Florida Workers Compensation Joint Underwriting Association, Inc.

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VIA E-MAIL

FWCJUA REINSURANCE COMMITTEE BULLETIN 09-02

TO: Florida Workers' Compensation Joint Underwriting Association, Inc. Reinsurance Committee

FROM: Laura S. Torrence, Executive Director

DATE: August 18, 2009

RE: **AUGUST 24, 2009 REINSURANCE COMMITTEE TELECONFERENCE MEETING AGENDA**

Enclosed for your review is the agenda for the FWCJUA Reinsurance Committee teleconference meeting scheduled for Monday, August 24, 2009, at 2:00 p.m. (Eastern Time). To participate in the teleconference meeting, please contact Kathy Coyne at (941) 378-7408.

Please contact me should you have any questions regarding the agenda for this meeting.

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

AGENDA FOR THE MEETING OF THE REINSURANCE COMMITTEE OF THE FLORIDA WORKERS' COMPENSATION JOINT UNDERWRITING ASSOCIATION, INC. TO BE HELD ON MONDAY, AUGUST 24, 2009, AT 2:00 P.M. VIA TELECONFERENCE

I.	CALL TO ORDER AND OPENING REMARKS	Beth Vecchioli
II.	ANTI-TRUST PREAMBLE (Attachment A)	Tom Maida
III.	2010 REINSURANCE PROGRAM GOALS AND MARKET STRATEGY (Attachment B)	Michael Cleary
IV.	COMMUTATION MATTERS (Attachment C)	Michael Cleary
V.	REINSURANCE INTERMEDIARY CONFIRMATION (Attachment D)	Laura Torrence
V.	GENERAL ANNOUNCEMENTS	Beth Vecchioli
VI.	ADJOURNMENT AND CLOSING REMARKS	Beth Vecchioli

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.

2010 REINSURANCE PROGRAM GOALS AND MARKET STRATEGY

The Reinsurance Committee shall consider the proposed attached 2010 reinsurance goals and marketing strategy.

The marketing strategy has been designed to meet the following objectives:

1. minimize policyholder 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 fifteen year experience/performance; and
4. obtain flexibility to accommodate unexpected growth or further depopulation.

Historically, the FWCJUA has maintained a multiple layer excess of loss program. Over the years, the retention and layers have varied; however, the program is currently structured as follows:

XOL Layer	Limit	Retention	Coverage Basis
First	$4,000,000	$1,000,000	per person/per occurrence, AAD
Second	$5,000,000	$5,000,000	per person/per occurrence
1st Catastrophe	$10,000,000	$10,000,000	per occurrence, $5M MAOL
2nd Catastrophe	$10,000,000	$20,000,000	per occurrence, $5M, MAOL

The Reinsurance Committee shall determine whether the 2010 reinsurance goals and marketing strategy are appropriate.

2010 FWCJUA REINSURANCE GOALS

The depopulation trend which started with the introduction of the tier rating plans in 2004 has continued through 2009. Over the last year, FWCJUA business decreased by approximately 50% as detailed in the table below.

	As of July 31, 2008	As of July 31, 2009	% Change
In-Force Policies	1,689	909	- 46%
In-Force Premium	$12,779,327	$6,474,280	- 49%
	Year-to-Date 2008 As of July 31, 2008	**Year-to-Date 2009 As of July 31, 2009**	
New Business Policies	257	117	- 54%
New Business Premium	$2,553,717	$1,200,047	- 53%
Renewal Business Policies	1001	509	- 49%
Renewal Business Premium	$7,029,234	$3,044,848	- 57%

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. However, the significant decrease in the FWCJUA's premium base over the last two years has influenced an increase of 15.07% in 2009 and we expect to maintain or see a slight increase in the price for the 2010 program due to the FWCJUA's continued depopulation.

We perceive four (4) principal objectives in developing the 2010 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 fifteen 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 solving problems 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. Consistency in philosophy along with competence and stability 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 independent and active Board of Governors composed of experienced insurance professionals.

2010 PROGRAM GOALS

The 2010 reinsurance renewal program goals take into consideration the FWCJUA's financial status, excellent past performance, current book of business, and the fact that the 2010 premium, account "mix" and uncollectible premium impact will probably track similar to the 1998 – 2000 and the 2005 - 2008 policy year/accident year profiles. The goals are:

