

ANNUAL REPORT

FLORIDA SURPLUS LINES SERVICE OFFICE

2013

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MISSION

The mission of the Florida Surplus Lines Service Office is to facilitate agent compliance.

VISION

FLSO envisions the advancement of nationwide uniformity in the reporting and payment of surplus lines premium taxes.

VALUES

EFFICIENCY: a productive use of resources that provides the ability to do something well or achieve desired results without wasted energy

EFFECTIVENESS: achieving the desired or intended result which also produces a favorable and successful impression on people

BOARD OF GOVERNORS

Gary D. Pullen · *Executive Director*
Florida Surplus Lines Service Office

Steve Finver
Gabor Insurance Services, Inc.

Lorna S. Wirtz · *Chair*
John Handel & Associates, Inc.

Michael J. Franzese
RT Specialty, LLC

Irvin "Skip" Wolf III
Regional Excess Underwriters, LLC

Keith M. Driggers · *Vice Chair*
FHB Insurance, Inc.

David Holcombe
International Speedway Corp.

Steve Burgess · *Insurance Consumer Advocate*
Florida Department of Financial Services

Roy V. Fabry · *Secretary/Treasurer*
Kahn Carlin & Co., Inc.

Kevin Tromer
MacNeill Group, Inc.

efficiency n. (i'fiSHense)

a productive use of resources that provides the ability to do something well or achieve desired results without wasted energy



STAFF

Gary D. Pullen · Executive Director

James Farmer · Senior Information Architect

Jennifer Mills · Premium Reconciliation Specialist

Georgie Barrett · Deputy Director of
Operations

Jean Ferrer · Premium Reconciliation
Coordinator

Sheila Pearson · Controller

Tom Terfinko · Assistant Director of Agent
and Insurer Services

Trevor Flanagan · Information Technology
Manager

Amber Pullen · Accounting Specialist

Jesse Barrett · Technical Support Analyst

Lisa French · Insurance Analyst

Brian Sadler · Information Systems Support/
Developer

Brian Bogner · Insurance Analyst

Bobbi Harter · Operations Specialist

Kara Steele · Business Specialist

Corey Capps · Staff Accountant

Rachel Hoffman · Business Specialist

Jessica VanDenBogaert · Public Information
Specialist

PJ Parker-Comer · Public Information
Manager

Tracy Ingle · Premium Reconciliation Specialist

Bryan Young · Compliance Review Coordinator

Jim Day · Database Administrator

Tiffany Maruniak · Product and Business
Development Manager

Chris Dunn · Insurance Analyst

Felicia Meredith · Compliance Review Analyst



FROM THE CHAIR



The most successful organizations are those that are relentless and focused in the pursuit of their vision. The Florida Surplus Lines Service Office is no exception. Throughout its history, the Service Office has used prudent goal setting, process management and strategic thinking to accomplish its vision of the advancement of national uniformity in the reporting and payment of surplus lines premium taxes.

In 2012, FLSO took a major step forward in pursuit of that vision with the establishment of the Surplus Lines Clearinghouse, an independently operated service to process multi-state filings for the states of the

Non-Admitted Insurance Multistate Agreement (NIMA). The Surplus Lines Clearinghouse concluded its first fiscal year in 2013 which included a successful expansion into single state filings for fellow NIMA members South Dakota and Wyoming. It is our great pleasure to bring the same level of customer service and technological ease to the states of NIMA that Florida's surplus lines customers have enjoyed for over 15 years.

We have undertaken a large responsibility and succeeded in providing leadership and service to surplus lines customers across the country. These responsibilities

provide the opportunity to pursue new methods of assistance, communication, and education while maintaining the high level of customer service excellence that has been our trademark since 1998. As has been the blueprint, the Service Office staff continues to seek technology to fulfill these needs as we modernize both processes and products.

The successes are just a few of the items you will see documented in the 2013 Annual Report, in addition to a comprehensive look at Florida's surplus lines insurance market which showed growth in total premium written as well as that written for commercial and residential lines for the second year in a row.

I would like to take this opportunity to recognize the great commitment shown by the team at FLSO. My sincere gratitude is extended to Executive Director Gary Pullen and the talented staff of our organization. Their insight and dedication to the surplus lines marketplace is a true inspiration and I am excited to see the valuable contributions they will make during 2014.

I extend my thanks and appreciation to the Board for the continued privilege to serve as Chair. I am grateful for the opportunity to continue to provide leadership and look forward to a fruitful year.

Sincerely,



Lorna S. Wirtz
Chair

FROM THE CHAIR



FROM THE DIRECTOR

The Florida Surplus Lines Service Office has enjoyed over **15** years of success by focusing on three qualities: an intense focus on customer service; a dedication to the viability of the surplus lines industry; and a belief in the power of technology to reach our goals. Adherence to these principles allows our organization to do more with less and consistently achieve at a high level.

The pursuit of customer service through technology originally led the Service Office to create the first truly “paperless” stamping office in the country with the development of the Surplus Lines Automation Suite (SLAS); a web-based tool that includes a filing component and a management system that work together to process surplus lines policies.

