement provisions to permit the Executive Director to grant reinstatement, subject to appeal to the Producers Appeal Committee.

First Quarter: The annual operations analysis is underway with a target completion date of March 31st and any recommendations will be submitted for consideration by the appropriate committee(s).

(2) File and implement the FWCJUA Loss Sensitive Rating Plan, as warranted.

Third Quarter: Given that the FWCJUA has no accounts exceeding $300K EAP, there is no need at this time to file and implement the FWCJUA's Loss Sensitive Rating 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 will remain a ready "shelf product" to be filed and implemented, if warranted.

2008 BUSINESS PLAN STATUS REPORT

First Quarter: The first quarter review of the Book of Business identified one account exceeding $300K EAP. Accordingly, staff determined that there remains insufficient activity to warrant activating the LSRP. However, the FWCJUA Loss Sensitive Rating Plan will remain a ready "shelf-product" to be filed and implemented, if warranted.

c) Ensure that the financial audit for 2007 is completed no later than April 1, 2008.
Completed First/Second Quarters: The 2007 Statutory Financial Audit performed by THF, was received and accepted by the Audit Committee on April 9th and filed with OIR on April 15th. 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.

d) Satisfy any recommendations presented in the Auditor's Letter to Management no later than June 1, 2008.
Completed First/Second Quarters: There were no management recommendations to satisfy.

e) Manage to the G&A budget.
Third Quarter: The FWCJUA is under budget for G&A expenses by $182,999 as of June 30, 2008.
Second Quarter: As of March 31, 2008, The FWCJUA is under budget for G&A expenses by $119,537.
First Quarter: The FWCJUA was under budget for G&A expenses by $417,771 as of December 31, 2007.

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.
Third Quarter: The Second Quarter Financial Statement was timely filed on August 13, 2008.
Second Quarter: The First Quarter Financial Statement was timely filed on May 15, 2008.
First Quarter: The FWCJUA's 2007 Annual Statement was timely filed on February 29, 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)
Third Quarter: On July 1st, the FWCJUA notified DFS of its 2007 fixed administrative expenses as defined by section 440.51(13)(b), Florida Statutes.
Second Quarter: At its June 11th meeting, the Board adopted an Operations Committee recommendation to authorize staff to notify DFS of the FWCJUA's 2007 fixed administrative expenses as defined by section 440.51(13)(b), Florida Statutes, and to calculate said expenses in accordance with staff's recommendation.

Other:
Third Quarter: At its August 26th meeting, the Rates & Forms Committee provided direction to staff related to the draft policyholder dividend policy and recommended that the revised draft be presented to the Board for consideration at its September 9th meeting.
Second Quarter: At its June 11th meeting, the Board approved a Rates & Forms Committee recommendation that it authorize staff to develop a proposed methodology for a return of premium dividend for future consideration by the Rates & Forms Committee and the Board.

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 Quarter: 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: The cash flow and projection models by subplan and tier continue to be monitored with no new trends or solvency problems being observed.
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

2008 BUSINESS PLAN STATUS REPORT

using December 31, 2007 actual results was updated in February and indicates no additional funding needs for Subplan D obligations.

b) Manage the Loss Emergence Model to anticipate potential reserve adjustments and recommend courses of action to the Board.
Completed Second Quarter: At its June 11th meeting, the Board adopted a Rates & Forms Committee recommendation to confirm booking the 2008 losses utilizing the loss ratios that were booked by rating tier as of 12/31/2007.
First Quarter: All 2007 loss information was timely provided to Milliman for annual reserve analysis.

c) Ensure that the Statement of Actuarial Opinion for 2007 is completed no later than April 1, 2008.
Completed First Quarter: The Statement of Actuarial Opinion for 2007 was filed with OIR on March 12th. 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 the Standards of Practice issued by the Actuarial Standards Board; and make a reasonable provision for all unpaid loss and loss expense obligations of the FWCJUA.

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.
Completed First Quarter: **1.** The required actuarial analysis on the loss liabilities of the FWCJUA was completed and distributed to the Board on March 12th. **2.** At its February 22nd meeting, the Board reviewed Milliman's preliminary findings and authorized staff to book Milliman's best estimates of the reserve for unpaid loss and loss adjustment expenses both net and gross of reinsurance, as of December 31, 2007.

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.
Third Quarter: **1.** On August 19th, the Reinsurance Committee established the goals and marketing strategy for the 2009 Reinsurance Program. **2.** On July 8th, the FWCJUA withdrew its commutation offer to PMA.
Second Quarter: **1.** At its April 3, 2008 teleconference meeting, the Reinsurance Committee gave staff and Benfield authority to present a commutation offer to PMA that was in the best financial interest of the FWCJUA and should time remain of the essence, to provide the Reinsurance Committee Chair, staff and Benfield with full discretion to respond to any counteroffer by PMA utilizing the necessary experts to evaluate any counteroffer to ensure a commutation that is in the best financial interest of the FWCJUA. **2.** On April 23rd, Benfield presented the FWCJUA's commutation offer to PMA and we are currently awaiting a counteroffer.
First Quarter: **1.** Staff and Benfield are analyzing a possible contract commutation for a past reinsurer that is in run-off. **2.** Staff filed the FWCJUA's 2008 Reinsurance Program with OIR on January 8, 2008.

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.
Completed Second Quarter: The RFQ for Reinsurance Intermediary Services was issued on April 11, 2008, and on May 22nd, the Reinsurance Intermediary RFQ Evaluation Committee conducted oral interviews and on June 11th the Committee recommended and the Board approved the selection of Benfield as the FWCJUA's reinsurance intermediary for the next three years with the option of two one-year extensions by mutual agreement of the parties.
First Quarter: At its April 3rd meeting, the Reinsurance Committee shall provide guidance to staff regarding its proposed reinsurance intermediary selection process and timeline. The Request for Qualifications shall be released in April.

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.

2008 BUSINESS PLAN STATUS REPORT

i) Ensure timely and accurate reporting to the reinsurers with full disclosure of large and/or serious injuries.
Third Quarter: Reinsurers are receiving timely, accurate reporting of large and/or serious injuries on an on-going basis.
Second Quarter: Reinsurers continue to receive timely, accurate reporting of large and/or serious injuries on an on-going basis.
First Quarter: Reinsurers are receiving timely, accurate reporting of large and/or serious injuries on an on-going basis.

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.
Third Quarter: The semi-annual review of serious injury claims and claim operations was conducted Tuesday, July 22nd. The next review is scheduled to be completed in the fourth quarter.
Second Quarter: The semi-annual review of serious injury claims and claim operations is scheduled for Tuesday, July 22, 2008 in Orlando.
First Quarter: The semi-annual review of serious injury claims and claim operations will be completed in the second quarter.

k) If a deficit is recognized at the 2007 audit, a program to eliminate the deficit will be developed and filed with OIR.
Third Quarter: The program to eliminate the 2007 Subplan D deficit utilizing May actuals was filed July 8, 2008.
Second Quarter*:* At its June 11th meeting, the Board approved a Rates & Forms Committee recommendation to authorize staff to finalize proposed correspondence to OIR outlining the program to eliminate the FWCJUA's 2007 Subplan D deficit through May actuals and submit to OIR no later than July 14, 2008.
First Quarter: The FWCJUA recognized a $63,537,101 surplus in 2007. Only one of the individual rating plans posted a 2007 year-end deficit, that being Subplan D with a deficit of $3,886,969. 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 2007 financial statements, which we anticipate filing in April.

l) Monitor the 1994 – 1999 LPT transaction to determine the status of the restrictive surplus and the status of the aggregate limit.
First/Second 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.

m) Complete the Management Discussion and Analysis on schedule.
Completed Second Quarter: The Management Discussion & Analysis was timely completed and filed with OIR on April 1, 2008.
First Quarter: Staff anticipates timely completion and filing of the MD&A by April 1st.

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.
Third Quarter: 1. At its September 9th meeting, the Board shall consider an Investment Committee recommendation to update the FWCJUA's investment custody and investment management agreements such that the FWCJUA's agreements would meet the requirements of 690-143, F.A.C. as identified by OIR. **2.** The Investment Committee met on August 29th to review compliance of the current investment portfolio and authorized the continued holding of Home Depot Anheuser Busch and Washington Mutual. The Committee will reconsider Washington Mutual with current price information at the September 9th Board meeting. The Committee was also advised that Countrywide Home Loans bond has been upgraded to an AA by S&P and an Aa2 by Moody's, which brings it into compliance with the FWCJUA's Investment Policy. **3.** The Investment Committee met on June 27th to

2008 BUSINESS PLAN STATUS REPORT

review compliance of the current investment portfolio and authorized the continued holding of Countrywide Home Loans, Home Depot and Washington Mutual The Committee also introduced additional investing parameters which are more conservative that the Investment Policy given the current volatile state of the financial market. The parameters include considering a maturity of more than 2 years, it must earn a minimum of a 4% return and a maturity of more than 5 years, must earn a minimum of 4.5% return.

Second Quarter: 1. At its June 11h meeting, the Board confirmed an Investment Committee's decision to authorize additional exceptions to the FWCJUA's Investment Policy to permit the continued holding of the further downgraded Washington Mutual and Countrywide Home Loans bonds in the FWCJUA's portfolio. **2.** The Investment Committee met on May 30th to review compliance of the current investment portfolio and authorized the continued holding of a further downgraded Countrywide Home Loans bond with the FWCJUA's portfolio. **3.** The Investment Committee met on April 25th and received an update regarding the current investment marketplace and reviewed the investment policy. At the meeting, the Committee authorized the continued holding of the further downgraded Washington Mutual bond within the FWCJUA's portfolio and resolved to convene monthly to review the compliance of the current investment portfolio, given the rapidly changing marketplace.

First Quarter: 1. At its February 22nd meeting, the Board confirmed the Investment Committee's January 24th decision to authorize an exception to the FWCJUA's Investment Policy for the four downgraded bonds currently being held in the FWCJUA's portfolio. **2.** At its January 24th meeting, the Investment Committee also **(a)** reviewed the Cash Management Policy concurring that the investment maturities were appropriately aligned with projected loss payments and **(b)** received an investment marketplace update concurring that the current investment philosophy was appropriate considering the rapidly changing marketplace.

b) Evaluate, direct and monitor the performance of the investment manager to ensure that performance is at or above market benchmark returns.

Second Quarter: 1. At its June 11th meeting, the Board approved an Investment Committee's recommendation to continue the relationship with the current investment manager, Evergreen Investment Management Company, given the current financial environment, outstanding performance, and competitive fee structure. **2.** The Investment Committee met on April 25th and conducted its annual review of performance of the investment manager.

First Quarter: In March, Lopez and Suarez met with the new individual representatives of the FWCJUA's Investment Manager (Evergreen) to review the FWCJUA's service expectations as well as its portfolio goals and investment philosophy. Staff was satisfied that the new Evergreen account representatives were qualified to respond to the dynamic marketplace and our investment needs.

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 2005 of 17.0% as of 12/31/07.

Third Quarter: As of June 30, 2008, the current cumulative uncollectible premium was 16.9%.

Second Quarter: As of March 31, 2008, the current cumulative uncollectible premium was 17.0%, which meets the 17.0% target established for 2008.

First Quarter: 1. As of December 31, 2007, the current cumulative uncollectible premium was 18.0%, which met the 18.0% target established for 2007. **2.** Bad Debt database enhancement implemented.

b) Identify the leading drivers of uncollectible premium and adjust collection programs to enhance collection efforts.

Third Quarter: 1. On July 29th, OIR approved the FWCJUA's filing to introduce an Employer Quarterly Self Audit Program to become effective October 1, 2008. OIR also approved revisions to the Contractor's Supplemental Application, the Employer's Affidavit and the Truckers Supplemental Application effective September 1, 2008. **2.** On July 9th, the FWCJUA sent notice to all Florida licensed Insurers that the FWCJUA can be instrumental in the recovery of undisputed premium obligations and instructed insurers to report specified policy data of those insured employers that are delinquent in the payment of premiums owed to the insurer. The notice further explained that the FWCJUA will capture the policy data and terminate the coverage of or refuse future coverage to any insured employer that is delinquent in the payment of premiums owed to the insurer.

Second Quarter: 1. At its June 11th meeting, the Board adopted a Rates and Forms Committee recommendation to amend the Contractor's Supplemental Application and the Employer's Affidavit to address several of the premium disputes and collection issues that have surfaced within the last year. **2.** The Board also approved a Rates and Forms Committee recommendation to introduce an Employer Quarterly Self Audit Program to supplement the current payroll and classification verification process to avoid potential uncollectible premiums at final audit.

First Quarter: Cleary and Robertson met with RSI on February 25th and determined that a leading driver of uncollectible premium was uninsured out-of-state subcontractors operating in Florida and thus, revisions to the Contractor's Supplemental Application and the Employer's Affidavit are being developed for consideration by the Rates & Forms Committee.

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.

Third Quarter: Continue to develop the redesign of the on-line application process. IT staff is also evaluating the web technology to ensure security from information learned during the RSM McGladrey audit.

Second Quarter: The prototype development of the web-based on-line application process began the week of May 5th.

First Quarter: Defined the scope of the project and outlined the project plan.

b) Continue FLARE4 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.

Third Quarter: Updated FLARE4 Interface to include changes to the bad debt database that allows further search capabilities, i.e., corporate officer information.

Second Quarter: Adjusted data layers to be more consistent with the needed database schema changes to FLARE4 and the website.

First Quarter: 1. The FLARE4 Bad Debt Database was updated to link an individual company's officer information as well as its ownership information between the bad debt database and the application eligibility database to ensure all applicants and affiliated persons are eligible for FWCJUA coverage. **2.** Modified database structure and GUI to allow for Agency E&O changes and reconciliation. **3.** Created automatic Termination routine based on E&O expirations.

c) Pursue an outside disaster recovery analysis of the FWCJUA's IT Systems, subject to Board approval.

Third Quarter: 1. On August 28th RSM McGladrey presented its favorable audit of the FWCJUA's Disaster Recovery Plan related to IT systems to the Operations Committee. **2.** Staff has already addressed most of RSM McGladrey's recommendations. **3.** On July 7th, RSM McGladrey commenced an internal audit of the FWCJUA's Disaster Recovery Plan related to IT systems.