1. Design the program based on projected 2010 earned premium level of $8.0 million and a policy count of 800.
2. Approach the 2010 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 – 2009?" 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.
6. Obtain, where possible, the commitment from reinsurers that any letter of credit requirements be issued through banking institutions with a "stable" rating to include any and all banks with corresponding commitment shares. *The rating method to be used to identify a "stable" rating shall be determined by the Reinsurance Committee (e.g., Moody's, S&P, Bauer Financial, etc.).*
7. Attempt to get NBCR coverage in the regular program by removing the exclusion from the contract in 2010.
8. Evaluate the financial conditions of all current reinsurers and advise what actions, if any, are required.
9. Take whatever steps are appropriate to ensure that both current and potential markets are fully accessed.
10. Specifically, the 2010 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. protect the FWCJUA in the event of financial difficulties of the banks that the reinsurers utilize to post letters of credit, including any and all banks with corresponding commitment shares;
    e. 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 2009 program, i.e. $1M or $2M since the FWCJUA is in a surplus position);
    f. provide alternative approaches to obtain equivalent, better or different reinsurance coverage;
    g. obtain more favorable minimum premiums or, at the minimum, retain 2009 levels and spread the minimum premium for at least the first and second excess layers over a minimum of two years from January 1, 2009 through December 31, 2010 to help relieve any potential minimum premium penalty resulting from the FWCJUA's decreasing premium volume; and
    h. obtain statutory limits if such a program is available at a reasonable price.

MOST SIGNIFICANT ANTICIPATED IMPACTS FOR 2010:

The FWCJUA shall remain a single-line insurer underwriting workers' compensation and employer's liability residual market coverage 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 2010. 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 2010 – it is anticipated that:

1. there may 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 $7M to $8M in premium; and
4. the stable service environment will be maintained as the Travelers' contract for policy administration/managed care services renewed in 2009 for another 3 years, Milliman's engagement as the FWCJUA's Actuary was also extended through 2011, and Aon Benfield was selected as the FWCJUA's reinsurance intermediary on June 11, 2008, for a minimum of 3 years. The FWCJUA also extended Thomas Howell Ferguson's engagement for the 2009 audit, but plans to conduct a competitive solicitation for the 2010 audit and beyond.

2010 PROGRAM CONSIDERATIONS

There are several conditions that we feel will continue well into 2010:

1. For purposes of reinsurance purchase, $8M in earned premium and 800 polices should be used.

2. We do not anticipate growth in 2010 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. The 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 2010 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 53% of the claims and 58% 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 2010.
   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 2010. 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 2003 reforms – restrictions on the claimant attorney's fees – was essentially reversed in October of 2008, by the Florida Supreme Court's decision in the Emma Murray case, but the passage of HB 903 on May 29, 2009, resolved any ambiguities and restored the SB 50A caps on claimant attorney fees and eliminated some hourly fees. Further, 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 another rate decrease for 2010, due to the economy and HB 903 becoming law, 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 has helped reduced the FWCJUA's policies in-force by 20% in 2009 and it is projected that this program will continue to place employers in the voluntary market in 2010. Further, within the last 15 months, the FWCJUA recognized a 5.0% success rate placing applicants in the voluntary market through its "MAP Partnership Program", which is a program that provides producers with 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 309 Subplan "D" claims with a total incurred of $11,856,314, only 7 remain open for $4,628,282.
8. Travelers will continue to be the policy administration/manged care service provider through 2011.
9. The 2009 and 2010 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 twelfth 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 premiums 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 2010 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 2010 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 2010 residual market, the following basic, long standing FWCJUA issues should be considered in developing the 2010 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 281 claims of $100,000 or greater total incurred and of those only 24 ($28.5M) exceed $500,000 and 9 ($18.3M) exceed $1,000,000. There have been no claims above $3,161,905.
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 2009 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 2008 Travelers/FWCJUA Operations Review completed in April 2009. The second study is the 2009 Cause of Loss & Safety Program Analysis also completed in April of this year.

The following specific underwriting factors should be considered when pursuing the 2010 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 2010 projections are based upon Tier Rating Plan distribution of new and renewal policies from 01/01/09 through 06/30/2009 and applied to 800 polices and $8,000,000 in premium.

2009 Tier Distribution Projections Based Upon 800 Policies and $8M Premium*			
Element	**Tier 1**	**Tier 2**	**Tier 3**
# @ 800	437	232	131
$ @ $8,000,000	3,254,400	1,956,000	2,789,600
% of #	54.6%	29.0%	16.4%
% of $	40.7%	24.4%	34.9%

*Based upon applications bound.

The 2007 - 2009 Tier distribution displayed below and is anticipated to be similar in 2010:

Applications Bound 01/01/2007 Through 06/30/2009 – By Tier									
	2007			**2008**			**2009**		
Apps	**Tier 1**	**Tier 2**	**Tier 3**	**Tier 1**	**Tier 2**	**Tier 3**	**Tier 1**	**Tier 2**	**Tier 3**
# Bound	95	535	270	35	203	103	10	58	38
$ Bound	581,917	3,194,037	4,411,558	281,543	1,447,571	1,698,014	78,568	326,204	633,985
% of #	10.6	59.4	30.0	10.2	59.5	30.2	9.4	54.8	35.8
% of $	7.0	39.0	54.0	8.2	42.2	49.5	7.6	31.4	61.0

*Based upon applications bound.

