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**FLORIDA HURRICANE CATASTROPHE FUND (FHCF)**  
**EXPOSURE EXAMINATION – CONTRACT YEAR 2010**  
**ADVANCE PREPARATION INSTRUCTIONS**

**Company:**

**Date of Examination:**

**Advance Records Due:**

The following instructions are provided to help your Company prepare for the FHCF's examination. If you have questions pertaining to the preparation and submission of required records, or about the activities or work processes of the examiner which cannot be adequately answered by the examiner, please call Gina T. Wilson, Director of Examinations, at (850) 413-1348.

Please note: If your Company participated in a takeout pursuant to an assumption agreement with Citizens Property Insurance Corporation or the examination is for Citizens Property Insurance Corporation High Risk Account with quota share primary insurance data, additional instructions apply (see pages 5 and 6).

**ADVANCE RECORDS**

Your company is required to submit records to the FHCF in advance of the examiner's on-site review to allow the examiner to fully prepare and to ensure the examination begins as scheduled.

All advance records must be provided on a CD-ROM that is labeled with the Company name and contract year. Be sure to check your CD-ROM to be certain the files were saved and can be opened. A cover letter is not required; however, if there is any information related to the data or the exam that you would like the examiner to know, it can be noted in a cover letter. If more than one company is under examination, preparation of separate data for each company is necessary. If your Company has different departments responsible for compiling portions of your data submission, please have one individual coordinate, compile, and submit the complete package to the FHCF.

**1. REQUIRED RECORDS CHECKLIST**

The Checklist, provided as an attachment in the Notice email, should be completed by the company to ensure that all advance records are submitted to the FHCF and should be returned to the FHCF in electronic form with the remainder of the required advance records. Do not use versions from a prior examination. Using the drop-down options located to the right of the list of required records, the company should indicate whether each of the records is included, not included, or not applicable. The company should also designate the office location where the on-site examination should take place and provide complete contact information of a Company Coordinator and a company executive. All examination correspondence will be directed through the Company Coordinator you have designated, including the Examination Report, unless otherwise noted on the checklist (the FHCF will only send one printed copy of the Report). The Company Coordinator will be contacted periodically by FHCF staff and the examiner to help guide the Company in the preparation of information needed to expedite the examination.

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## 2. OPERATIONS QUESTIONNAIRE

The electronic questionnaire form should be completed in its entirety and submitted to the FHCF in electronic form. Questions should be answered based on covered policies in force for the contract year being examined. The individual(s) responsible for preparing the questionnaire should be available to answer questions once the examiner arrives on-site.

## 3. FORMS AND ENDORSEMENTS

Your Company must provide a list of all forms and endorsements used (as of the Data Call date) for all covered and reported policies, as well as a specimen copy of each form. The list must include the form and endorsement numbers and titles.

## 4. LIST OF COMPANY CONSTRUCTION TYPES

Your Company must provide a list of company construction types with a definition for each type and the applicable FHCF code used to report each construction.

## 5. DEFINITION OF WINDSTORM MITIGATION FEATURES

Your Company must provide a list of windstorm mitigation features reported to the FHCF for structure opening protection, roof shape, roof-wall connection and roof-deck attachment, along with a definition for each feature and the applicable FHCF code the feature is mapped to.

## 6. EXAM FILE/EXPOSURE DATA

Your Company is required to submit its Exam File produced and retained in accordance with the specifications given in the Data Call for the current contract year. The Exam File must match the Company's Data Call File submitted to the FHCF Administrator and must be submitted as originally prepared unless a subsequent resubmission was sent to the FHCF. If your Company failed to retain the Exam File, you should immediately contact the FHCF staff for further instructions.

The Exam File must be submitted as one report and be by individual policy, sorted by type of business and line of business. It must be provided in a Microsoft Access database or in delimited ASCII (text) format. The Exam File may not include symbols such as -, +, #, \$, ", / and must contain the following fields in the order listed in the table below.

Field #	DESCRIPTION	TYPE	NOTES
1	Type of Business	Numeric	Only use the codes on pg 8 FHCF Data Call
2	Line of Business	Numeric	Only use the codes on pg 9 FHCF Data Call
3	Construction Type	Numeric	Only use the codes on pg 9-10 FHCF Data Call
4	Deductible Group	Text	Only use the codes on pg 10-11 FHCF Data Call
5	County Code	Numeric	Only use the codes on pg 26 FHCF Data Call
6	ZIP Code	Numeric	
7	Insured Risks	Numeric	Must be greater than zero
8	Total Insured Value – Building	Numeric	
9	Total Insured Value – Appurtenant Structures	Numeric	
10	Total Insured Value – Contents	Numeric	
11	Total Insured Value – Additional Living Expenses	Numeric	
12	Year Built	Numeric	Only use the codes on pg 14 FHCF Data Call
13	BCEG Code	Numeric	Only use the codes on pg 14 FHCF Data Call
14	Florida Building Code	Numeric	Only use the codes on pg 15 FHCF Data Call