Second Quarter: 1. At its June 11th meeting, the Board approved an Operations Committee recommendation to choose RSM McGladrey for the FWCJUA's IT systems disaster recovery auditor. **2.** On May 28th, the FWCJUA received one response to its Quote Solicitation for its IT systems disaster recovery auditor. **3.** On May 12, 2008, the FWCJUA released a Quote Solicitation for the purpose of engaging a reputable independent accounting or consulting firm with sufficient resources to assist the FWCJUA conduct an internal audit of the FWCJUA's Disaster Recovery Plan related to IT systems, to include security, documentation, and support.

First Quarter: At its February 22nd teleconference meeting, the Board adopted an Operations Committee recommendation to contract with SunGard for vaulting services.

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.

2008 BUSINESS PLAN STATUS REPORT

Third Quarter: 1. The website was updated to expand the definition of "Key Application Data" in the FWCJUA's Market Assistance Plan (MAP) to include employers' total number of years in business as well as agency fax numbers and email addresses. **2.** The website was also updated to include the revised Truckers Supplemental, the revised Contractor's Supplemental, the revised Employer's Affidavit, the revised ACORD 134 FL form, the revised Supplemental Employee Leasing Application, as well as add the Acknowledgement of FWCJUA Premium Payment Options form and Operations Manual revisions upon OIR approval. **3.** The on-line application process was also updated to include the new and revised forms.

First Quarter: 1. The website was amended to incorporate the 2008 rates and revised Tier surcharge amounts. **2.** Enhanced portal section for reports, better logging, and content management interface. **3.** Modified over all web usage tracking by incorporating Google Analytics to generate detailed reports regarding website viewers.

f) Continue to explore and implement disaster recovery initiatives as deemed appropriate by the Board.

Third Quarter: 1. At its August 28th meeting, the Operations Committee confirmed the Executive Director's modifications to the Disaster Recovery & Emergency Preparedness Plan (DR&EP Plan). **2.** On July 24th, staff conducted a Disaster Recovery & Emergency Preparedness Plan test. 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.

Second Quarter: At its May 30th meeting, the Operations Committee confirmed the Executive Director's modifications to the Disaster Recovery & Emergency Preparedness Plan (DR&EP Plan). The Plan was modified to incorporate the recently implemented SunGard vaulting services and accurately specify procedures. The Revised May 2008 version of the FWCJUA DR&EP Plan has been distributed in accordance with the Plan document.

First Quarter: On February 19th, the Department of State, Division of Library approved the FWCJUA Specific Records Retention Schedules December of 2007.

g) Evaluate the effectiveness of MAP and make appropriate recommendations to the MAP Committee.

Third Quarter: 1. On July 14th, OIR approved the expansion of "Key Application Data" in the FWCJUA's Market Assistance Plan (MAP) to include employer's total number of years in business as well as the agency fax numbers and email addresses. **2.** On July 9th, the FWCJUA sent notice to all Florida licensed Insurers regarding the FWCJUA's free internet-based MAP product that provides access to key application data to evaluate potential employers insured through the FWCJUA.

Second Quarter: 1. On June 11th, the Board adopted a MAP Committee recommendation that MAP MAP be modified to include the employer's number of years in business, the agency's fax number, and the agency's email address in the "Key Application Data" that is used to generate the MAP - Account Profiles on employers seeking or securing coverage through the FWCJUA. **2**. On May 2nd the MAP Committee met to review the effectiveness of the FWCJUA's Market Assistance Plan (MAP) and resolved to recommend to the Board, at its June 11th meeting, that it modify the Market Assistance Plan to include the employer's number of years in business, the agency's fax number, and the agency's email address in the "Key Application Data" that is used to generate the MAP - Account Profiles on employers seeking or securing coverage through the FWCJUA.

First Quarter: 1. On January 22nd, the FWCJUA sent notice to the top 20 Foreign Insurers and top 20 Domestic Insurers regarding the FWCJUA's free internet-based MAP product that provides access to key application data to evaluate potential employers insured through the FWCJUA. **2.** Corrected logging of usage by producers on website to track who and how often they log in to the portal.

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.

Completed Second Quarter: 1. At its June 11th meeting, the Board accepted the Rates & Forms Committee choice to select Milliman as the FWCJUA's consulting actuary. **2.** The Rates & Forms Committee met June 3rd to discuss the responses to the Actuarial Services RFP and selected

2008 BUSINESS PLAN STATUS REPORT

Milliman as its choice for the FWCJUA's consulting actuary for recommendation to the Board. **3.** The RFP for Actuarial Services was released on April 11, 2008.
First Quarter: The RFP has been drafted and is scheduled for release in April.

i) Engage Thomas Howell Ferguson as the financial auditor for the year ending December 31, 2008.
Completed First Quarter: THF has been engaged as the year-end 2008 financial auditor on January 8th.

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.
Third Quarter: 1. To date, the FWCJUA/Travelers has referred seven (7) accounts to the Division of Insurance Fraud; fifteen (15) accounts to the Division of Worker's Compensation, Bureau of Compliance; five (5) accounts to Agent & Agency Services; eleven (11) to the Department of Business & Professional Regulation; and ten (10) to other carriers' SIU. **2.** On August 12th, the Executive Director revoked an Agency's privileges as well as its Designated Producer's privileges to transact business with the FWCJUA for the Agency's and Designated Producer's failure under Section 6.4 of its Agreement not to issue COIs without the prior consent of the FWCJUA and issuing two bogus COIs. **3.** On July 14th, staff filed a revision to the FWCJUA's Agency and/or Designated Producer procedure for request for reinstatement following revocation of privileges and on July 28th, OIR approved the revisions to the procedure effective September 1, 2008. **4.** On June 8th, The FWCJUA issued notice to all Agencies and Designated Producers that the FWCJUA will take disciplinary action against any Agency or Designated Producer that issues a certificate of insurance without the prior consent or authorization from the FWCJUA or its service provider, including suspension or revocation of the Agency or the Designated Producer to submit any further business to the FWCJUA.
Second Quarter: To date, the FWCJUA/Travelers has referred one (1) account to the Division of Insurance Fraud; seven (7) accounts to the Division of Worker's Compensation, Bureau of Compliance; five (5) accounts to Agent & Agency Services; six (6) to the Department of Business & Professional Regulation; and six (6) to other carriers' SIU.
First Quarter: In the pursuit of fraud, the FWCJUA/Travelers partnership has referred four accounts to the Division of Workers' Compensation, Bureau of Compliance; three (3) to Agent & Agency Services; four (4) to the Department of Business & Professional Regulation; and one (1) to another carriers' SIU.

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.
Second/Third Quarter: The FWCJUA continually sends information to DFS, Division of Workers' Compensation, Bureau of Compliance that contains the names and addresses of employers whose policies have either cancelled, non-renewed or applied but do not end up purchasing FWCJUA coverage.
First Quarter: 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.

l) Implement a competitive solicitation process to procure policy administration and managed care services for the period January 1, 2009 through December 31, 2013.
Completed Second Quarter: 1. At its June 11th meeting, the Board adopted the Evaluation Committee's recommendation to retain Travelers for policy administration services including managed care, effective January 1, 2009, with the option of two one-year extensions upon the mutual agreement of the parties. **2.** The Evaluation Committee met May 28th to interview two respondents and finalize its recommendations to the Board. **3.** The RFP for policy administration services including managed care was released on March 28th to interested parties. Nine organizations responded with three organizations ultimately submitting proposals, with one of the proposals being disqualified.

2008 BUSINESS PLAN STATUS REPORT

First Quarter: At its February 8th meeting, the Operations Committee provided guidance to staff on its proposed service provider selection process and timeline for securing policy administration and managed care services beyond December 31, 2008. Notice regarding the RFP was published in *Business Insurance* in February and the Florida Administrative Weekly on March 7th. The RFP will be available to interested parties on or after March 28th.

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.

Third Quarter: Staff conducted an Operational Performance Audit of Travelers at Travelers Orlando office location on July 29th – 31st. Staff also reviewed the Travelers Disaster Recovery Plan, Document Retention Plan, SIU Plan as well as its Anti-Fraud Plan.

Second Quarter: The FWCJUA's annual on-site audit of Travelers has been scheduled for Monday, July 28th thru Wednesday, July 30th.

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.

Third Quarter: Subsequent to the June 3rd Rates & Forms Committee and June 11th Board meetings, OIR determined that it was not necessary for the FWCJUA to reformat its Operations Manual to include the statutorily required Plan of Operations elements, which would be subject to approval by OIR order, and introduce a new manual that contains the FWCJUA's day-to-day policies and procedures, which would simply be subject to OIR approval. Therefore, staff did not pursue the reformatting of the FWCJUA Operations Manual to include the introduction of a proposed FWCJUA Policies and Procedures Guide as directed by the Board.

Second Quarter: At its June 11th meeting, the Board approved a Rates & Forms Committee recommendation to authorize the revision of the FWCJUA's Operations Manual and the introduction of the proposed FWCJUA Policy and Procedures.

First Quarter: Work has begun on modifying the FWCJUA Plan of Operation to meet this objective and it is anticipated that the Board shall consider staff recommendations at its June meeting.

o) Develop a formal telecommuting policy for Board consideration.

Completed Second Quarter: At its June 11th meeting, the Board approved an Operations Committee recommendation to adopt the proposed FWCJUA Telecommuting Policy.

First Quarter: Staff began reviewing various forms of telecommuting policies and anticipates providing the Operations Committee with a draft policy for consideration in the second quarter.

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.

Third Quarter: Commission on Ethics written notifications will be submitted on September 23, 2008.

Second Quarter: Commission on Ethics written notifications were submitted on June 23, 2008

First Quarter: Commission on Ethics written notifications were submitted on December 11th (officer change pursuant to Board resolution), December 12th (board member change due to Consumer Advocate appointment) and March 19th (no changes - required quarterly report). As required by the Commission on Ethics, updated the FWCJUA's "mailing list of public officials and employees required to file financial disclosure" directly on the Commission's website in January.

q) Explore additional options for document management data redundancy and make appropriate recommendations to the Operations Committee.

Third Quarter: At its August 28th meeting, the Operations Committee resolved to recommend to the Board that it adopt proposed revisions to the FWCJUA Records Management and Retention Policy.

Second Quarter: On March 25th, SunGard and the FWCJUA's IT Manager installed the custom software to backup the FWCJUA's critical data, including databases, document management (public records) and working documents through remote vaulting services. Effective April 1, 2008, SunGard began to maintain and backup the FWCJUA's data.

First Quarter: At its February 22nd teleconference meeting, the Board adopted an Operations Committee recommendation to contract with SunGard for vaulting services and authorized a $22,850 out-of-budget expenditure for 2008.

2008 BUSINESS PLAN STATUS REPORT

r) Explore options for the audio recording of exempt portions of meetings and make appropriate recommendations to the Operations Committee.
Completed Second Quarter: 1. Staff explored options for audio recording of exempt portions of meeting from several vendors. Only one vendor, AudioVisual Innovations, would present a quote to the FWCJUA, but was unable to set up a recording within the required timeframe. Staff determined that it would be less expensive and within its budget to purchase the audio recording equipment directly for $1,700, instead of relying on a vendor to record exempt portions of FWCJUA meetings. **2.** Staff purchased and set up the audio recording equipment for the May 22nd Reinsurance Intermediary RFQ Evaluation Committee meeting.
First Quarter: Staff is currently exploring options, to include securing quotes, to address this objective and anticipates a second quarter delivery of its recommendation to the Committee.

s) Engage the Hay Group to update its 2005 executive compensation review of the FWCJUA to include total compensation compared to other workers compensation residual markets, other Florida residual markets and like organizations as well as private insurers with an approved budget for consideration by the Executive Compensation Committee.
Second Quarter: At its June 11th meeting, the Board adopted an Operations Committee recommendation to authorize a 2008 Forecast update of $16,000 to engage the Hay Group to perform a review of executive compensation and benefits.
First Quarter: Neville Kenning of the Hay Group was contacted and the scope and cost for the review are being developed with an anticipated completion date in the second quarter.

Other:
Third Quarter: 1. At its September 9th meeting, the Board shall consider a Rates & Forms Committee recommendation to amend the Agency Producer Agreement as well as the Operations Manual related to the Agency Producer Agreement authorization process proposed by the Producer Committee. **2.** The Rates & Forms Committee met on August 26th and resolved to recommend to the Board that it terminate the FWCJUA's current 2005 Affiliation Agreement with NCCI prior to its expiration and enter into the 2008 Affiliation Agreement with the NCCI. **3**. The Rates & Forms Committee also considered several Producer Committee recommendations related to the Agency Producer Agreement authorization process. **4.** At its August 21st meeting, the Audit Committee resolved to recommend to the Board that it extend THF's engagement for the 2009 audit and then obtain price comparisons for the 2010 audit and. **5.** On August 20th, the Producer Committee met to consider several staff recommendations related to the Agency Producer Agreement authorization process. **6.** On July 1, 2008, the FWCJUA hired a new IT Programmer to replace the Programmer that was dismissed on June 20th.
Second Quarter: 1. On March 31, 2008, the FWJCUA hired a new IT Programmer to replace the Programmer that quit on March 3rd. **2.** On April 29, 2008, the FWCJUA switched from its current phone and internet provider, USLEC to Nuvox.
First Quarter: The IT Programmer quit March 3rd with less than a week's notice for personal reasons. We are currently searching for a replacement. The impact of the Programmer's resignation is currently being assessed with regard to 2008 IT deliverables and the Operations Committee will be provided with the results of the assessment shortly.

8. IMPLEMENT AN ASSESSMENT, IF ONE BECOMES NECESSARY.

a) Continue to explore alternative ways to minimize assessment potential.
First Quarter: Actuarially sound rates in all rating tiers were implemented January 1st.

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.
Second Quarter: The 2007 year-end cause of loss analysis conducted in conjunction with Travelers was completed and presented April 30, 2008, to the Safety Committee. The Committee concluded that the FWCJUA-Travelers Loss Control and Safety Program successfully satisfy the FWCJUA Safety Policy. The Board will be presented with the Safety Committee's findings on June 11th.

2008 BUSINESS PLAN STATUS REPORT

First Quarter: The 2007 year-end cause of loss analysis is scheduled for completion by April 1st. Accordingly, the evaluation of the loss prevention and safety programs will commence in the second quarter.

b) Explore "alternative" methods and techniques for accepting and using safety programs and make appropriate recommendations to the Safety Committee.

Second Quarter: At its April 30th meeting, the Safety Committee resolved not to recommend any modifications to the current FWCJUA loss control and safety programs, including the performance standards to the Board, given that the FWCJUA through its service provider offers a variety of loss prevention and safety related services as well as the opportunity for its policyholders to receive a premium savings.