Distribution – Exposure (Industry Group)

The 2007 – 2009 Industry Group & Minimum Premium distribution displayed below is anticipated to be similar in 2010:

Distribution of Tier Applications & Minimum Premium Applications By Industry Group - 01/01/2007 to 06/30/2009									
01/01/2007 – 12/31/2007									
Element	**Mfg**	**Contract**	**Clerical**	**Goods & Services**	**Misc.**	**USL&H**	**Maritime**	**Other**	**Total**
Premium	133,548	3,298,455	1,862,394	1,559,512	1,147,808	0	99,920	85,875	8,187,269
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 - 01/01/2007 to 06/30/2009									
01/01/2008 – 12/31/2008									
Element	**Mfg**	**Contract**	**Clerical**	**Goods & Services**	**Misc.**	**USL&H**	**Maritime**	**Other**	**Total**
Premium	126,649	942,980	591,863	876,088	772,454	9,903	12,455	94,736	3,427,128
Number	5	136	51	89	47	1	1	11	341
% Total #	1.47	39.88	14.96	26.10	13.78	0.29	0.29	3.23	
% Total $	3.70	27.52	17.27	25.56	22.54	0.29	0.36	2.76	
Min Prem	0	67	5	9	16	0	0	1	98
% Total	0.0	19.65	1.47	2.64	4.69	0.0	0.0	0.29	
% Group	0.0	49.26	9.80	10.11	34.04	0.0	0.0	9.09	
0 Payroll	0	47	0	5	5	0	0	0	57
% Total	0.0	13.78	0.0	1.47	1.47	0.0	0.0	0.0	
% Group	0.0	34.56	0.0	5.62	10.64	0.0	0.0	0.0	

*Based upon applications bound.

Distribution of Tier Applications & Minimum Premium Applications By Industry Group - 01/01/2009 to 06/30/2009									
01/01/2009 – 6/30/2009									
Element	**Mfg**	**Contract**	**Clerical**	**Goods & Services**	**Misc**	**USL&H**	**Maritime**	**Other**	**Total**
Premium	15,778	254,606	362,501	124,147	281,725	0	0	0	1,038,757
Number	2	42	19	23	20	0	0	0	106
% Total #	1.89	39.62	17.92	21.70	18.87	0.0	0.0	0.0	
% Total $	1.52	24.51	34.90	11.95	27.12	0.0	0.0	0.0	
Min Prem	0	23	2	4	6	0	0	0	35
% Total	0.0	21.70	1.89	3.77	5.66	0.0	0.0	0.0	
% Group	0.0	54.76	10.53	17.39	30.00	0.0	0.0	0.0	
0 Payroll	0	13	1	0	1	0	0	0	15
% Total	0.0	12.26	0.94	0.0	0.94	0.0	0.0	0.0	
% Group	0.0	30.95	5.26	0.0	5.0	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 06/30/2009. Additional detail is available in the 2009 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	$11,605,003	1	$720,408	$232,100	2.00%	6.20%
All Claims	1595	$21,652,828	2	$800,461	$13,575	0.125%	3.69%
1995							
100K or >	68	$15,399,538	2	$1,186,004	$226,463	2.94%	7.70%
All Claims	2014	$27,326,737	5	$1,325,712	$13,568	0.24%	4.85%
1996							
100K or >	38	$11,787,817	1	$3,616,906	$310,206	2.63%	30.68%
All Claims	1033	$19,898,950	1	$3,616,906	$19,263	0.096%	18.17%
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	$2,812,081	1	$600,839	$187,472	6.66%	21.36%
All Claims	259	$5,142,648	1	$600,839	$19,856	0.386%	11.68%
1999							
100K or >	4	$5,305,540	2	$4,873,302	$1,326,385	50.00%	91.85%
All Claims	76	$5,753,721	2	$4,873,302	$75,707	2.63%	84.69%
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	$146,585	33.33%	38.75%
All Claims	87	$968,149	1	$170,409	$11,128	1.14%	17.60%
2002							
100K or >	1	$309,985	1	$309,985	$309,985	100.00%	100.00%
All Claims	175	$1,782,588	1	$309,985	$10,186	0.571%	17.38%
2003							
100K or >	15	$3,523,434	1	$847,867	$234,896	6.66%	24.06%
All Claims	487	$7,910,818	2	$928,004	$16,244	.410%	11.73%
2004							

100K or >	28	$11,536,957	7	$5,624,228	$412,034	25.0%	48.74%
All Claims	782	$18,195,726	10	$5,768,753	$23,268	1.27%	31.70%
2005							
100K or >	17	$6,531,350	3	$2,672,074	$384,197	17.64%	40.91%
All Claims	539	$10,965,259	10	$3,026,313	$20,343	1.85%	27.59%
2006							
100K or >	13	$2,961,155	5	$918,895	$227,781	38.46%	31.03%
All Claims	419	$6,048,782	7	$1,006,018	$14,436	1.67%	16.63%
2007							
100K or >	6	$1,205,237	2	$627,675	$200,872	33.33%	52.07%
All Claims	205	$2,686,451	13	$1,059,286	$13,104	6.34%	39.43%
2008							
100K >	4	$632,791	2	$350,321	$158,197	50.00%	55.36%
All Claims	151	$1,767,048	23	$996,134	$11,702	15.23%	56.37%
2009							
100K>	0	$0	0	$0	$0	0.00%	0.00%
All Claims	46	290,153	10	$215,935	$6,305	21.73%	74.42%