	Indicator		
15	Structure Opening Protection	Numeric	Only use the codes on pg 15 FHCF Data Call
16	Roof Shape	Numeric	Only use the codes on pg 15 FHCF Data Call
17	Roof-Wall Connection	Numeric	Only use the codes on pg 15 FHCF Data Call
18	Roof-Deck Attachment	Numeric	Only use the codes on pg 15 FHCF Data Call
19	Policy Effective Date	Numeric or Date/Time	Numeric Format: yyyymmdd Date/Time Format: month/day/year Effective Date must be in one field and the numeric format must have 8 characters
20	Policy Expiration Date	Numeric or Date/ Time	Numeric Format: yyyymmdd Date/Time Format: month/day/year Expiration Date must be in one field and the numeric format must have 8 characters
21	Policy Number	Text	
22	Citizens Policy Number*	Text	*Applies only to policies assumed from Citizens that have not renewed onto the company's books by June 30, 2010.

## 7. DIRECT WRITTEN PREMIUM REPORT

Your Company must provide (1) a copy of the annual statement page with the direct written premiums for Florida and (2) a report which supports your Company's total direct written premium for all lines where any policy or coverage subject to the FHCF may be written. Both documents must be provided for the period ending December 31, 2009. Although the direct written premiums for a line of business may include policies covered and policies not covered by the FHCF, the Direct Written Premium Report must include all policies needed to reconcile to the line item total on the annual statement. It would be helpful to include a notation on the report, which distinguishes ex-wind policies from wind policies. Also, if there are any reconciling entries made to the annual statement, enclose a schedule detailing the reconciling items.

The Direct Written Premium Report must be by individual policy, sorted by type and line of business, must be provided as a Microsoft Access database or in a delimited ASCII (text) format, and must contain the fields in the order listed in the table below. **Policy numbers in the Exam File and Direct Written Premium Report must be formatted alike. If not, an explanation on how to match the policies is required.**

NO	DESCRIPTION	TYPE	NOTES
1	Type of Business	Numeric	Only use the codes on pg 8 FHCF Data Call
2	Line of Business	Numeric	Only use the codes on pg 9 FHCF Data Call
3	Policy Effective Date	Numeric or Date/Time	Numeric Format: yyyymmdd Date/Time Format: month/day/year Effective Date must be in one field and the numeric format must have 8 characters
4	Policy Expiration Date	Numeric or Date/Time	Numeric Format: yyyymmdd Date/Time Format: month/day/year Expiration Date must be in one field and the numeric format must have 8 characters
5	Direct Written Premium	Numeric	
6	Policy Number	Text	Use the same policy number and format as used in the Exam File
7	Notation Designating FHCF Covered Policies	Text	If available
8	Notation Designating Policy Written with Ex-wind Endorsement	Text	If available
9	Notation Designating Policy has Endorsement for Scheduled Personal Property	Text	If applicable

10	Class code	Numeric	If applicable (typically applies to Commercial policies only)
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For Commercial Multiple Peril, only include policies with premium reported under line 5.1. **DO NOT INCLUDE POLICIES REPORTED UNDER LINE 5.2.**

**Also, if your Company writes Inland Marine endorsements to covered policies and the premium from these policies is included under a line of business other than Line 9 for Inland Marine, provide a separate listing for this premium. Also, be sure to provide separate listings for lines of business that include premiums for both commercial and residential policies.**

### **ON-SITE REQUIREMENTS**

In order for the examiner to properly conduct and expedite an early conclusion of the Exposure Examination, the Company Coordinator should ensure that the examiner has access to the following:

#### **1. EQUIPMENT AND SPACE**

The examiner will need a private working space, dedicated telephone line and telephone, and an internet connection.

#### **2. COMPANY PERSONNEL**

The Company Coordinator may wish to provide names of persons whom the examiner can contact directly for answers to the many questions the examination generates. In addition, the individual(s) responsible for preparing the Operations Questionnaire should be available to answer questions once the examiner arrives on-site.