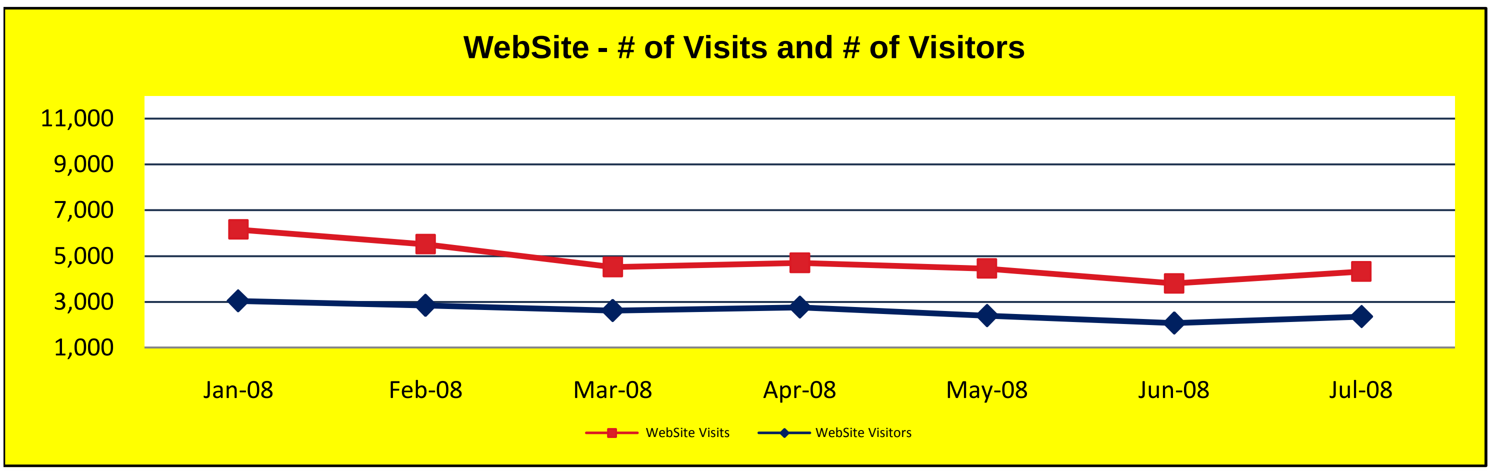
First Quarter: Following the completion of the 2007 year-end cause of loss analysis, staff will formulate any appropriate recommendations regarding alternative methods and techniques for accepting and using safety programs for Safety Committee consideration.

FWCJUA OPERATIONS ANALYSIS
THROUGH JULY 31, 2008

TOTAL PREMIUMS WRITTEN as of July 31, 2008 - Policy Count: 1,258 - Premium: $9,582,951

POLICIES IN FORCE BY SUBPLAN / TIER - as of July 31, 2008	Policies	TEAP & Deposit
Tier 1	809	$4,704,450
Tier 2	602	$3,538,909
Tier 3	278	$4,535,968
TOTAL	1,689	$12,779,327

NEW BUSINESS INFORMATION	M-T-D 2007	M-T-D 2008	% CHG	Y-T-D 2007	Y-T-D 2008	% CHG
Phone Calls	3,725	2,838	-24%	27,810	20,590	-26%
External Web Site Visits	8,141	4,333	-47%	62,524	33,535	-46%
Timeliness (Days to Process)	6.0	5.9	-2%	7.3	7.2	-1%
Apps Received	174	63	-64%	1,391	656	-53%
Apps Rejected	105	39	-63%	737	368	-50%
TOTAL APPS BOUND	83	24	-71%	611	257	-58%
TOTAL EAP	$682,190	$234,024	-66%	$5,870,500	$2,553,717	-56%
AVERAGE POLICY PREMIUM SIZE	$8,219	$9,751	19%	$9,608	$9,937	3%
Tier 1: Apps Bound	11	0	-100%	63	32	-49%
Tier 1: Premium Bound	$87,387	$0	-100%	$436,425	$275,714	-37%
Tier 2: Apps Bound	51	13	-75%	365	146	-60%
Tier 2: Premium Bound	$283,341	$77,433	-73%	$2,160,033	$1,043,187	-52%
Tier 3: Apps Bound	21	11	-48%	183	79	-57%
Tier 3: Premium Bound	$311,462	$156,591	-50%	$3,274,042	$1,234,816	-62%
TOTAL: Apps Bound	83	24	-71%	611	257	-58%
TOTAL: Premium Bound	$682,190	$234,024	-66%	$5,870,500	$2,553,717	-56%



TOTAL AUTHORIZED PRODUCERS: 1,455

FWCJUA Loss Summary as of June 30, 2008

Category	# of Claims	Case Reserve	Paid	Expense	Incurred
Claims > $100K (No IBNR)	275	$5,798,835	$52,300,364	$2,897,389	$60,996,588
Claims < $100K (No IBNR)	7,981	$1,237,045	$51,620,619	$9,588,451	$62,446,115
All Claims (No IBNR)	**8,256**	**$7,035,880**	**$103,920,983**	**$12,485,839**	**$123,442,702**
Average / All Claims		**$852**	**$12,587**	**$1,512**	**$14,952**
No. of Claims > $100K	-----	35	273	265	-----
No. of Claims < $100K	-----	107	7,524	5,271	-----
Average / Claims > $100K	1	$165,681	$191,576	$10,934	$368,191
Average / Claims < $100K	1	$11,561	$6,861	$1,819	$20,241

Category	# of Claims	Case Reserve	Paid	Expense	Incurred
Open Claims (No IBNR)	142	$7,035,880	$6,799,695	$924,922	$14,760,497
Closed Claims (No IBNR)	8,114	$0	$97,121,288	$11,560,917	$108,682,205
All Claims (No IBNR)	**8,256**	**$7,035,880**	**$103,920,983**	**$12,485,839**	**$123,442,702**
Average / All Claims		**$852**	**$12,587**	**$1,512**	**$14,952**
No. of Claims Open	-----	142	120	90	-----
No. of Claims Closed	-----	0	7,677	5,446	-----
Average / Open Claim	1	$49,548	$56,664	$10,277	$116,489
Average / Closed Claim	1	$0	$12,651	$2,123	$14,774

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	6	$867,211	$295,657	$61,241	$1,224,109
Sub Plan D1	11	$2,141,581	$1,063,941	$208,647	$3,414,169
Sub Plan D2	0	$0	$0	$0	$0
Sub Plan - Prior to 7/26/03	17	$1,014,054	$871,499	$168,570	$2,054,123
Tier 1	17	$335,291	$432,344	$85,148	$852,783
Tier 2	40	$1,931,210	$2,349,529	$226,078	$4,506,817
Tier 3	51	$746,533	$1,786,725	$175,238	$2,708,496
Total	**142**	**$7,035,880**	**$6,799,695**	**$924,922**	**$14,760,497**

FWCJUA Loss Summary as of June 30, 2008

LOSS RATIO - WITHOUT IBNR					
Premium & Losses	**Loss Ratio**	**Net Earned Premium**	**Case Reserves**	**Paid & Expense**	**Total Incurred**
Accident Year 1994	52.0%	42,051,708	359,793	21,502,164	21,861,957
Accident Year 1995	36.6%	72,570,197	186,868	26,383,606	26,570,474
Accident Year 1996	48.0%	35,170,675	0	16,883,792	16,883,792
Accident Year 1997	31.7%	18,208,853	0	5,764,326	5,764,326
Accident Year 1998	35.6%	14,549,457	181,006	4,999,323	5,180,329
Accident Year 1999	22.5%	7,438,919	0	1,675,056	1,675,056
Accident Year 2000	54.7%	3,783,912	0	2,069,755	2,069,755
Accident Year 2001	20.1%	4,981,868	48,717	950,299	999,016
Accident Year 2002	12.1%	15,218,231	220,938	1,622,280	1,843,218
Accident Year 2003	20.4%	39,343,223	1,062,351	6,966,904	8,029,255
Accident Year 2004	28.2%	51,308,817	2,015,587	12,443,874	14,459,461
Accident Year 2005	14.5%	65,708,267	1,282,192	8,213,183	9,495,375
Accident Year 2006	13.0%	44,111,668	771,782	4,961,685	5,733,467
Accident Year 2007	13.6%	18,500,002	673,265	1,841,013	2,514,278
Accident Year 2008	8.1%	4,503,504	233,380	129,562	362,942
Cumulative @ 6-30-2008	**28.2%**	**$437,449,301**	**$7,035,880**	**$116,406,822**	**$123,442,702**
Policy Year 1994	43.8%	82,540,615	494,813	35,682,899	36,177,712
Policy Year 1995	40.4%	53,574,994	51,848	21,589,622	21,641,470
Policy Year 1996	35.8%	27,708,509	0	9,920,727	9,920,727
Policy Year 1997	44.1%	15,455,054	161,845	6,657,486	6,819,331
Policy Year 1998	39.7%	6,637,706	19,161	2,617,840	2,637,001
Policy Year 1999	36.9%	4,552,470	0	1,678,547	1,678,547
Policy Year 2000	31.1%	4,834,887	0	1,505,218	1,505,218
Policy Year 2001	12.2%	11,386,355	51,776	1,340,045	1,391,821
Policy Year 2002	13.3%	21,723,483	217,878	2,677,165	2,895,043
Policy Year 2003	20.8%	55,235,811	1,098,683	10,405,880	11,504,563
Policy Year 2004	24.9%	57,056,324	3,055,550	11,177,988	14,233,538
Policy Year 2005	16.4%	51,613,143	878,469	7,574,320	8,452,789
Policy Year 2006	10.4%	30,509,093	446,525	2,735,269	3,181,794
Policy Year 2007	10.1%	13,444,462	525,964	831,492	1,357,456
Policy Year 2008	3.9%	1,176,395	33,367	12,325	45,692
Cumulative @ 6-30-2008	**28.2%**	**$437,449,301**	**$7,035,880**	**$116,406,822**	**$123,442,702**

FWCJUA Loss Summary as of June 30, 2008

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	1,348,043	359,793	21,502,164	23,210,000
Accident Year 1995	38.1%	72,570,197	1,089,526	186,868	26,383,606	27,660,000
Accident Year 1996	50.1%	35,170,675	746,208	0	16,883,792	17,630,000
Accident Year 1997	33.1%	18,208,853	265,674	0	5,764,326	6,030,000
Accident Year 1998	36.6%	14,549,457	149,671	181,006	4,999,323	5,330,000
Accident Year 1999	24.3%	7,438,919	134,944	0	1,675,056	1,810,000
Accident Year 2000	57.9%	3,783,912	120,245	0	2,069,755	2,190,000
Accident Year 2001	23.1%	4,981,868	150,984	48,717	950,299	1,150,000
Accident Year 2002	13.4%	15,218,231	196,782	220,938	1,622,280	2,040,000
Accident Year 2003	22.5%	39,343,223	824,745	1,062,351	6,966,904	8,854,000
Accident Year 2004	32.8%	51,308,817	2,393,539	2,015,587	12,443,874	16,853,000
Accident Year 2005	21.5%	65,708,267	4,610,625	1,282,192	8,213,183	14,106,000
Accident Year 2006	24.9%	44,111,668	5,266,533	771,782	4,961,685	11,000,000
Accident Year 2007	38.1%	18,500,002	4,525,722	673,265	1,841,013	7,040,000
Accident Year 2008	32.5%	4,503,504	1,100,058	233,380	129,562	1,463,000
Cumulative @ 6-30-2008	**33.5%**	**$437,449,301**	**$22,923,299**	**$7,035,880**	**$116,406,822**	**$146,366,000**
Policy Year 1994	46.4%	82,540,615	2,135,271	494,813	35,682,899	38,312,983
Policy Year 1995	41.7%	53,574,994	675,402	51,848	21,589,622	22,316,871
Policy Year 1996	37.6%	27,708,509	505,941	0	9,920,727	10,426,668
Policy Year 1997	45.8%	15,455,054	266,664	161,845	6,657,486	7,085,995
Policy Year 1998	41.0%	6,637,706	83,316	19,161	2,617,840	2,720,317
Policy Year 1999	39.7%	4,552,470	127,595	0	1,678,547	1,806,141
Policy Year 2000	32.4%	4,834,887	60,123	0	1,505,218	1,565,340
Policy Year 2001	13.6%	11,386,355	153,709	51,776	1,340,045	1,545,531
Policy Year 2002	14.2%	21,723,483	194,057	217,878	2,677,165	3,089,100
Policy Year 2003	22.4%	55,235,811	867,890	1,098,683	10,405,880	12,372,452
Policy Year 2004	35.8%	57,056,324	6,220,633	3,055,550	11,177,988	20,454,171
Policy Year 2005	26.7%	51,613,143	5,329,924	878,469	7,574,320	13,782,713
Policy Year 2006	20.3%	30,509,093	3,011,665	446,525	2,735,269	6,193,459
Policy Year 2007	33.4%	13,444,462	3,133,837	525,964	831,492	4,491,293
Policy Year 2008	17.3%	1,176,395	157,274	33,367	12,325	202,966
Cumulative @ 6-30-2008	**33.5%**	**$437,449,301**	**$22,923,299**	**$7,035,880**	**$116,406,822**	**$146,366,000**

OPEN LOSSES EXCEEDING $400,000 AS OF 8/25/2008 - DETAIL

Claim ID	Policy Year	Accident Year	Total Paid	Total Reserve	Total Incurred	Accident Description & Current Status
TRAVELERS 556	1999	1999	1,396,935	1,551,111	2,948,046	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. 03/13/08: Attended a meeting with all parties involved in this settlement and the bottom line is that we can not reach an agreement in the foreseeable future. 2/21/08: An additional effort to settle the case when the guardian ad litem talked privately to D/A after the meeting. Apparently, the W/C attorney had not informed him of our increase offer prior to the meeting. Since the hold up seemed to be $67,500 per year not being enough, we increased the annual payment to $72,500 with a 5% inflation factor every three years. So for now, we will hold off seeking any refund of the annuity payment, to see if this increase offer will yeild some results. 05/16/08: Efforts to settle the case over the past 6 months failed with claimant's guardian recently rejecting all offers. We had previously reached agreement in December 2006 and funded an annuity in anticipation of settlement. Claimant backed out of the settlement, so the annuity was refunded. It does not appear this claim will settle in the foreseeable future. **08/25/08: No change.**

Claim ID	Policy Year	Accident Year	Total Paid	Total Reserve	Total Incurred	Accident Description & Current Status
HARTFORD 19175	1994	1994	168,097	377,354	545,451	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.