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 65.5% 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 six (6) 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, 2009 monthly claim activity remains below the fifteen year average and is considerably less than the same period in 2008 - the monthly average since 1994 is 46 claims while the 2008 monthly average is 13 claims and to date for 2009 it's only 7.
3. The ratio of Medical Only to Lost Time 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 06/30/2009 & all 2008 financial data that they do not already have).

September

1. FWCJUA and broker agree on the 2010 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.

COMMUTATION MATTERS

The Committee shall receive an update on the status of the FWCJUA's reinsurers to include commutation matters.

Since the A.M. Best downgrade of PMA from A- to B++ in October of 2003, the payment patterns of PMA were monitored and the potential for commutation was considered by the Reinsurance Committee and the Board regularly. At the point that payment of claims by PMA showed a pattern of significant delay (early 2008), as the Committee may recall, the FWCJUA provided a commutation offer to PMA. The offer was forwarded to PMA in April of 2008 and was viewed by the reinsurer to be too high. Several discussions occurred between Aon 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 and the FWCJUA ended up pulling its commutation offer off the table, as PMA was not likely to agree to any offer, while its acquisition by Armour Re was pending. The Armour Re purchase of PMA has still not occurred because it is currently awaiting approval by the Pennsylvania Insurance Department. If the transaction is not complete by the end of October, either party may withdraw.

Unable to settle on a commutation agreement with PMA, the FWCJUA, in early April of 2009, requested funding of bulk IBNR for the 2003 Accident Year by letter of credit (LOC) according to a contractual obligation triggered by the 2003 downgrade. PMA responded that it could not provide an LOC, based on its current credit standing. Aon Benfield then asked PMA for funding according to its contractual obligation via cash, but has not heard back from PMA, as yet. Under the circumstances, PMA has made it known that the satisfaction of such a request may take some time as it requires the approval of the Pennsylvania Insurance Department. Aon Benfield will be prepared to provide the Reinsurance Committee with a status update during the teleconference meeting.

The "PMA years" allow an option for mutually agreed commutation. The 2003 treaty also includes the contractual obligation of PMA to collateralize losses and IBNR in its layer upon a downgrade to an A.M. Best rating of "B++" or lower. This was the only contract to require PMA to collateralize, as this contractual obligation was new to the industry. The contracts do carry a late payment article which penalizes PMA for delaying payment for a substantial period of time. Though PMA has repeatedly crossed the threshold which would trigger a penalty, the amounts of late payment penalty are small and PMA seems to act as if it does not expect cedents to spend resources to pursue these small amounts. The LOC does not change the exposure to PMA based on case reserves as it would cover IBNR ($80,000) in 2003. Further, there are only two open claims in 2003 with a combined total incurred of approximately $930,000 with the larger claim reserved at just under $850,000. Neither of these two open claims is expected to penetrate the 2003 $9M xs $1M reinsurance layer in which PMA participates at 20%.

To date, no other downgrades have occurred that would demand action, though Aon Benfield will be prepared to provide commentary to the specific payment patterns/service being provided by the FWCJUA's past reinsurers. Suffice it to say, PMA, to a significant degree, has delayed payments longer and paid less attention to its contractual obligations than other reinsurers.

The following exhibits are attached for the Committee's perusal:

1. FWCJUA Loss Reserves Ceded to PMA,
2. FWCJUA Reinsurance Program Historical Participations,
3. Reinsurer Key Financial Data - Historical Markets, and
4. FWCJUA Banking Institutions/Letter of Credits.

The Reinsurance Committee shall provide direction to staff and the reinsurance intermediary, as appropriate.

Florida Workers' Compensation JUA, Inc.