#### **3. REQUIRED RECORDS TO HAVE AVAILABLE ON-SITE**

The examiner will also be requesting applications and declaration pages to be available for review on-site. If policy files are in more than one location, your Company is responsible for coordinating the retrieval of the files to one central location. The files must contain at least the following information:

- a. Insured's Name
- b. Address and zip code for location of property insured
- c. Policy Number
- d. Policy Period
- e. Construction Type
- f. Deductible Group
- g. County Code
- h. Total Insured Values
- i. Year Built
- j. Building Code Effectiveness Grading Code (BCEG)
- k. Evidence the policy complies with the Florida Building Code, if applicable
- l. Evidence to support the reported structure opening protection, roof shape, roof-wall connection, and roof-deck attachment
- m. A copy of the Residential Property Insurance Checklist required by the Office of Insurance Regulation Rule 69O-167.013, F.A.C. (This requirement applies to homeowners', mobile homeowners', dwelling or condominium unit owners' policies)
- n. All applicable endorsements and policy changes

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Online policy files may be acceptable for the review of residential lines of business if the items listed above are viewable on the online system, if the system is the same system that produces the Company's dec pages, and if the examiner determines the system information is reliable. If the examiner determines the on-line system cannot be used for policy review, then your Company must provide the physical policy files including the applications and underwriting files.

**For review of commercial policies, the complete policy files, including underwriting files, applications, commercial class codes, and statement of values are required.**

#### **4. ADDITIONAL ON-SITE REQUIREMENTS**

- a. A copy of your Company's underwriting manual and rating manual for policies covered by the FHCF and the name of a contact that is familiar with these manuals.
- b. If your Company writes policies covering single structures that contain a mix of both commercial and habitational exposure, your Company is required to submit a classification plan to the FHCF Administrator before the September 1st deadline. Be certain an individual familiar with your Company's class codes is available to answer questions before and during the examination. Also, your Company must be able to identify policies insuring single structures that contain a mix of both commercial and habitational exposure for examination purposes.
- c. If your Company's reported exposure includes collateral protection policies covered by the FHCF, a copy of the lapsed homeowner's policy or the equivalent of a dec page must be available for the examiner's review in addition to the dec page for the policy in force at June 30, 2010.

### **SPECIAL EXAMS RELATED TO ASSUMPTIONS AND QUOTA SHARE AGREEMENTS WITH CITIZENS PROPERTY INSURANCE CORPORATION (CITIZENS)**

#### **1. CITIZENS TAKEOUTS PURSUANT TO ASSUMPTION AGREEMENTS**

##### **a. Requirements for Assuming Companies:**

If your Company was engaged in an assumption agreement with Citizens High Risk Account and/or Citizens Personal Lines and Commercial Lines Accounts, a separate Exam File should be submitted. One file must contain your Company's FHCF exposure from direct written premiums. The exposure assumed from either Citizens entity which is renewed by June 30, 2010 must be included with the direct portion. The other file(s) must contain the FHCF exposure which was assumed from each Citizens entity (one file for each entity) and which was not renewed onto your Company's book by June 30, 2010.

##### **b. Requirements for each Citizens entity engaged in an assumption:**

In addition to the Exam File for all of its FHCF exposure not subject to an assumption agreement, each Citizens entity shall submit the following information for each assumption occurring between July 1, 2009 through June 30, 2010:

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1. A separate file that includes a list of all policies that were assumed by each company on the date of the assumption. This file must include the policy number, policy written premium, and policy effective/expiration date.
  2. A separate listing of all assumed policies with indicators that identify policies with no wind coverage and cancellations (June 30<sup>th</sup> monthly extract).
  3. A separate file for all FHCF exposure removed from the applicable Citizens entity, which, as of June 30, 2010, had not been renewed onto the assuming company's policy forms. This file must be prepared with the Exam File specifications outlined in the Contract Year 2010 Data Call.
  4. A copy of the assumption agreement between the Citizens and the assuming company along with copies of exhibits to show the number of policies assumed.

## **2. CITIZENS HIGH RISK ACCOUNT – QUOTA SHARE PRIMARY INSURANCE REPORTING REQUIREMENTS**

Citizens High Risk Account shall report all quota share primary insurance exposure data to the FHCF in a separate file meeting the requirements on page 24 of the Contract Year 2010 Data Call. This file is to contain all of the fields in the Exam File specifications and the following two additional fields:

- Field #23: Five-character field indicating NAIC# of insurer for each policy reported, and
- Field #24: Two-character field indicating Citizens' specified percentage of hurricane coverage of the risks reported in a specific record, as set forth in the quota share primary insurance agreement between Citizens and an insurer.

For those policies under a Quota Share Primary Insurance Agreement, Citizens and each participating insurer are required to maintain duplicate copies of policy declaration pages. After receiving a notice for examination, Citizens must have a copy of the following information available on-site:

- a. The all-perils policy issued by the insurer for each policy under the Quota Share Primary Insurance Agreement
- b. Each endorsement attached to the all-perils policies that shows the specified percentage of participation by Citizens and the insurer under the Quota Share Primary Insurance Agreement
- c. The Quota Share Primary Insurance Agreement

**All records, including exposure filings (Data Call File and Exam File), policy files, and supporting documentation must be retained along with any information produced to support the Data Call submission. Such records must be retained until the FHCF has completed its examination of your Company's exposure submission and claims reports (applicable to the Data Call contract year).**