OPEN LOSSES EXCEEDING $400,000 AS OF 8/25/2008 - DETAIL

Claim ID	Policy Year	Accident Year	Total Paid	Total Reserve	Total Incurred	Accident Description & Current Status
HARTFORD 19175	1994	1994	168,097	377,354	545,451	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. 3/13/08: PTD as of 11/23/00. I/W has backed out of settlement four times in the past. Minimal medical treatment, but we continue to pay for attendant care provided by her husband. We became aware that her husband now has cancer - we confirmed that attendant care is still necessary with the treating physician, if her husband should pass away we will most likely have to assign to one of our providers for attendant care. 05/16/08: Still no change, reserves adequate. D/A will set another private mediation. **08/25/08: Mediation was originally scheduled for 8/14/08, but is being rescheduled as we have not received authorization from the State regarding recovery from the State's Disability Fund.**
TRAVELERS 1146	2004	2004	169,182	813,959	983,141	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. 3/13/08: PTD as of 4/20/05. No interest in settlement to date. Denied by SSDI and he has not appealed. Should he be accepted, we will have SSDI offset to age 62. Medical is stable. 05/16/08: Still no interest in settement to date. **08/25/08: No change.**
TRAVELERS 407*	1996	1996	1,370,226	2,304,052	3,674,278	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. 03/12/08: Recent settlement talks have gone nowhere, because without knowing how much the MSA would be, claimant had no idea how much he would pocket. We decided to send the MSA to Medicare for approval and that way, we could tell claimant exactly how much he would pocket and how much would have to be set aside. We sent the MSA to Medicare on 12/14/07. It can take 3 or more months for a response. Our MSA consultant confirmed the MSA was received by the Philidelphia Office on 02/13/08, so we could get a response in a matter of days or weeks. Once we get the approval or reach an agreement with CMS on how much the MSA should be, we can make a final effort at settling the case. Coincidentally, we have state mediation on this case set for 3/4/08 on past issues, which we think are irrelevant, but we can use the time to talk settlement. It is remotely possible we'll have the an approval form Medicare and can discuss firm numbers with them. In any event, we may be weeks away from being able to make a final offer and settle on the case or not. The estimates are on actuarial and are based on lifetime exposure. We review them on an annual basis to make sure they are appropriate. 05/16/08: No interest in Settlement. 3rd party case is coming to trial on 5/27/2008. Perhaps that has been the underlying cause not to settle the w/c case. **08/25/08: No change. Trial is scheduled for 10/06/08 and adjuster received a subpoena in 3rd party case.**

OPEN LOSSES EXCEEDING $400,000 AS OF 8/25/2008 - DETAIL

Claim ID	Policy Year	Accident Year	Total Paid	Total Reserve	Total Incurred	Accident Description & Current Status
TRAVELERS 3750*	1998	1999	619,070	1,214,772	1,833,842	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. 2/28/08: Accepted PTD 12/1/03. No interest in settlement to date. Continues with conservative medical treatment. **08/25/08: No change - benefit management.**
TRAVELERS 1811	1997	1998	333,193	273,699	606,892	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. 03/13/08: File marked as benefit management. IW is not really interested in settlement. We are going to request activity check as the IW has not been to the doctor since 7/11/06, and his indemnity checks are direct deposited - need to make sure IW is alive and well. 05/16/08: We continue to pay PTD and Supps under the claim. **08/25/08: Settlement talks ongoing.**
USF&G8681	1995	1995	399,285	679,086	1,078,371	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 settlement02/28/08: File marked as benefit management. IW is not really interested in settlement. We are going to request activity check as the IW has not been to the doctor since 7/11/06, and his indemnity checks are direct deposited - need to make sure IW is alive and well. 2/28/08: Accepted PTD 10/3/02. Still no interest in settlement. We have been sucessful denying massage therapy and physical therapy under claim. Most of the medical exposure on file is for prescription medications. 05/16/08: No change - maintenance. **08/25/08: Expressed some interest in settlement. Scheduled private mediation for 11/03/08.**

OPEN LOSSES EXCEEDING $400,000 AS OF 8/25/2008 - DETAIL

Claim ID	Policy Year	Accident Year	Total Paid	Total Reserve	Total Incurred	Accident Description & Current Status
TRAVELERS 1907	2004	2005	461,143	4,557,278	5,018,421	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 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. 2/28/08: Accepted PTD 10/3/02. Still no interest in settlement. We have been sucessful denying massage therapy and physical therapy under claim. Most of the medical exposure on file is for prescription medications. 03/13/08: We have results of the independent neuropshchological exam and we will be reviewing it with the Paradigm Medical Case Manager to determine if recommendations can be implemented. Reserves are on actuarial review and the assumptions are appropriate. 05/16/08: Claimant is at MMI and Paradigm has fulfilled all of its goals under the contract. We are attempting to try and resolve the claim via settlement and may be able to move toward that with focus on making this a wage loss claim versus a permanent claim. **08/25/08: No change - still working towards settlement.**
TRAVELERS 6018	2004	2004	475,123	2,410,768	2,885,891	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.02/28/08: We have results of the independent neuropshchological exam and we will be reviewing it with the Paradigm Medical Case Manager to determine if recommendations can be implemented. Reserves are on actuarial review and the assumptions are appropriate. 03/13/08: PTD as of 5/26/06. We now have demand for $1.5 million. Gave D/A $410,000 authority to begin settlement talks once again. Ongoing medical treatment and medications. 05/16/08: Reviewed file, no change. We continue with settlement talks on this file and last demand was $750,000, inclusive. Our last offer was $445,000. **08/25/08: Settlement talks continue on this file. Awaiting claimant's response, as he has been on vacation.**
TRAVELERS 9252	2003	2003	234,164	656,136	890,298	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. 02/28/08: PTD as of 5/26/06. We now have demand for $1.5 million. Gave D/A $410,000 authority to begin settlement talks once again. Ongoing medical treatment and medications. 12/28/08: Accepted PTD 4/3/06. No interest in settlement at this time. IW may have unrelated kidney cancer. D/A has filed subpeona to secure medical records. 05/16/08: Claimant had surgery to remove one of his kidneys, which was in fact cancerous. The surgery was reportedly a success although the claimant has complained of rapid weight loss following the procedure. Following the surgery, the claimant has not undergone any chemotherapy or radiation to deal with the cancer, as it was apparently localized and contained within the kidney. **08/25/08: Most recent issue has been request from Doctor to perform lumbar discogram, which has been denied because it is not medically necessary.**

OPEN LOSSES EXCEEDING $400,000 AS OF 8/25/2008 - DETAIL

Claim ID	Policy Year	Accident Year	Total Paid	Total Reserve	Total Incurred	Accident Description & Current Status
TRAVELERS 9319	2005	2006	334,462	10,000	344,463	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 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. 02/28/08: PTD as of 5/26/06. We now have demand for $1.5 million. Gave D/A $410,000 authority to begin settlement talks once again. Ongoing medical treatment and medications. 03/12/09: Claim settled 10/2/06, but remains open for subrogation. 05/16/08: File is open for subrogation purposes only. Total lien amount is for $300,931. 3rd party case is moving very slow. Will continue to follow up with subro claim handler. **08/25/08: File remains open as we try to gain contribution and recovery from 3rd party.**
TRAVELERS 5900	2004	2004	502,480	1,001	503,481	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 plaintiff, there may be an opportunity to discuss settlement. A mediation may be scheduled at that point. 03/12/08: Claim settled 7/19/06, but remains open for subrogation. 05/16/08: File open for subrogation purposes only. Total lien amount is for $480,064. File is legally active but moving very slow. **08/25/08: No new developments.**
TRAVELERS 8410	2004	2004	459,351	137,951	597,003	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. 03/13/08: IW is once again back to work with the insured. Treating physician will not address impairment rating until August of 2008, which is one year from his last surgery. File will remain open as we do not expect impairment rating. Minimal medical treatment. 05/16/08: Increased reserves slightly to cover life of claim. IW is 56 years old with life expectancy of 23.3 years. Medical is finally back to normal with follow up visits 2 times per year. We continue to wait for impairment rating from treating physician, which he will not address until August of 2008. **08/25/08: No change. We had previously reviewed file and increased reserves to cover life of claim back in May 2008.**
TRAVELERS 6231	2004	2004	80,977	399,570	480,547	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.

OPEN LOSSES EXCEEDING $400,000 AS OF 8/25/2008 - DETAIL

Claim ID	Policy Year	Accident Year	Total Paid	Total Reserve	Total Incurred	Accident Description & Current Status
TRAVELERS 6231	2004	2004	80,977	399,570	480,547	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. 03/12/08: We fought for the carrier of the subcontractor (Packard Insurance) to take over responsibility for this claim. The attorney for the carrier agreed to do so in a joint stipulation signed by the JCC on 10/1/07. Packard will pay future claim and medical benefits but reserves the right to seek contribution from us. We accepted this agreement because we reserved the right to file a third party claim against subcontractor if they file a claim for contribution. We are waiting 6 months before closing the file. 05/16/08: No change. **08/25/08: Still no change.**
TRAVELERS 2532	2003	2003	204,677	416,446	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. 03/13/08: Mediation set for 4/17/08 and will pursue settlement. IW accepted PTD 9/13/06. Minimal medical treatment, as IW is not compliant wth medical recommendation, which in fact keeps medical costs down on the claim. 05/16/08: Settlement was reached for $263,055.87, broken down as follows: (1) $237,823.34 lump sum to IW (includes $37,823.34, which will be allocated to fund MSA, which is the amount that was quoted to fund an annuity with a 15 year guarantee); (2) statutory fee of $24,532.33; (3) costs of $700.00; (4) Parties agree that MSA will be submitted to CMS for approval. If CMS says MSA is to low then, E/C will fund difference or back out of settlement. If CMS approves or if CMS indicates that MSA is unnecessary (unlikely) then deal is done. E/C agrees to continue payments/medicals to IW until CMS responds and JCC approves final fee motion. **08/25/08: No change, awaiting approval.**

* 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:** **14** **$24,034,246**

FWCJUA Collections Report
RSI Performance Report
July 27, 1998 to July 31, 2008

	RSI - Total		RSI - Actual		RSI - 3X	
Category - *(First Placements)*	**Number**	**$ Amount**	**Number**	**$ Amount**	**Number**	**$ Amount**
Accounts Submitted for Collection	2,669	107,594,928	1,192	55,947,544	1,477	51,647,385
Adjustments & Revisions	670	40,012,350	122	13,641,120	548	26,440,823
Prinicipal after Adjustments	1,999	67,414,088	1,070	42,306,424	929	25,107,664
Principal Recovered		14,263,214		11,494,044		2,769,170
Collection Fees Recovered		530,604		432,556		98,048
Total Recovery		14,793,818		11,926,600		2,867,217
Collection Fees		1,313,964		1,069,741		244,223
Average Balance Submitted (after adj.)		25,258		35,492		16,999
Paid in Full	659	7,239,939	471	5,611,076	188	1,628,863
Settled in Full	215	4,500,033	187	3,992,515	28	507,518
Collected / Settled	**874**	**11,739,972**	**658**	**9,603,591**	**216**	**2,136,381**
Legal in Progress	94	11,848,380	62	7,617,218	32	4,231,162
Active (still in collection process)	156	3,313,373	74	1,582,506	82	1,730,867
Work in Progress	**250**	**15,161,752**	**136**	**9,199,724**	**114**	**5,962,029**
Judgment Awarded	64	13,553,504	42	12,170,860	22	1,382,644
On Hold	26	794,368	7	236,610	19	557,758
Potentially Collectible	**90**	**14,347,872**	**49**	**12,407,471**	**41**	**1,940,402**
Uncollectible / Write-Offs	**765**	**21,149,024**	**215**	**7,355,070**	**550**	**13,793,954**
Withdrawn / Revised to Zero	**670**	**15,951,112**	**122**	**5,865,905**	**548**	**10,085,208**
Principal Recovered but returned		168,491		69,593		98,898
Summary Statistics - On Submitted						
% of Accounts Collected / Settled		32.7%		55.2%		14.6%
% of Accounts Withdrawn / Revised to Zero		25.1%		10.2%		37.1%
% of Accounts Uncollectible / Written-Off		28.7%		18.0%		37.2%
% of Accounts Potentially Collectible / In Progress		12.7%		15.5%		10.5%
% of Premium Collected / Settled		10.9%		17.2%		4.1%
% of Premium Withdrawn / Revised to Zero		14.8%		10.5%		19.5%
% of Premium Uncollectible / Written-Off		19.7%		13.1%		26.7%
% of Premium Potentially Collectible / In Progress		27.4%		38.6%		15.3%
% of Premium Adjusted		27.2%		20.6%		34.3%
Summary Statistics - On Principal after Adjustments						
Total Recovery % (Premium & Fees Collected)		21.9%		28.2%		11.4%
Total Recovery % (Accounts Collected)		43.7%		61.5%		23.3%
Premium Recovery %		21.2%		27.2%		11.0%
RSI Fees Recovery %		40.4%		40.4%		40.1%
FWCJUA Average Collection Expense %		5.5%		5.5%		5.3%

FWCJUA Collections Report
2008 Collections Activity compared to 2007
January 1, 1994 to July 31, 2008
(1st and 2nd Placements)

July 2008 Activity	As of 7/31/2008	As of 12/31/2007	Difference	% Difference
Accounts Submitted for Collection - #	5,541	5,444	97	1.78%
Accounts Submitted for Collection - $	$138,303,726	$135,515,216	$2,788,510	2.06%
Total Gross Recovery (includes fees recovered)	$22,160,510	$21,012,735	$1,147,775	5.46%
Collection Fees	$2,291,548	$2,203,930	$87,619	3.98%
Total Net Recovery (less fees)	$19,868,961	$18,808,805	$1,060,156	5.64%
Recovery % - (Gross)	16.02%	15.51%		0.52%
Recovery % - (Net)	14.37%	13.88%		0.49%