Loss Reserves Ceded to PMA

As of 8/12/09

Treaty Year	Contract	Ceded Paid Loss & LAE	Ceded Incurred Loss	Ceded Loss Reserves (Gross Exposure)	Exposure with LOC
1-Jan-1995	2ND XS CASUALTY	64,174	93,564	29,389	29,389
1-Jan-1996	2ND XS CASUALTY	278,143	1,113,262	835,119	835,119
1-Jan-1997	2ND XS CASUALTY	0	0	0	0
1-Jan-1998	2ND XS CASUALTY	0	0	0	0
1-Jan-1999	1st Xs Cas	164,021	250,000	85,980	85,980
1-Jan-2000	1st Xs Cas	19,516	19,516	0	0
1-Jan-2001	UL XS Cas	0	0	0	0
1-Jan-2003	2ND XS CASUALTY	0	0	0	0
Total		**525,853**	**1,476,341**	**950,488**	**950,488**

FWCJUA REINSURANCE PROGRAM
Historical Participations

				Layer/Percentage				
Year Reinsurer	Underlying XS Cas 250K x 250K	1 St XS Cas 500K x 500K	2ND XS Cas 4/5/9M x 1M	3ND XS Cas 5M x 5M	1 ST Cat WC XOL 10M x 10M	Cat XS 10M x 20M	PP WC XOL 10M	STAT XOL
1995								
Hartford Re/Hartford Fire Ins			37.5%					
Reliastar Life Ins Co					60.0%			
Pma Reinsurance Corp			37.5%					
Reinsurance Mgt Services/Federal Ins Co					40.0%			
St Paul Re/St Paul Fire & Marine		100.0%						
Scor Reinsurance Co			25.0%					
1996								
Hartford Re/Hartford Fire Ins			37.5%					
Reliastar Life Ins Co					60.0%			
Pma Reinsurance Corp			37.5%					
Reinsurance Mgt Services/Federal Ins Co					40.0%			
St Paul Re/St Paul Fire & Marine		100.0%						
Scor Reinsurance Co			25.0%					
1997								
Hartford Re/Hartford Fire Ins			37.5%					
Reliastar Life Ins Co					60.0%			
Pma Reinsurance Corp			37.5%					
Reinsurance Mgt Services/Federal Ins Co					40.0%			
St Paul Re/St Paul Fire & Marine	100.0%	100.0%						
Scor Reinsurance Co			25.0%					
Cigna Re Corp/Conn General Life							100.0%	
1998								
Cigna Re Corp/Conn General Life							100.0%	
Duncanson & Holt/Unum Life Ins Of Amer					40.0%			
Hartford Re/Hartford Fire Ins			37.5%					
Pma Reinsurance Corp			37.5%					
Reliastar Life Ins Co					60.0%			
St Paul Re/St Paul Fire & Marine	50.0%	100.0%						
Scor Reinsurance Co			25.0%					
Converium Re Na	50.0%							
1999								
Pma Reinsurance Corp		25.0%						
Scor Reinsurance Co	100.0%	75.0%						100.0%
2000								
Pma Reinsurance Corp		25.0%						
Scor Reinsurance Co	100.0%	75.0%						100.0%
2001								
Pma Reinsurance Corp	25.0%							
Scor Reinsurance Co	75.0%	100.0%	100.0%					100.0%
2002								
Scor Reinsurance Co		100.0%	50.0%					
American Re-Insurance Co			50.0%					
St Paul Re/St Paul Fire & Marine					30.0%	20.0%		
New Jerseyre-Insurance Co					10.0%	5.0%		
Arch Re-Insurance Co (New Jersey)					50.0%	20.0%		
Synd # 0570 - Atrium Underwriters Ltd					10.0%	14.8%		
Synd # 0727 Sa Meacock & Co Ltd						2.7%		
Synd # 1003 Catlin Underwriting Agencies Ltd						0.9%		
Synd #2488 Ace Underwriting Agencies Ltd						10.7%		
Synd # 2003 Catlin Underwriting Agencies Ltd						3.2%		
Synd # 1241 Svb Syndicates Ltd						1.3%		
Synd # 2000 M. J Harrington						10.7%		
Synd # 2791 Managing Agency Partners						10.4%		
2003								
American Re-Insurance Co			50.0%					
Arch Re-Insurance Co (New Jersey)					30.0%	30.0%		
Chubb Re/Fed Ins Chubb					27.5%			
Converium Re Na		50.0%						
New Jerseyre-Insurance Co					12.5%	5.0%		
Pma Re Mgmt/Pma Capital			20.0%					
Hannover Rk-Ns			22.0%					
Lloyds Syn 0570/Lloyds Syn					10.0%	19.9%		
Lloyds Syn 0727/Lloyds Syn						3.6%		
Lloyds Syn 2000/Lloyds Syn						7.2%		
Lloyds Syn 2003/Lloyds Syn						5.4%		
Lloyds Syn 2488/Lloyds Syn						7.2%		
Lloyds Syn 2791/Lloyds Syn					10.0%	14.4%		
Wellington Re			8.0%		10.0%	7.2%		
2004								
American Re-Insurance Co			50.0%					
Arch Re-Insurance Co (New Jersey)					20.0%	20.0%		
Chubb Re/Fed Ins Chubb					25.0%			
Converium Re Na		*50.0%*						
Aspen Re (Uk)			12.5%		10.0%	13.333%		
Ioa Re/Catlin					25.0%	20.0%		
Hannover Rk-Ns			22.5%					
Lloyds Syn 0570/Lloyds Syn					10.0%	18.333%		
Lloyds Syn 0727/Lloyds Syn						3.333%		
Lloyds Syn 2000/Lloyds Syn						6.667%		
Lloyds Syn 2003/Lloyds Syn						5.0%		
Lloyds Syn 2791/Lloyds Syn					10.0%	13.333%		
Max Re		*50.0%*	15.0%					