July 2007 Activity	As of 07/31/2007	As of 12/31/2006	Difference	% Difference
Accounts Submitted for Collection - #	5,364	5,183	181	3.49%
Accounts Submitted for Collection - $	$133,536,567	$125,957,372	$7,579,195	6.02%
Total Gross Recovery (includes fees recovered)	$20,191,693	$18,775,098	$1,416,595	7.55%
Collection Fees	$2,141,004	$2,028,455	$112,549	5.55%
Total Net Recovery (less fees)	$18,050,690	$16,746,644	$1,304,046	7.79%
Recovery % - (Gross)	15.12%	14.91%		0.21%
Recovery % - (Net)	13.52%	13.30%		0.22%

FWCJUA Collections Report
RSI Recovery Analysis
by size type of account *(1st placements)*
July 27, 1998 to July 31, 2008

	# of Accounts	% of Total	Principal after Adjustments	% of Total	Principal Recovered	% Recovery of category	% Recovery of Total
$100,000 & Over	**133**	**6.7%**	**41,444,585**	**61.5%**	**3,185,795**	**7.7%**	**23.5%**
3X	62	3.1%	13,867,459	20.6%	961,497	6.9%	7.1%
Actual	71	3.6%	27,577,126	40.9%	2,224,298	8.1%	16.4%
$50,000 - $99,999	**120**	**6.0%**	**8,467,564**	**12.6%**	**3,044,018**	**35.9%**	**22.4%**
3X	47	2.4%	3,176,796	4.7%	221,966	7.0%	1.6%
Actual	73	3.7%	5,290,768	7.8%	2,822,052	53.3%	**20.8%**
$15,000 - $49,999	**414**	**20.7%**	**10,913,026**	**16.2%**	**4,078,440**	**37.4%**	**30.1%**
3X	188	9.4%	4,805,399	7.1%	543,111	11.3%	4.0%
Actual	226	11.3%	6,107,627	9.1%	3,535,329	57.9%	**26.1%**
$0- $14,999	**1,332**	**66.6%**	**6,588,913**	**9.8%**	**3,255,866**	**49.4%**	**24.0%**
3X	632	31.6%	3,258,010	4.8%	845,650	26.0%	6.2%
Actual	700	35.0%	3,330,903	4.9%	2,410,216	72.4%	**17.8%**
Grand Total	**1,999**	**100.0%**	**67,414,088**	**100.0%**	**13,564,119**	**20.1%**	**100.0%**
3X	**929**	**46.5%**	**25,107,664**	**37.2%**	**2,572,224**	**10.2%**	**19.0%**
Actual	**1,070**	**53.5%**	**42,306,424**	**62.8%**	**10,991,895**	**26.0%**	**81.0%**

25,761 policies were issued from August 1, 1998 - July 31, 2008 - therefore 7.8% of these policies issued have actually ended up in collections. Of the 1,999 policies in collections, 874 have paid or been settled in full. So only 4.4% of policies issued are generating the uncollectible premium situation for the FWCJUA.

Of the 133 accounts over $100K - only 5 accounts are over $1M for a total of $11.5M of the $41.4M uncollectible. (.3% of all uncollectible accounts are generating 17% of the total uncollectible premium.) 44 of the 133 accounts totaling $10.6M are either bankrupt, corporation dissolved or out of business and therefore collection efforts are not possible. 8 of the 133 accounts have been paid or settled in full.

Balance Sheet	Final Balances 6/30/2008	Final Balances 6/30/2007	12 - month Dollar Change	12 - month Percent Change	Final Balances 12/30/2007	Year to Date Dollar Change	Year to Date Percent Change	Comments
Assets:								
Bonds	**79,099,357**	**62,076,829**	17,022,528	27.4%	**65,120,483**	13,978,874	21.5%	Result of operations
Cash	**15,077,584**	**30,127,544**	(15,049,960)	-50.0%	**25,759,518**	(10,681,934)	-41.5%	Result of operations
Short-term investments	**14,974,861**	**7,145,881**	7,828,980	109.6%	**9,682,255**	5,292,606	54.7%	Result of operations
Cash and invested assets	**109,151,801**	**99,350,254**	9,801,548	9.9%	**100,562,256**	8,589,546	8.5%	Result of operations
Premiums receivable	**3,114,702**	**9,735,689**	(6,620,987)	-68.0%	**4,977,750**	(1,863,048)	-37.4%	Due to decline in premium writings
Premiums deferred	**2,108,077**	**3,383,520**	(1,275,443)	-37.7%	**2,586,529**	(478,452)	-18.5%	Due to decline in premium writings
Premiums EBUB	**-**	**364,827**	(364,827)	-100.0%	**268,610**	(268,610)	-100.0%	SAP codification requirement in 2001
Misc. Receivable	**316,233**	**115,533**	200,700	173.7%	**288,150**	28,083	9.7%	Servicing Carrier Receivable
EDP Equipment	**84,165**	**65,372**	18,793	28.7%	**100,306**	(16,141)	-16.1%	New Equipment & Depreciation
Interest income accrued	**1,030,554**	**747,184**	283,370	37.9%	**764,496**	266,058	34.8%	Investment Income
Reinsurance Recovery Receivabl	**64,064**	**248,258**	(184,194)	-74.2%	**59,819**	4,245	7.1%	Have recovered $59,970 YTD
Federal Income Tax Recoverable	**-**	**-**	-	0.0%	**2,839,303**	(2,839,303)	0.0%	Final tax payment made and DTA no longer
Deferred Tax Asset	**-**	**-**	-	0.0%	**-**	-	0.0%	applicable since eligible for tax exemption
Excess Deposits from Reinsurers	**-**	**889,470**	(889,470)	-100.0%	**1,778,940**	(1,778,940)	0.0%	When Rate < Deposit Premium
Total Assets	**$ 115,869,596**	**$ 114,900,107**	**$ 969,490**	**0.8%**	**$ 114,226,160**	**$ 1,643,438**	**1.4%**	
Liabilities:								
Loss and ALAE reserves	**29,958,649**	**33,288,379**	(3,329,730)	-10.0%	**30,162,989**	(204,340)	-0.7%	2008 Activity
Retroactive Reinsurance	**(4,488,952)**	**(5,269,815)**	780,863	-14.8%	**(4,576,445)**	87,493	-1.9%	Losses transferred under LPT
ULAE reserves	**2,847,712**	**3,100,230**	(252,518)	-8.1%	**2,800,192**	47,520	1.7%	Statutory ULAE required
Servicing carrier fees payable	**748,270**	**1,875,298**	(1,127,028)	-60.1%	**1,054,481**	(306,211)	-29.0%	Due to decline in premium writings
Commissions payable	**184,309**	**456,049**	(271,740)	-59.6%	**288,558**	(104,249)	-36.1%	Due to decline premium writings
Other accrued expenses	**5,693,064**	**6,575,869**	(882,805)	-13.4%	**5,527,455**	165,609	3.0%	Monthly Settlements & Other Expenses
Unearned premiums	**6,911,693**	**13,454,188**	(6,542,495)	-48.6%	**9,194,350**	(2,282,657)	-24.8%	Due to decline in premium writings
Reins. premiums payable	**446,298**	**0**	446,298	0.0%	**0**	446,298	0.0%	Reinsurance contract premium due
Federal income taxes	**0**	**2,521,363**	(2,521,363)	-100.0%	**0**	-	0.0%	Federal income tax due
Deposit premiums	**2,716,176**	**4,097,017**	(1,380,841)	-33.7%	**3,189,664**	(473,488)	-14.8%	Deposit requirements effective 1/1/97
Advance premiums	**56,757**	**193,989**	(137,232)	-70.7%	**199,814**	(143,057)	-71.6%	SAP codification requirement in 2001
State authorization payable	**86,640**	**68,460**	18,180	26.6%	**83,460**	3,180	3.8%	Active agent authorizations
Provision for Reinsurance	**-**	**-**	-	N/A	**-**	-	N/A	Reinsurance Recovery > LOC
Unearned producer fees	**27,451**	**40,956**	(13,505)	-33.0%	**38,173**	(10,722)	0.0%	New agency 2 year authorizations
Total liabilities	**$ 45,188,067**	**$ 60,401,983**	$ (15,213,916)	-25.2%	**$ 47,962,691**	$ (2,774,624)	-5.8%	
Surplus / (Deficit):								
Unassigned surplus / (deficit)	**64,586,821**	**48,403,416**	16,183,405	33.4%	**60,168,761**	4,418,060	7.3%	
Assigned/Special surplus	**6,094,708**	**6,094,708**	-	0.0%	**6,094,708**	-	0.0%	Restricted surplus from LPT
Total Surplus / (Deficit)	**70,681,529**	**54,498,124**	16,183,405	29.7%	**66,263,469**	4,418,060	6.7%	
Total liabilities and surplus	**$ 115,869,596**	**$ 114,900,107**	**$ 969,489**	**0.8%**	**$ 114,226,160**	**$ 1,643,436**	**1.4%**	

	Final Balances 6/30/2008	Final Balances 6/30/2007	12 - month Dollar Change	12 - month Percent Change	Final Balances 12/30/2007	Year to Date Dollar Change	Year to Date Percent Change	Comments
Income Statement								
Premiums written - direct	**4,061,013**	**9,908,521**	(5,847,508)	-59.0%	**15,258,469**	(11,197,456)	-73.4%	2008 Activity
Premiums written - EBUB	**(298,456)**	**(917,799)**	619,343	100.0%	**(1,024,706)**	726,250	100.0%	SAP codification requirement in 2001
Change in unearned - direct	**1,511,800**	**-**	1,511,800	0.0%	**8,417,098**	(6,905,298)	-82.0%	Due to decline in premium writings
Premiums written - ceded	**(1,541,711)**	**(2,075,430)**	533,719	-25.7%	**(4,150,860)**	2,609,149	-62.9%	2008 annual reinsurance contract
Change in unearned - ceded	**770,856**	**4,157,260**	(3,386,404)	0.0%	**-**	770,856	0.0%	Reinsurance contract amount unearned
Premiums earned	**4,503,502**	**11,072,552**	**(6,569,050)**	-59.3%	**18,500,001**	(13,996,499)	-75.7%	
Losses paid - direct	**586,306**	**3,921,307**	(3,335,001)	-85.0%	**6,148,008**	(5,561,702)	-90.5%	2008 Activity
Change in reserves - direct	**827,962**	**(4,863,873)**	5,691,835	-117.0%	**(8,702,818)**	9,530,780	-109.5%	2008 Activity
Losses incurred - direct	**1,414,268**	**(942,566)**	2,356,834	-250.0%	**(2,554,810)**	3,969,078	-155.4%	
Losses paid - ceded	**(64,215)**	**(1,092,752)**	1,028,537	-94.1%	**(1,277,740)**	1,213,525	-95.0%	2008 Activity
Change in reserves - ceded	**(1,032,303)**	**(3,799,815)**	2,767,512	-72.8%	**(3,086,260)**	2,053,957	-66.6%	2008 Activity
Losses incurred - ceded	**(1,096,518)**	**(4,892,567)**	3,796,049	-77.6%	**(4,364,000)**	3,267,482	-74.9%	
Net losses incurred	**317,750**	**(5,835,133)**	6,152,883	-105.4%	**(6,918,810)**	7,236,560	-104.6%	
Loss expenses incurred	**1,074,775**	**1,955,443**	(880,668)	-45.0%	**2,925,085**	(1,850,310)	-63.3%	
Other underwriting expenses	**1,891,087**	**2,808,033**	(916,946)	-32.7%	**5,255,756**	(3,364,669)	-64.0%	Due to decline in premium writings
Total underwriting expenses	**3,283,612**	**(1,071,657)**	4,355,269	-406.4%	**1,262,031**	2,021,581	160.2%	
Net underwriting gain (loss)	**$ 1,219,890**	**$ 12,144,209**	**$ (10,924,319)**	**-90.0%**	**$ 17,237,970**	**$ (16,018,080)**	**-92.9%**	
Net investment income	**2,011,332**	**2,345,686**	(334,354)	-14.3%	**4,821,055**	(2,809,723)	-58.3%	Rapid decline in current interest rates
Net realized gains (losses)	**-**	**(40,152)**	40,152	-100.0%	**(40,152)**	40,152	-100.0%	
Net investment gain (loss)	**2,011,332**	**2,305,534**	(294,202)	-12.8%	**4,780,903**	(2,769,571)	-57.9%	
Other income	**(108,783)**	**(2,311,364)**	2,202,581	-95.3%	**(1,962,721)**	1,853,938	-94.5%	DOL funding for Subplan D, Reinsurance Profit Share & Producer Authorizations
Loss from Reinsurance (LPT)	**-**	**(90,000)**	90,000	0.0%	**(695,835)**	695,835	-100.0%	Decrease in LPT reserves (94 - 99)
Income before tax	**3,122,439**	**12,048,378**	(8,925,939)	-74.1%	**19,360,316**	(16,237,877)	-83.9%	
Federal income taxes	**-**	**3,521,363**	(3,521,363)	-100.0%	**682,059**	(682,059)	-100.0%	
Net income	**$ 3,122,439**	**$ 8,527,015**	**$ (5,404,576)**	**-63.4%**	**$ 18,678,257**	**$ (15,555,818)**	**-83.3%**	
Gains (losses) in surplus:								
Net income	**3,122,439**	**8,527,015**	(5,404,576)	-63.4%	**18,678,257**	(15,555,818)	-83.3%	2008 Activity
Change in n/a assets	**1,295,622**	**208,534**	1,087,088	521.3%	**1,822,637**	(527,015)	-28.9%	90 days P/R & reinsurance provision
Deferred Tax Asset/Liability	**-**	**(3,031,516)**	3,031,516	-100.0%	**(3,031,516)**	3,031,516	-100.0%	DTA is being reversed as no longer
Change in deficit	**4,418,060**	**5,704,033**	(1,285,972)	-22.5%	**17,469,378**	(13,051,317)	-74.7%	applicable since eligible for tax exemption
Beginning surplus/(deficit)	**66,263,469**	**48,794,091**	17,469,378	35.8%	**48,794,091**	17,469,378	35.8%	
Ending surplus/(deficit)	**$ 70,681,529**	**$ 54,498,124**	**$ 16,183,405**	**29.7%**	**$ 66,263,469**	**$ 4,418,060**	**6.7%**	

	Final Balances 6/30/2008	Final Balances 6/30/2007	12 - month Dollar Change	12 - month Percent Change	Final Balances 12/30/2007	Year to Date Dollar Change	Year to Date Percent Change	Comments

**** EBUB Update:**

As of June 30, 2008 - the calculated EBUB is $0.
After deducting for commissions, SCFs, reinsurance premiums and taxes & assessments - the net income effect would be $0.

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 2008 Annual Financials, the following changes were booked:
an earned premium of $(298,456); an decrease in expenses of $(100,684); for a net income effect of $(197,772).

Balance Sheet	Balance Increase (Decrease) 2nd Qtr. 2008	Balance Increase (Decrease) 1st Qtr. 2008
Assets:		
Bonds	6,212,508	7,766,366
Cash	3,590,908	(14,272,842)
Short-term investments	(5,339,877)	10,632,483
Cash and invested assets	4,463,539	4,126,007
Premiums receivable	(1,459,774)	(403,274)
Premiums deferred	(239,979)	(238,473)
Premiums EBUB	0	(268,610)
Misc. Receivables	227,276	(199,193)
EDP Equipment	(5,192)	(10,949)
Interest income accrued	343,754	(77,696)
Reinsurance Recovery Receivable	10,109	(5,864)
Federal Income Tax Recoverable	(2,839,303)	-
Deferred Tax Asset	-	-
Excess Deposits from Reinsurers	0	(1,778,940)
Total Assets	**$ 500,428**	**$ 1,143,008**
Liabilities:		
Loss and ALAE reserves	(189,502)	(14,838)
Retroactive Reinsurance	63,157	24,336
ULAE reserves	26,358	21,162
Servicing carrier fees payable	(166,783)	(139,428)
Commissions payable	(56,809)	(47,440)
Other accrued expenses	(50,782)	216,391
Unearned premiums	(161,731)	(2,120,926)
Reins. premiums payable	(547,481)	993,779
Federal income taxes	-	-
Deposit premiums	(315,564)	(157,924)
Advance Premiums	(117,439)	(25,618)
State authorization payable	1,080	2,100
Provision for Reinsurance	-	-
Unearned producer fees	(5,695)	(5,027)
Total liabilities	$ (1,521,191)	$ (1,253,433)
Surplus / Deficit:		
Change in unassigned surplus/deficit	*2,021,618*	2,396,442
Change in assigned surplus/deficit	0	-
Total Surplus / Deficit	$ 2,021,618	$ 2,396,442
Total liabilities and surplus	**500,428**	**1,143,008**

Income Statement	Balance Increase (Decrease) 2nd Qtr. 2008	Balance Increase (Decrease) 1st Qtr. 2008
Premiums written - direct	1,322,359	2,738,654
Premiums written - EBUB	-	(298,456)
Premiums written - ceded	-	(1,541,711)
Change in unearned - direct	545,945	965,855
Change in unearned - ceded	(384,215)	1,155,071
Premiums earned	1,484,089	3,019,413
Losses paid - direct	(197,912)	784,218
Change in reserves - direct	739,022	88,940
Losses incurred - direct	541,110	873,158
Losses paid - ceded	(13,403)	(50,812)
Change in reserves - ceded	(928,525)	(103,778)
Losses incurred - ceded	(941,928)	(154,590)
Net losses incurred	(400,818)	718,568
Loss expenses incurred	525,044	549,731
Other underwriting expenses	678,341	1,212,746
Total underwriting expenses	802,567	2,481,045
Net underwriting gain (loss)	**$ 681,522**	**$ 538,368**
Net investment income	1,058,398	952,934
Net realized gains (losses)	-	-
Net investment gain (loss)	1,058,398	952,934
Other income	69,788	(178,571)
Loss from Reinsurance (LPT)	-	-
Income before tax	1,809,708	1,312,730
Federal income taxes	-	-
Net income	**$ 1,809,709**	**$ 1,312,730**
Gains (losses) in surplus:		
Net income	1,809,708	1,312,731
Change in n/a assets	211,911	1,083,711
Deferred Tax Asset/Liability	-	-
Change in deficit	2,021,619	2,396,442
Beginning surplus/(deficit)	-	66,263,469
Ending surplus/(deficit)	**$ 2,021,618**	**$ 68,659,911**

Florida Workers' Compensation Joint Underwriting Association, Inc.
Budget Variance
For January 1, 2008 - June 30, 2008

	Actual $	Budget $	Variance	% of Budget	Actual % (% of earned premium)	Budget % (% of earned premium)	Variance (% of earned premium)
REVENUE:							
PY 2008 Written Premium	7,916,385	10,500,000	(2,583,615)	75%			
EBUB Written Premium	(298,456)	0	(298,456)	N/A			
Prior PY Written Premium	(3,666,117)	1,500,000	(5,166,117)	-244%			
PY 2008 Earned Premium	2,220,050	7,875,000	(5,654,950)	28%			
EBUB Earned Premium	(298,456)	0	(298,456)	N/A			
Prior PY Earned Premium	3,352,764	1,000,000	2,352,764	335%			
Reinsurance Premium	770,856	926,284	(155,429)	83%			
Net Earned Premium	4,503,503	7,948,716	(3,445,214)	57%			
Interest Income	2,011,332	2,050,000	(38,668)	98%			
Producers Authorization	21,042	5,000	16,042	421%			
Other Income	33,175	30,000	3,175	111%			
DOL Funding	(163,000)	0	(163,000)	N/A			
Gain/(Loss) from Reinsurance	0	0	0	N/A			
TOTAL REVENUE	**6,406,051**	**10,033,716**	**(3,627,665)**	**64%**			
OPERATING EXPENSES:							
Losses and LAE Incurred	2,067,943	3,383,461	(1,315,518)	61%	37.11%	38.12%	-1.02%
Reinsurance Recoveries	(1,096,518)	(555,771)	(540,747)	197%	-19.68%	-6.26%	-13.41%
Net Losses and LAE Incurred	971,426	2,827,691	(1,856,265)	34%	17.43%	31.86%	-14.43%
Servicing Carrier Fees	1,055,453	1,833,070	(777,617)	58%	18.94%	20.65%	-1.71%
Commissions & Producers Fees	83,106	228,459	(145,353)	36%	1.49%	2.57%	-1.08%
EBUB Expenses	(100,684)	0	(100,684)	N/A	-1.81%	0.00%	-1.81%
NCCI Admin. Fees	43,408	50,000	(6,592)	87%	0.78%	0.56%	0.22%
Bad Debt Write-Off / Recoveries	21,951	2,470,000	(2,448,049)	1%	0.39%	27.83%	-27.44%
Collection Expense	34,201	55,125	(20,924)	62%	0.61%	0.62%	-0.01%
Taxes & Assessments	2,650	10,500	(7,850)	25%	0.05%	0.12%	-0.07%
TOTAL OPERATING EXPENSES	**2,111,510**	**7,474,845**	**(5,363,334)**	**28%**	**37.89%**	**84.22%**	**-46.33%**
GENERAL & ADMINISTRATIVE EXPENSES:							
Professional Services							
Actuarial Service	12,500	30,000	(17,500)	42%	0.22%	0.34%	-0.11%
Auditing/Taxes Finance	33,500	38,500	(5,000)	87%	0.60%	0.43%	0.17%
Audit Fee Recovery - Travelers	0	(8,375)	8,375	0%	0.00%	-0.09%	0.09%
Consulting - Systems/Financial	4,596	42,500	(37,904)	11%	0.08%	0.48%	-0.40%
Legal - General Counsel	63,533	77,500	(13,967)	82%	1.14%	0.87%	0.27%
Legal - Collections	12,425	2,500	9,925	497%	0.22%	0.03%	0.19%
Security & Other Services	6,991	9,950	(2,959)	70%	0.13%	0.11%	0.01%
Temporary Employees	0	5,000	(5,000)	0%	0.00%	0.06%	-0.06%
Total Professional Services	**133,544**	**197,575**	**(64,031)**	**68%**	**2.40%**	**2.23%**	**0.17%**

Florida Workers' Compensation Joint Underwriting Association, Inc.
Budget Variance
For January 1, 2008 - June 30, 2008

	Actual $	Budget $	Variance	% of Budget	Actual % (% of earned premium)	Budget % (% of earned premium)	Variance (% of earned premium)
General							
Rent	80,743	81,125	(382)	100%	1.45%	0.91%	0.53%
Bank Charges	5,395	3,900	1,495	138%	0.10%	0.04%	0.05%
Telecommunications	20,945	24,530	(3,585)	85%	0.38%	0.28%	0.10%
Insurance	49,294	48,866	429	101%	0.88%	0.55%	0.33%
Licenses & Fees	0	750	(750)	0%	0.00%	0.01%	-0.01%
Office Equipment & Supplies	38,426	47,293	(8,866)	81%	0.69%	0.53%	0.16%
Disaster Recovery Plan Maintenance	25,867	29,947	(4,080)	86%	0.46%	0.34%	0.13%
Utilities	5,498	8,400	(2,902)	65%	0.10%	0.09%	0.00%
Postage & Printing	8,893	12,960	(4,068)	69%	0.16%	0.15%	0.01%
Depreciation / Amortization	96,095	90,917	5,178	106%	1.72%	1.02%	0.70%
Total General	**331,156**	**348,686**	**(17,530)**	**95%**	**5.94%**	**3.93%**	**2.01%**
Personnel							
Compensation	530,041	576,969	(46,928)	92%	9.51%	6.50%	3.01%
Benefits	97,295	110,033	(12,738)	88%	1.75%	1.24%	0.51%
Payroll Tax	40,767	42,521	(1,754)	96%	0.73%	0.48%	0.25%
Training/Education/Recruitment	2,858	22,250	(19,392)	13%	0.05%	0.25%	-0.20%
Total Personnel	**670,961**	**751,773**	**(80,812)**	**89%**	**12.04%**	**8.47%**	**3.57%**
Travel & Entertainment							
Travel - Employee	3,712	16,000	(12,288)	23%	0.07%	0.18%	-0.11%
Travel - Board/Committee Meeting	1,961	10,300	(8,339)	19%	0.04%	0.12%	-0.08%
Total Travel & Entertainment	**5,673**	**26,300**	**(20,627)**	**22%**	**0.10%**	**0.30%**	**-0.19%**
Total General & Administrative Expenses	**1,141,335**	**1,324,334**	**(182,999)**	**86%**	**20.48%**	**14.92%**	**5.56%**
SPECIAL PROJECTS EXPENSES							
Litigation	5,477	10,000	(4,523)	55%	0.10%	0.11%	-0.01%
Legal - Legislative Matters	0	0	0	N/A	0.00%		
Legal - Special Projects	0	TBD	0	N/A	0.00%		
Service Provder Selection	15,000	20,000	(5,000)	75%	0.27%	0.23%	0.04%
Second Rate Filing	0	15,000	(15,000)	N/A	0.00%	0.17%	-0.23%
Market Assistance Plan	0	10,000	(10,000)	N/A	0.00%	0.11%	-0.11%
Executive Compensation Study	0	16,000	0	N/A	0.00%		
Disaster Recovery Analysis	10,290	34,300	0	N/A	0.18%		
Disaster Recovery Deployment	0	TBD	0	N/A	0.00%		
Total Special Projects Expenses	**30,767**	**105,300**	**(74,533)**	**29%**	**0.55%**	**0.62%**	**-0.31%**
Total G&A and Special Project Expenses	**1,172,102**	**1,429,634**	**(257,532)**	**82%**	**21.03%**	**16.11%**	**4.92%**
GRAND TOTAL OF EXPENSES	**3,283,612**	**8,904,479**	**(5,620,867)**	**37%**	**58.92%**	**100.33%**	**-41.41%**
GAIN / (LOSS) BEFORE ASSESSMENT	**3,122,439**	**1,129,238**	**1,993,202**	**277%**			
less fixed assets	*0*						
GAIN / (LOSS) BEFORE ASSESSMENT	**3,122,439**						

FWCJUA - Effective PRIOR to 7/26/2003
Cash Flow Analysis

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Total 2008
Cash Inflows													
Premiums Collected/Deposits	30,062	38,536	34,125	17,285	35,000	35,000	35,062						225,069
Net Collections Activity	10,000	8,340	7,389	7,089	6,820	(204)	14,437						53,871
Producer Authorizations	2,000	2,400	2,200	3,000	2,400	1,500	1,700						15,200
Interest Income	41,049	105,320	18,064	23,512	47,076	9,362	8,091						252,474
Reinsurance Recoveries	0	13,317	10,153	0	0	3,294	0						26,764
Miscellaneous Income	0	0	0	0	0	0	0						0
Total Cash Inflows	***83,111***	***167,913***	***71,931***	***50,886***	***91,296***	***48,952***	***59,290***	***0***	***0***	***0***	***0***	***0***	***573,378***
Cash Outflows													
Loss and LAE payments	24,474	18,944	18,448	11,401	(734,343)	27,011	38,952						(595,113)
Underwriting expenses	3,998	5,202	4,436	2,365	4,725	4,725	4,733						30,184
General & Administrative expenses	286,601	(58,967)	(143,529)	76,316	20,965	(17,434)	(50,313)						113,639
Taxes & Assessments	0	0	0	(1,044,047)	0	0	(10,000)						(1,054,047)
Reinsurance Premiums	0	(1,138,578)	(202,416)	0	0	0	321,213						(1,019,781)
Interest Expense	(621)	(33)	(20)	233	(660)	(6)	12						(1,095)
Investments	(994,263)	0	0	995,983	3,004,017	0	1,487,925						4,493,662
Total Cash Outflows	***(679,811)***	***(1,173,431)***	***(323,081)***	***42,250***	***2,294,704***	***14,297***	***1,792,522***	***0***	***0***	***0***	***0***	***0***	***1,967,449***
SunTrust Bank													
Beginning	3,122,470	3,885,392	5,226,736	5,621,748	5,630,384	3,426,976	3,461,631	1,728,398	1,728,398	1,728,398	1,728,398	1,728,398	3,122,470
Net Activity	762,922	1,341,344	395,012	8,636	(2,203,408)	34,655	(1,733,233)	0	0	0	0	0	(1,394,072)
SunTrust Ending	3,885,392	5,226,736	5,621,748	5,630,384	3,426,976	3,461,631	1,728,398	1,728,398	1,728,398	1,728,398	1,728,398	1,728,398	1,728,398
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	**3,885,392**	**5,226,736**	**5,621,748**	**5,630,384**	**3,426,976**	**3,461,631**	**1,728,398**	**1,728,398**	**1,728,398**	**1,728,398**	**1,728,398**	**1,728,398**	**1,728,398**
SouthTrust Money Market Fund													
Beginning	603,788	659,819	2,369,326	2,997,915	2,574,605	7,561,899	3,734,514	2,891,179	2,891,179	2,891,179	2,891,179	2,891,179	603,788
Interest Income	56,031	135,507	128,589	91,076	61,249	34,129	44,133						550,714
Additions / (Withdrawals)	0	0	0	0	6,000,000	0	0						6,000,000
Sales & Matured Securities	0	1,574,000	500,000	1,500,000	345,000	500,000	994,664						5,413,664
Purchases	0	0	0	(2,014,386)	(1,418,955)	(4,361,514)	(1,882,132)						(9,676,987)
Ending	**659,819**	**2,369,326**	**2,997,915**	**2,574,605**	**7,561,899**	**3,734,514**	**2,891,179**	**2,891,179**	**2,891,179**	**2,891,179**	**2,891,179**	**2,891,179**	**2,891,179**
Total **Prior** JUA Funds	33,745,472	35,222,432	35,716,365	35,822,059	40,687,964	37,735,322	37,534,148						37,534,148
Liquidity (<1 yr. maturity)	13,565,593	11,211,264	11,745,110	10,227,798	10,028,605	10,196,687	7,716,944						7,716,944
Liquidity Percentage *(should be 5% or >)*	40.20%	31.83%	32.88%	28.55%	24.65%	27.02%	20.56%						20.56%