Year Reinsurer	Underlying XS Cas 250K x 250K	1 St XS Cas 500K x 500K	2ND XS Cas 4/5/9M x 1M	3ND XS Cas 5M x 5M	1 ST Cat WC XOL 10M x 10M	Cat XS 10M x 20M	PP WC XOL 10M	STAT XOL
2005								
Arch Re-Insurance Co (New Jersey)					17.5%			
American Re-Insurance Co		40.0%						
Chubb Re/Fed Ins Chubb					22.5%			
Axis Specialty Ltd						77.5%		
Ioa Re/Catlin					20.0%			
Max Re			20.0%					
Hannover Rk-Ns			25.0%					
Aspen Re (Uk)			12.5%		5.0%			
Platinum			15.0%					
Quanta			15.0%		10.0%	15.0%		
Lloyds Syn 0570/Lloyds Syn					7.5%			
Lloyds Syn 2000/Lloyds Syn			12.5%		5.0%			
Lloyds Syn 2791/Lloyds Syn					5.0%			
Wellington Re					7.5%	7.5%		
2006								
Allied World Assurance Co Ltd.						25.0%		
American Re			35.0%	25.0%				
Arch Reinsurance Company					20.0%			
Aspen Insurance Uk Limited			15.0%		5.0%			
Atrium Underwriters Synd# 0570					7.5%			
Brit Syndicates Ltd Synd# 2987						10.0%		
Danish Re U/W Agcy/Synd 1400						7.5%		
Danish Re Uw Agcy/Brit Ins Ltd						2.5%		
Everest Reinsurance Company		50.0%						
Faraday Synd# 0435				10.0%				
Hannover Rk-Ns			20.0%	20.0%				
Harbor Point Ins Serv/Fed Ins					22.5%			
Ioa Re/Catlin Insurance Co Ltd					20.0%	12.5%		
Limit Synd# 2000			10.0%		8.5%	20.0%		
Map Synd# 2791					4.0%	10.0%		
Max Re Ltd			20.0%	32.5%				
Wellington Uw/Lloyds Syn 2020				12.5%	12.5%	12.5%		
2007								
Allied World Assurance Co Ltd.						27.5%		
Arch Reinsurance Company					20.0%			
Aspen Insurance Uk Limited			15.0%	5.0%	5.0%			
Atrium Underwriters Synd# 0570					7.5%			
Brit Syndicates Ltd Synd# 2987						10.0%		
Danish Re U/W Agcy/Synd 1400						7.5%		
Danish Re Uw Agcy/Brit Ins Ltd						2.5%		
Everest Reinsurance Company		30.0%						
Faraday Synd# 0435				10.0%				
Folksamerica Reinsurance Co		20.0%						
Hannover Rk-Ns			20.0%	20.0%				
Harbor Point Ins Serv/Fed Ins					22.5%			
Ioa Re/Catlin Syndicate 2003					12.5%	12.5%		
Limit Synd# 2000			10.0%		8.5%	20.0%		
Map Synd# 2791					4.0%	10.0%		
Max Re Ltd			20.0%	30.0%	10.0%			
Munich Re America Inc			35.0%	25.0%				
Wellington Uw/Catlin Synd 2003				10.0%	10.0%	10.0%		
2008								
Arch Re					20.0%			
Aspen Ins UK			10.0%	5.0%	5.0%			
Atrium Syn 570					6.0%			
AWAC						42.5%		
Barbican Syn 1955				2.5%	2.5%			
Brit Syn 2987				5.0%	6.0%			
Catlin Syn 2003			25.0%	10.0%	10.0%	10.0%		
Faraday Syn 435				7.5%	6.0%			
Heritage Syn 1200				5.0%	6.0%			
Imagine Syn 1400						17.5%		
IOA/Flagstone Suisse					12.5%	12.5%		
Max Re			25.0%	35.0%	15.0%	10.0%		
Munich Re America			30.0%	20.0%				
Paris Re			10.0%	10.0%	5.0%	7.5%		
QBE Syn 2000					6.0%			
2009								
Arch Re					20.0%			
Aspen Ins UK			10.0%	5.0%	5.0%			
Atrium Syn 570					6.0%			
AWAC						45.0%		
Barbican Syn 1955				2.5%	2.5%			
Catlin Syn 2003			25.0%		10.0%	12.5%		
Faraday Syn 435				20.0%	15.0%			
IOA/Flagstone Suisse					12.5%			
Max at Lloyds						17.5%		
Max Re			25.0%	35.0%	15.0%	15.0%		
Munich Re America			30.0%	25.0%				
Paris Re			10.0%	12.5%	8.0%	10.0%		
QBE Syn 2000					6.0%			

Reinsurer Key Financial Data - Historical Markets
Prepared by Aon Benfield

Ceding Company: Florida Workers' Compensation Jua, Inc.
August 11, 2009

	Manager / Reinsurers	A.M. Best Rating	S&P Rating	Surplus ($Millions)	As of Date	Combined Ratio %
UNITED STATES						
	Arch Reinsurance Company	A g XV (10/8/2008)	A	766.0	31-Dec-2008	115.0%
	AUL Reinsurance Management Services, LLC	A++g XV (12/23/2008)	AA	12,135.8	31-Dec-2008	88.7%
	AUL Reinsurance Management Services, LLC	A- g XIV ((3/13/2009)	A-	1,353.3	31-Dec-2008	
	Connecticut General Life Insurance Company	A g XV ((11/14/2008)	A	2,030.2	31-Dec-2008	
	Everest Reinsurance Company	A+ g XV (6/9/2009)	A+	2,422.4	31-Mar-2009	95.9%
	Federal Insurance Company through Chubb Re, Inc.	A++g XV (12/23/2008)	AA	12,135.8	31-Dec-2008	88.7%
	Finial Reinsurance Company	A- IX (5/9/2009)	NR	427.0	30-Sep-2008	244.4%
	Harbor Point Services, Inc. for and on behalf of Federal Insurance Company	A++g XV (12/23/2008)	AA	12,135.8	31-Dec-2008	88.7%
	HartRe Company, LLC for and on behalf of Hartford Fire Insurance Company	A p XV (2/27/2009)	A	12,491.5	31-Dec-2008	92.5%
	Munich Reinsurance America, Inc.	A+ g XV (7/20/2009)	AA-	3,299.2	31-Mar-2009	114.4%
	New Jersey Re-Insurance Company	A++g XV (12/8/2008)	AApi	706.5	31-Dec-2008	110.3%
	Platinum Underwriters Reinsurance, Inc.	A g XIV (3/1/2009)	NR	575.2	31-Mar-2009	102.8%
	PMA Capital Insurance Company Reinsurance Division	C++u VI (6/2/2009)	NR	34.5	31-Dec-2008	6.0%
	ReliaStar Life Insurance Company	A g XIV ((4/24/2009)	AA-	2,079.4	31-Dec-2008	
	SCOR Reinsurance Company	A- g X (11/14/2008)	A	503.567207	31-Dec-2008	100.7%
	St. Paul Fire and Marine Insurance Company	A+ g XV (5/15/2009)	AA-	6366.50648	31-Dec-2008	92.7%
	White Mountains Reinsurance Company of America	A- X (7/31/2009)	A-	692.0	31-Mar-2009	123.5%
BERMUDA						
*	Allied World Assurance Company Limited, Bermuda	A XV (7/15/2009)	A-	2,417.0	31-Dec-2008	84.2%
	Arch Reinsurance Limited	A XV (10/8/2008)	A	4,159.8	31-Dec-2007	84.0%
	AXIS Specialty Limited	A XV (8/10/2009)	A+	4,273.5	31-Dec-2007	67.0%
	Catlin Insurance Company Ltd.	A XV (9/25/2008)	A-	3,017.8	31-Dec-2007	82.6%
	Max Bermuda Ltd	A- XIV (12/11/2008)		1,583.9	31-Dec-2007	103.1%
	Quanta Reinsurance Limited	NR-5 (6/24/2008)				
EUROPE						
	Catlin Underwriting Inc. for and on behalf of Lloyd's Syndicate No.2003	A XV (9/25/2008)	A+	2,172.1	31-Dec-2007	85.2%
	Hannover Rueckversicherung-Aktiengesellschaft	A XV (7/20/2009)	AA-	7,088.8	31-Dec-2007	103.9%
	IOA Re for and on behalf of Lloyd's Syndicate No. 2003	A XV (9/25/2008)	A+	2,172.1	31-Dec-2007	85.2%
	IOA Re, Inc. on behalf of Flagstone Reassurance Suisse SA	A- XIII (9/29/2008)		246.5	31-Dec-2007	160.5%
	Max at Lloyd's ApS, Denmark on behalf of Lloyd's Syndicate No. 1400	A (7/13/2009)	A+	248.1125	31-Dec-2007	70.8%
	Paris Re, France	A- u XV (7/6/2009)	A-	2175.133	31-Dec-2006	75.8%
UNITED KINGDOM						
#	Ace Underwriting Managing Agencies Limited Syndicate No. 2488 (AGM)	A (7/13/2009)	A+	655.017	31-Dec-2007	86.1%
	Aspen Insurance UK Limited, UK, trading as Aspen Re	A g XV (12/19/2008)	A	1591.8898	31-Dec-2007	81.9%
#	Atrium Syndicate No. 570 (ATR)	A XV (7/13/2009)	A+	249.10495	31-Dec-2007	93.2%
#	Barbican Syndicate No. 1955 (BAR)	A (7/13/2009)		148.8675	31-Dec-2007	
#	BRIT Syndicate No. 2987 (BRT)	A (7/13/2009)	A+	1190.94	31-Dec-2007	83.2%
#	Faraday Syndicate No. 435 (FDY)	A (7/13/2009)	A+	496.225	31-Dec-2007	58.8%
#	Heritage Syndicate No. 1200 (HMA)	A (7/13/2009)	A+	646.08495	31-Dec-2007	86.0%
#	Lloyd's Syndicate 1241	A (7/13/2009)	A+			
#	M.J. Meacock and Others Syndicate No. 727 (SAM)	A (7/13/2009)	A+	146.48562	31-Dec-2007	94.6%
#	MAP Underwriting Syndicate No. 2791 (MAP)	A (7/13/2009)	A+	795.74641	31-Dec-2007	73.9%
	Max at Lloyd's ApS, Denmark for and on behalf of BRIT Insurance Limited	A XI (7/13/2009)	NR	943.42297	31-Dec-2007	102.9%
#	QBE Property Syndicate 2000 (QBP)	A (7/13/2009)	A+			
#	QBE Reinsurance Syndicate No. 566 (STN)	A (7/13/2009)	A+			
#	S.J.O. Catlin and Others Syndicate No. 2003 (SJC)	A XV (9/25/2008)	A+	2172.07607	31-Dec-2007	85.2%
#	S.J.O.Catlin and Others Syndicate No. 1003 (SJC)	A (9/25/2008)	A+			
	Wellington Underwriting Syndicate No. 2020 (WEL)	A (7/13/2009)	A+			