FWCJUA - SubPlan A
Cash Flow Analysis

	Actual Jan-08	Actual Feb-08	Actual Mar-08	Actual Apr-08	Actual May-08	Actual Jun-08	Actual Jul-08	Actual Aug-08	Actual Sep-08	Actual Oct-08	Actual Nov-08	Actual Dec-08	Total 2008
Cash Inflows													
Premiums Collected/Deposits	0	0	0	0	0	0	0						0
Net Collections Activity	0	0	0	0	0	0	0						0
Interest Income	244	181	170	127	123	113	179						1,137
Reinsurance Recoveries	0	0	0	0	0	0	0						0
Miscellaneous Income	0	0	0	0	0	0	0						0
Total Cash Inflows	***244***	***181***	***170***	***127***	***123***	***113***	***179***	***0***	***0***	***0***	***0***	***0***	***1,137***
Cash Outflows													
Loss and LAE payments	0	0	0	0	0	0	0						0
Underwriting expenses	0	0	0	0	0	0	0						0
General & Administrative expenses	19	19	19	19	19	19	20						133
Taxes & Assessments	0	0	0	(3,517)	0	0	0						(3,517)
Reinsurance Premiums	0	0	0	0	0	0	0						0
Interest Expense	0	0	0	0	0	0	0						0
Total Cash Outflows	***19***	***19***	***19***	***(3,498)***	***19***	***19***	***20***	***0***	***0***	***0***	***0***	***0***	***(3,384)***
SunTrust Bank													
Beginning	74,712	74,937	75,099	75,251	78,876	78,979	79,074	79,233	79,233	79,233	79,233	79,233	74,712
Net Activity	225	162	151	3,625	103	94	159	0	0	0	0	0	4,521
SunTrust Ending	**74,937**	**75,099**	**75,251**	**78,876**	**78,979**	**79,074**	**79,233**	**79,233**	**79,233**	**79,233**	**79,233**	**79,233**	**79,233**
Deposit Liability	0	0	0	0	0	0	0	0	0	0	0	0	0
Available Cash	**74,937**	**75,099**	**75,251**	**78,876**	**78,979**	**79,074**	**79,233**	**79,233**	**79,233**	**79,233**	**79,233**	**79,233**	**79,233**

FWCJUA - SubPlan C
Cash Flow Analysis

	Actual Jan-08	Actual Feb-08	Actual Mar-08	Actual Apr-08	Actual May-08	Actual Jun-08	Actual Jul-08	Actual Aug-08	Actual Sep-08	Actual Oct-08	Actual Nov-08	Actual Dec-08	Total 2008
Cash Inflows													
Premiums Collected/Deposits	0	0	0	0	(14)	0	0						(14)
Net Collections Activity	1,890	268	3,595	3,322	1,883	1,714	2,293						14,964
Interest Income	15,548	13,398	1,476	32,448	3,805	692	11,867						79,235
Reinsurance Recoveries	0	0	0	0	0	0	0						0
Miscellaneous Income	0	0	0	0	0	0	0						0
Total Cash Inflows	***17,438***	***13,666***	***5,071***	***35,770***	***5,673***	***2,406***	***14,160***	***0***	***0***	***0***	***0***	***0***	***94,184***
Cash Outflows													
Loss and LAE payments	4,001	0	4,027	7,273	3,086	3,604	2,268						24,259
Underwriting expenses	(428)	0	0	0	(3)	0	0						(431)
General & Administrative expenses	49	45	32	783	817	54	36						1,817
Taxes & Assessments	0	0	0	(317,817)	0	0	0						(317,817)
Reinsurance Premiums	0	176,351	0	0	0	0	(2)						176,349
Interest Expense	9	0	9	10	3	6	3						39
Investments (CP)	(7,103)	0	0	(1,981,422)	0	0	991,950						(996,575)
Investments (LT)	1,000,000	0	0	0	2,500,000	0	(1,000,000)						2,500,000
Total Cash Outflows	***996,528***	***176,396***	***4,068***	***(2,291,173)***	***2,503,902***	***3,664***	***(5,744)***	***0***	***0***	***0***	***0***	***0***	***1,387,642***
SunTrust Bank													
Beginning	1,795,489	816,399	653,669	654,672	2,981,615	483,386	482,128	502,032	502,032	502,032	502,032	502,032	1,795,489
Net Activity	(979,090)	(162,730)	1,003	2,326,943	(2,498,229)	(1,258)	19,904	0	0	0	0	0	(1,293,457)
SunTrust Ending	**816,399**	**653,669**	**654,672**	**2,981,615**	**483,386**	**482,128**	**502,032**	**502,032**	**502,032**	**502,032**	**502,032**	**502,032**	**502,032**
Deposit Liability	13,590	13,590	13,590	13,590	13,590	13,590	13,423						13,423
Available Cash	**802,810**	**640,080**	**641,082**	**2,968,025**	**469,796**	**468,538**	**488,609**	**502,032**	**502,032**	**502,032**	**502,032**	**502,032**	**488,609**
LT Investments *(> 1 yr maturity) & CP*	7,478,602	7,497,155	7,514,117	5,547,668	8,045,482	8,039,583	9,030,403						9,030,403
Total - Cash & Invested Assets	**8,281,412**	**8,137,235**	**8,155,200**	**8,515,693**	**8,515,278**	**8,508,120**	**9,519,012**	**502,032**	**502,032**	**502,032**	**502,032**	**502,032**	**9,519,012**

FWCJUA - SubPlan D
Cash Flow Analysis

	Actual Jan-08	Actual Feb-08	Actual Mar-08	Actual Apr-08	Actual May-08	Actual Jun-08	Actual Jul-08	Actual Aug-08	Actual Sep-08	Actual Oct-08	Actual Nov-08	Actual Dec-08	Total 2008
Cash Inflows													
Premiums Collected	(847)	0	(3,195)	(1,939)	0	666	(882)	0	0	0	0	0	(6,197)
Net Collections Activity	6,886	4,474	100,133	(2,378)	1,312	3,223	7,904	0	0	0	0	0	121,554
Interest Income	10,318	2,453	54,050	23,089	5,455	5,047	3,874	0	0	0	0	0	104,285
Reinsurance Recoveries	0	0	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous Income	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Cash Inflows	***16,357***	***6,927***	***150,988***	***18,772***	***6,767***	***8,936***	***10,895***	***0***	***0***	***0***	***0***	***0***	***219,642***
Cash Outflows													
Loss and LAE payments	23,853	0	13,067	35,537	16,601	19,784	14,395	0	0	0	0	0	123,238
Underwriting expenses	317	0	(824)	345	60	161	(22)	0	0	0	0	0	38
General & Administrative expenses	48	42	31	39	0	59	61	0	0	0	0	0	279
Taxes & Assessments	0	0	0	0	0	0	0	0	0	0	0	0	0
Reinsurance	0	(69,460)	0	0	0	0	(3,620)	0	0	0	0	0	(73,079)
Interest Expense	61	0	35	49	14	33	21	0	0	0	0	0	213
Investments (CP)	987,160	0	0	(1,981,422)	0	0	1,983,900	0	0	0	0	0	989,638
Investments (LT)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Cash Outflows	***1,011,438***	***(69,418)***	***12,309***	***(1,945,452)***	***16,676***	***20,037***	***1,994,735***	***0***	***0***	***0***	***0***	***0***	***1,040,326***
SunTrust Bank													
Beginning	1,987,929	992,847	1,069,192	1,207,871	3,172,095	3,162,185	3,151,084	1,167,244	1,167,244	1,167,244	1,167,244	1,167,244	1,987,929
Net Activity	(995,081)	76,345	138,680	1,964,223	(9,909)	(11,101)	(1,983,840)	0	0	0	0	0	(820,685)
SunTrust Ending	**992,847**	**1,069,192**	**1,207,871**	**3,172,095**	**3,162,185**	**3,151,084**	**1,167,244**	**1,167,244**	**1,167,244**	**1,167,244**	**1,167,244**	**1,167,244**	**1,167,244**
Deposit Liability	182,779	183,353	180,175	180,175	180,175	180,175	180,175	0	0	0	0	0	180,175
Available Cash	**810,069**	**885,839**	**1,027,697**	**2,991,920**	**2,982,011**	**2,970,909**	**987,069**	**1,167,244**	**1,167,244**	**1,167,244**	**1,167,244**	**1,167,244**	**987,069**
Commerical Paper & LT	4,414,052	4,414,052	4,423,615	2,442,193	2,442,193	2,442,193	4,435,446	0	0	0	0	0	4,435,446
Total - Cash & Invested Assets	**5,224,121**	**5,299,891**	**5,451,312**	**5,434,113**	**5,424,204**	**5,413,102**	**5,422,515**	**1,167,244**	**1,167,244**	**1,167,244**	**1,167,244**	**1,167,244**	**5,422,515**

FWCJUA - Tier 1
Cash Flow Analysis

	Actual Jan-08	Actual Feb-08	Actual Mar-08	Actual Apr-08	Actual May-08	Actual Jun-08	Actual Jul-08	Actual Aug-08	Actual Sep-08	Actual Oct-08	Actual Nov-08	Actual Dec-08	Total 2008
Cash Inflows													
Premiums Collected/Deposits	403,380	471,813	338,547	196,559	373,619	163,536	304,022						2,251,476
Net Collections Activity	(300)	0	176,992	3,630	0	0	2,833						183,155
Interest Income	13,106	26,592	24,390	39,072	30,410	4,912	1,936						140,419
Reinsurance Recoveries	0	0	0	0	0	0	0						0
Miscellaneous Income	0	0	0	0	0	0	0						0
Total Cash Inflows	***416,186***	***498,406***	***539,928***	***239,261***	***404,029***	***168,448***	***308,791***	***0***	***0***	***0***	***0***	***0***	***2,575,050***
Cash Outflows													
Loss and LAE payments	78,323	25,598	42,159	45,664	90,753	55,512	34,752						372,761
Underwriting expenses	99,262	109,306	112,931	73,074	120,212	65,396	104,371						684,552
General & Administrative expenses	90	21,784	114,713	78,503	74,550	64,564	85,769						439,974
Taxes & Assessments	0	0	0	(257,295)	0	0	0						(257,295)
Reinsurance Premiums	120,550	21,224	0	120,550	0	0	170,511						432,834
Interest Expense	(486)	(726)	(184)	(48)	(112)	(46)	(226)						(1,827)
Investments (CP)	1,977,871	0	0	(1,974,142)	(997,992)	0	0						(994,263)
Investments (LT)	500,000	0	0	0	4,000,000	0	0						4,500,000
Total Cash Outflows	***2,775,609***	***177,187***	***269,619***	***(1,913,693)***	***3,287,412***	***185,426***	***395,177***	***0***	***0***	***0***	***0***	***0***	***5,176,736***
SunTrust Bank													
Beginning	3,442,556	1,083,134	1,404,353	1,674,662	3,827,616	944,233	927,256	840,871	840,871	840,871	840,871	840,871	3,442,556
Net Activity	(2,359,423)	321,219	270,309	2,152,954	(2,883,383)	(16,977)	(86,386)	0	0	0	0	0	(2,601,686)
SunTrust Ending	**1,083,134**	**1,404,353**	**1,674,662**	**3,827,616**	**944,233**	**927,256**	**840,871**	**840,871**	**840,871**	**840,871**	**840,871**	**840,871**	**840,871**
Deposit Liability	667,669	660,371	673,969	625,693	589,524	550,557	557,358						557,358
Available Cash	**415,465**	**743,982**	**1,000,693**	**3,201,923**	**354,709**	**376,699**	**283,513**	**840,871**	**840,871**	**840,871**	**840,871**	**840,871**	**283,513**
LT Investments *(> 1 yr maturity) & CP*	7,445,185	7,445,185	7,449,011	5,474,869	8,476,877	8,470,973	8,474,656						8,474,656
Total - Cash & Invested Assets	**7,860,651**	**8,189,167**	**8,449,703**	**8,676,791**	**8,831,587**	**8,847,672**	**8,758,169**	**840,871**	**840,871**	**840,871**	**840,871**	**840,871**	**8,758,169**