Reports covering reinsurers on the Aon Benfield Security List are available online from the Aon Benfield Security Net via the Aon Benfield website. These may be accessed using a unique Customer ID and confidential password. Customers should contact their relationship manager to arrange access to the Security Net if required.

Upon request, Aon Benfield can use its proprietary model to estimate the amount of credit risk and associated capital charge in our customers' reinsurance recoverable portfolio or to perform sensitivity analyses to determine the impact of ratings changes.

(+) Denotes change in Surplus calculated since last reported year end

Florida Workers' Compensation JUA, Inc.

Banking Institutions / Letters of Credit

As of 8/12/09

				Bank Ratings		
Reinsurer / Banking Institution	LOC Share	LOC Amount	NAIC Approved	Bauer	S&P	Moody's*
Max Re		**2,804,205.20**				
Bank of America N.A.	36.25%	1,016,524.38	Yes	3 Star	A+	Aa3
Bank of New York - Mellon S.A.	17.92%	502,420.10	Yes	3½ Star	AA	Aaa
Citibank N.A.	11.11%	311,578.36	Yes	3 Star	A+	A1
Barclays Bank plc	8.33%	233,683.77	Yes	3 Star	AA-	Aa3
Wachovia Bank N.A.	11.11%	311,578.36	Yes	3 Star	AA	Aa2
Webster Bank N.A.	4.17%	116,841.88	Yes	3 Star	BBB	A2
HSBC Bank plc	11.11%	311,578.36	Yes	3 Star	AA	Aa2
Paris Re		**61,668.40**				
Calyon, New York Branch	100.00%	61,668.40	Yes	3 Star	AA-	No record

*Moody's Global Bank Rating as of 8/10/09.

This information was obtained from sources considered to be reliable. However, it is not guaranteed to be accurate, complete or predictive of solvency.

REINSURANCE INTERMEDIARY CONFIRMATION

The Reinsurance Committee shall consider whether to recommend that the Board confirm Aon Benfield as the FWCJUA's reinsurance intermediary for the placement of the FWCJUA's 2010 reinsurance program.

As you may recall, the FWCJUA issued a Request for Qualifications (RFQ) on April 11, 2008, to engage a reputable reinsurance intermediary to advise and assist the FWCJUA with its 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. On June 11, 2008, the Board selected Aon Benfield to serve as the FWCJUA's reinsurance intermediary as a result of this RFQ process.

As part of its 2009 Business Plan, the FWCJUA shall confirm Aon Benfield to act as the reinsurance intermediary on behalf of the FWCJUA and approach selected direct markets with respect to the placement of the FWCJUA's 2010 reinsurance program. Given Aon Benfield's exceptional performance, understanding of the FWCJUA's unique requirements and their ability to access markets that are willing to compete for FWCJUA business, staff would recommend that the Reinsurance Committee reaffirm Aon Benfield as the FWCJUA's reinsurance intermediary for the placement of the FWCJUA's 2010 reinsurance program.

The Committee shall determine whether to recommend to the Board that it confirm Aon Benfield as the FWCJUA's reinsurance intermediary for the placement of the FWCJUA's 2010 reinsurance program.