FWCJUA - Tier 2
Cash Flow Analysis

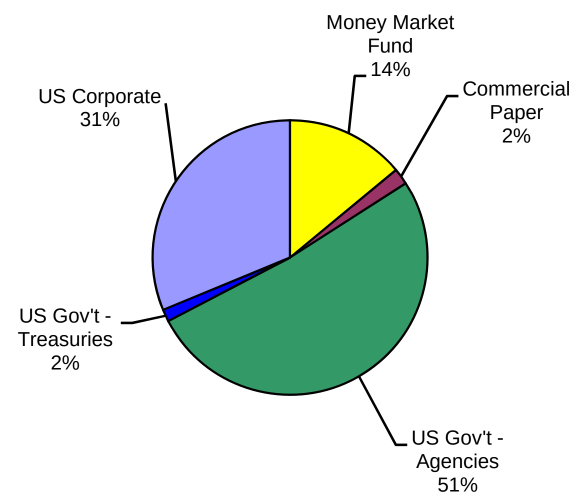
	Actual Jan-08	Actual Feb-08	Actual Mar-08	Actual Apr-08	Actual May-08	Actual Jun-08	Actual Jul-08	Actual Aug-08	Actual Sep-08	Actual Oct-08	Actual Nov-08	Actual Dec-08	Total 2008
Cash Inflows													
Premiums Collected/Deposits	436,289	130,346	285,911	432,030	196,790	290,185	46,314						1,817,865
Net Collections Activity	66,930	60,917	60,344	83,890	22,667	48,630	47,081						390,459
Interest Income	56,045	50,803	1,169	62,727	56,555	9,278	53,483						290,061
Reinsurance Recoveries	0	0	38,206	0	0	0	0						38,206
Miscellaneous Income	0	0	0	0	0	0	0						0
Total Cash Inflows	***559,264***	***242,067***	***385,630***	***578,647***	***276,012***	***348,093***	***146,878***	***0***	***0***	***0***	***0***	***0***	***2,536,591***
Cash Outflows													
Loss and LAE payments	77,268	0	141,117	224,980	64,485	126,725	106,964						741,539
Underwriting expenses	84,700	0	117,606	177,904	100,295	86,025	37,306						603,835
General & Administrative expenses	161	97,696	128,308	41,682	68,667	76,893	75,986						489,392
Taxes & Assessments	0	0	0	(535,108)	0	0	0						(535,108)
Reinsurance Premiums	224,650	(213,528)	0	224,650	0	0	(33,795)						201,977
Interest Expense	(132)	0	158	207	0	(9)	222						446
Investments (CP)	1,974,319	0	0	(2,964,853)	(997,992)	0	1,983,900						(4,625)
Investments (LT)	2,000,000	3,000,000	0	0	1,500,000	0	(1,000,000)						5,500,000
Total Cash Outflows	***4,360,966***	***2,884,168***	***387,189***	***(2,830,538)***	***735,456***	***289,633***	***1,170,582***	***0***	***0***	***0***	***0***	***0***	***6,997,456***
SunTrust Bank													
Beginning	6,952,822	3,151,121	509,019	507,459	3,916,644	3,457,201	3,515,661	2,491,957	2,491,957	2,491,957	2,491,957	2,491,957	6,952,822
Net Activity	(3,801,702)	(2,642,102)	(1,560)	3,409,185	(459,443)	58,460	(1,023,704)	0	0	0	0	0	(4,460,865)
SunTrust Ending	**3,151,121**	**509,019**	**507,459**	**3,916,644**	**3,457,201**	**3,515,661**	**2,491,957**	**2,491,957**	**2,491,957**	**2,491,957**	**2,491,957**	**2,491,957**	**2,491,957**
Deposit Liability	1,321,575	1,274,639	1,242,498	1,164,076	1,136,610	1,083,412	1,072,312						1,072,312
Available Cash	**1,829,545**	**(765,620)**	**(735,039)**	**2,752,568**	**2,320,590**	**2,432,249**	**1,419,644**	**2,491,957**	**2,491,957**	**2,491,957**	**2,491,957**	**2,491,957**	**1,419,644**
LT Investments *(> 1 yr maturity) & CP*	18,302,792	21,330,202	21,358,859	18,408,261	18,922,485	18,925,003	20,907,120						20,907,120
Total - Cash & Invested Assets	**20,132,338**	**20,564,582**	**20,623,821**	**21,160,829**	**21,243,075**	**21,357,252**	**22,326,764**	**2,491,957**	**2,491,957**	**2,491,957**	**2,491,957**	**2,491,957**	**22,326,764**

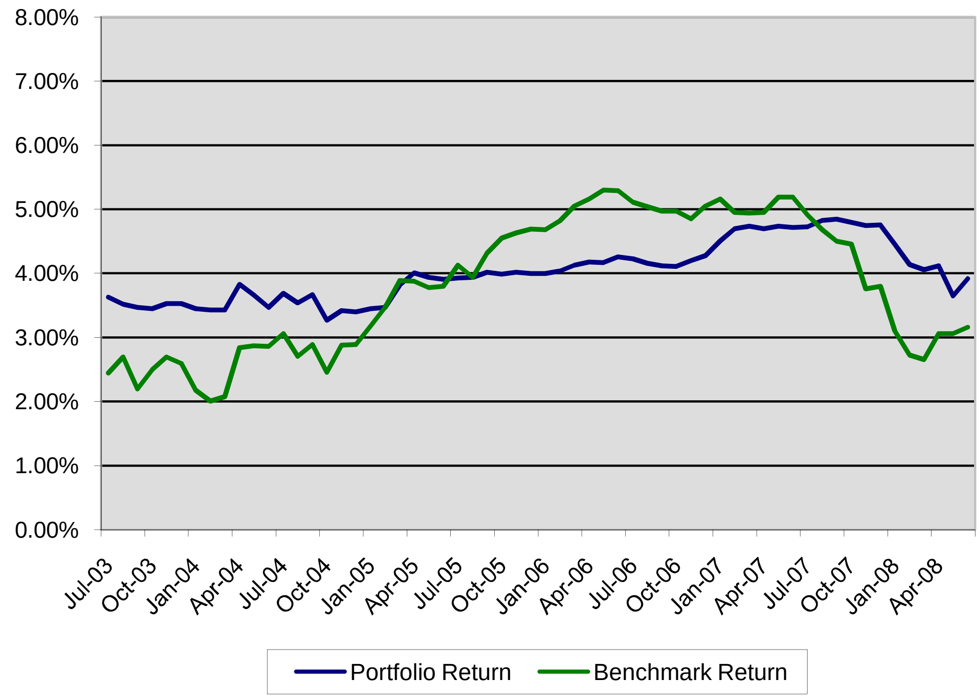
FWCJUA - Tier 3
Cash Flow Analysis

	Actual Jan-08	Actual Feb-08	Actual Mar-08	Actual Apr-08	Actual May-08	Actual Jun-08	Actual Jul-08	Actual Aug-08	Actual Sep-08	Actual Oct-08	Actual Nov-08	Actual Dec-08	Total 2008
Cash Inflows													
Premiums Collected/Deposits	316,212	438,577	508,044	343,481	455,807	380,837	345,788						2,788,746
Net Collections Activity	111,145	11,031	24,951	44,950	12,145	27,131	3,335						234,688
Interest Income	59,670	60,563	3,827	85,901	63,668	9,026	42,727						325,382
Reinsurance Recoveries	0	0	0	0	0	0	0						0
Miscellaneous Income	0	0	0	0	0	0	0						0
Total Cash Inflows	***487,027***	***510,171***	***536,822***	***474,332***	***531,620***	***416,993***	***391,850***	***0***	***0***	***0***	***0***	***0***	***3,348,816***
Cash Outflows													
Loss and LAE payments	148,825	87,249	102,821	89,016	87,621	(65,350)	47,390						497,572
Underwriting expenses	83,738	89,708	142,910	87,013	129,750	118,296	83,193						734,607
General & Administrative expenses	174	114,232	87,996	48,915	61,285	83,608	55,230						451,439
Taxes & Assessments	0	0	0	(681,520)	0	0	0						(681,520)
Reinsurance Premiums	202,733	(352,534)	0	202,733	0	0	93,626						146,557
Interest Expense	(11)	(349)	(263)	(35)	(94)	(473)	(165)						(1,390)
Investments (CP)	2,965,031	0	0	(2,958,489)	(1,995,067)	0	1,983,900						(4,625)
Investments (LT)	3,000,000	1,500,292	0	(2,000,000)	6,500,000	0	0						9,000,292
Total Cash Outflows	***6,400,489***	***1,438,598***	***333,463***	***(5,212,368)***	***4,783,494***	***136,081***	***2,263,175***	***0***	***0***	***0***	***0***	***0***	***10,142,933***
SunTrust Bank													
Beginning	8,383,041	2,469,579	1,541,153	1,744,512	7,431,211	3,179,337	3,460,249	1,588,924	1,588,924	1,588,924	1,588,924	1,588,924	8,383,041
Net Activity	(5,913,462)	(928,427)	203,359	5,686,700	(4,251,875)	280,912	(1,871,325)	0	0	0	0	0	(6,794,117)
SunTrust Ending	**2,469,579**	**1,541,153**	**1,744,512**	**7,431,211**	**3,179,337**	**3,460,249**	**1,588,924**	**1,588,924**	**1,588,924**	**1,588,924**	**1,588,924**	**1,588,924**	**1,588,924**
Deposit Liability	250,746	229,072	217,884	204,649	197,725	184,818	168,044						168,044
Available Cash	**2,218,833**	**1,312,080**	**1,526,628**	**7,226,562**	**2,981,612**	**3,275,431**	**1,420,880**	**1,588,924**	**1,588,924**	**1,588,924**	**1,588,924**	**1,588,924**	**1,420,880**
LT Investments *(> 1 yr maturity) & CP*	20,794,643	22,322,707	22,351,367	17,407,135	21,923,495	21,915,141	23,896,551						23,896,551
Total - Cash & Invested Assets	**23,013,476**	**23,634,787**	**23,877,995**	**24,633,697**	**24,905,106**	**25,190,572**	**25,317,431**	**1,588,924**	**1,588,924**	**1,588,924**	**1,588,924**	**1,588,924**	**25,317,431**

FWCJUA INVESTMENTS
Asset Subclasses vs. Benchmarks - Annual Yields

Report Period 7/1/2003 to 6/30/2008





BENCHMARK	ASSET SUBCLASS	PORTFOLIO ALLOCATION
Money Market Index	Money Market Fund	14.0%
Commercial Paper Index	Commercial Paper	1.9%
Bloomberg US Gov't Agencies	US Gov't - Agencies	51.4%
Bloomberg US Treasuries	US Gov't - Treasuries	1.4%
Bloomberg AA Industrials	US Corporate	31.2%
Total Portfolio		100.0%

Annual Yield as of June 30, 2008	
SUBCLASS RETURNS	BENCHMARK RETURNS
1.64%	1.64%
3.34%	3.34%
3.85%	3.27%
4.05%	2.34%
5.08%	3.69%
3.92%	3.16%

FWCJUA
Investment Portfolio Comparison with Investment Policy

	% allowed	* Ratings as of 8/18/2008 Moody's	S&P	FWCJUA Portfolio Book Value 7/31/2008	% 7/31/2008
1. U.S. Government Treasury Securities	100%				
U.S. Treasury Note		TSY	TSY	1,343,343	1.3%
				1,343,343	1.3%
2. U.S. Government Agency Securities *(subject to 35% limit in any one agency)*	100%				
Federal Home Loan Mortgage Corporation (FHLMC)		AGY	AGY	9,315,886	9.3%
Federal National Mortgage Association (FNMA)		AGY	AGY	11,020,453	11.0%
Federal Home Loan Bank (FHLB)		AGY	AGY	23,142,366	23.0%
Federal Farm Credit Banks (FFCB)		AGY	AGY	4,097,933	4.1%
				47,576,637	47.3%
3. Commerical Paper rated A-1 or P-1 provided the LT Debt rating is A or better.	25%			9,126,903	9.1%
4. Corporate Debt with LT Bond ratings of single A or better & a SVO of 1.	50%				
AT&T Inc		A2	A	101,245	0.1%
Abbott Labs		A1	AA	598,882	0.6%
Alabama Power Company		A2	A	599,783	0.6%
Allstate Corporation		A1	A+	205,319	0.2%
Anheuser Busch Companies Inc		A2	BBB+	439,380	0.4%
Bank of America		AA2	AA	728,246	0.7%
Bank of New York		AA2	A+	1,005,340	1.0%
Berkshire Hathaway		AAA	AAA	59,084	0.1%
Boeing Cap Corp		A2	A+	851,202	0.8%
Canadian Natl RR		A3	A -	350,808	0.3%
Caterpillar, Inc.		A2	A	1,407,664	1.4%
Caterpillar Financial Services		A2	A	211,808	0.2%
CitiGroup Inc.		AA3	AA-	1,147,346	1.1%
Coca Cola Enterprises		A3	A	102,112	0.1%
Conocophillips		A1	A	907,829	0.9%
Countrywide Funding Corporation		Aa2	AA	3,432,164	3.4%
Dover Corp		A2	A	263,362	0.3%
Emerson Electric		A2	A	316,615	0.3%
First Tennessee Bank		A3	A-	99,991	0.1%
General Elec Cap		AAA	AAA	1,219,713	1.2%
Georgia Power Co		A2	A	500,196	0.5%
Gillette Company		AA3	AA -	835,980	0.8%
Goldman Sachs Group		AA3	AA -	426,095	0.4%
Harley Davidson Funding		A1	A	74,997	0.1%
Hewlett Packard Co.		A2	A	1,034,910	1.0%
Home Depot		BAA1	BBB+	134,817	0.1%
Household Finance Corp		AA3	AA -	269,935	0.3%
IBM Corp		A1	A+	1,088,863	1.1%
JP Morgan Chase Co		AA2	AA-	515,557	0.5%
John Deere Cap Corp		A2	A	1,180,838	1.2%
Kimberly Clark Corp		A2	A+	1,185,750	1.2%
Lehman Brothers Holdings		A2	A	368,028	0.4%
Lowes Companies Inc		A1	A+	1,008,497	1.0%
McDonalds Corp		A3	A	496,736	0.5%
Merrill Lynch & Co		A2	A	535,266	0.5%
Natl Rural Utilities		A2	A	1,123,272	1.1%
Nucor Corp		A1	A+	208,938	0.2%
PNC Funding Corp		A1	A+	198,703	0.2%
Pepsi Bottling Holdings		AA2	A+	466,631	0.5%
Pepsico Inc		AA2	A+	199,839	0.2%
Phillips Petroleum		A1	A	141,041	0.1%
Praxair Inc		A2	A	265,184	0.3%
Regions Bank Series		A2	A	139,868	0.1%
SBC Commmunications		A2	A	981,903	1.0%
Target Corp		A2	A+	1,161,532	1.2%
US Bank Natl Assn		AA2	AA	110,170	0.1%
United Technology Corp		A2	A	1,097,566	1.1%
Vulcan Materials		A3	A -	499,160	0.5%
Walt Disney Co		A2	A	361,047	0.4%
Wal-Mart Stores		AA2	AA	1,077,838	1.1%
Washington Mutual		BAA3	BBB-	79,528	0.1%
Wells Fargo & Company		AA1	AA +	247,580	0.2%
				32,064,159	31.9%
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%			-	0.0%
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				37,830,339	
SunTrust Bank accounts				8,399,161	42%
				46,229,500	**OK**
- Maximum of 5% may be invested in obligations of a single issuer.					**OK**
- Average Portfolio Rating of Double A		**AA2**	**AA**		**OK**
Total Portfolio				**$ 100,569,949**	