In 2012, the power of SLAS allowed the Service Office to establish the Surplus Lines Clearinghouse, an independent functional unit that serves the filing needs of the states of the Nonadmitted Insurance Multi-state Agreement (NIMA). In its second year of operation, the Surplus Lines Clearinghouse has built on its initial successes and expanded to process single state filings for NIMA member states South Dakota and Wyoming. I am proud to say that this expansion has been both seamless and successful for the Service Office, NIMA and the regulatory agencies of these states.

In addition to the support and growth of the Surplus Lines Clearinghouse, the staff of the Service Office also continued to search for innovative

solutions to improve existing products and services. One solution included a number of improvements to the Surplus Lines Information Portal (SLIP), including the implementation of a streamlined and intuitive process for submitting renewals, as well as a sleek new interface.

This search for improvement also led to an upgrade of the online education offered by the Service Office. While providing educational opportunities online is nothing new for the Service Office, the release of our online FLSO Education Center in late 2013 provides a robust learning center to house and manage all of the educational efforts of the Service Office. Education is a key component to marketplace credibility, and we strive to provide our customers



Intense focus on customer service

Dedication to the viability of the surplus lines industry

Belief in the power of technology to reach our goals

with quality education programs that are comprehensive, informative and accessible.

Our continued success is guided by the vision and dedication of our leadership. The Service Office remains indebted to the talents and experience of its Board of Governors. I extend a generous thank you to our 2013 Chair, Lorna Wirtz, for her steadfast support and guidance of this organization at the helm of our Board. Likewise, I commend our Board of Governors for their continued commitment to improving our industry.

The success of this organization is dependent on the innovative solutions developed by the staff of the Service Office. I thank our staff for their continued diligence and dedication to providing

quality customer service and serving the surplus lines industry. Together, we are prepared to face the challenges of the future and continue moving forward as a national leader.

Sincerely,



Gary D. Pullen

Executive Director



FROM THE DIRECTOR

COMPLIANCE

The mission of the FLSO is to facilitate agent compliance. The Service Office not only helps to protect consumers seeking insurance in this state, but our work permits surplus lines insurance to be placed with approved surplus lines insurers as well as help provide orderly access to surplus lines insurance in this state.

To ensure fairness and conformity with the Florida surplus lines law, FLSO monitors and evaluates agent, insurer and independently procured coverage (IPC) data submissions. This uniquely positions our office to monitor Florida's surplus lines marketplace on many different levels. For example, continuing the upward trend from 2012, this past year the Florida surplus lines market continued to grow in both premium volume and the number of policies written.

Our Compliance Review, Premium Reconciliation, and Insurer Report Card programs monitor and measure the accuracy and timeliness of data submissions. These programs help ensure that Florida licensed agents comply with Florida's laws relative to the sale of surplus lines insurance.

On the agent level, Compliance Reviews are generally completed on agents once every three years and include basic verification of information such as the agent's license and appointment status, mailing and physical addresses, accounts payable records, policy premiums, tax, fee and assessment calculations, statutorily required disclaimers, diligent effort forms, etc.

We use the expertise of contract analysts to review a sampling of the transactions reported to the Service Office with the

records of the agent for discrepancies and inconsistencies. These errors may be due to a lack of training of agency staff or a lack of substantive quality controls during the submission process. When such errors are found, Compliance Review staff use the opportunity to provide additional targeted education.

"To ensure fairness and conformity with the Florida surplus lines law, FLSO monitors and evaluates agent, insurer and independently procured coverage (IPC) data submissions."

The Compliance Review Program also acts as a means to collect the appropriate taxes and fees on unfiled policies found during the review process. In 2013, the Compliance Review Program uncovered a total of **1,202**



Our **Compliance Review**, **Premium Reconciliation**, and **Insurer Report Card** programs monitor and measure the accuracy and timeliness of data submissions.

unfiled transactions, resulting in **\$7,413,556** of unreported premium and **\$467,700** in taxes, fees, assessments, and penalties.

For insurers and agents, the Premium Reconciliation Program compares the submissions made by insurers against the data submitted by agents and IPC filers. Any discrepancies found are then further analyzed by a staff member to determine whether a true variance exists, its cause, and any needed corrective action.

In 2013, the Premium Reconciliation Program uncovered **195** unfiled policies representing **\$36,346,644** in unreported premium and the collection of more than **\$1,715,716** in taxes, fees, assessments and penalties.

The Service Office is also charged with ensuring the reporting compliance of eligible

Florida surplus lines insurers. The Service Office uses an Insurer Report Card to monitor the performance of foreign and alien insurers who have written premium in the state. With measures in three performance categories, insurers are graded on accepted vs. rejected submissions, accuracy and timeliness. The overall industry score for eligible foreign surplus lines insurers in 2013 was **94.8** percent.

As an organization committed to service, we are proud to see the high voluntary compliance levels achieved year after year. By working with our customers, assisting them with their compliance requirements, and educating them of market regulations, FLSO is proud to contribute to a strong, credible marketplace.

..... ■ ■
COMPLIANCE

EDUCATION

The surplus lines market remains a vital part of the insurance distribution system. As such, the Service Office utilizes its resources to advocate for the viability and credibility of Florida's insurance community while offering services and resources to help ensure compliance.

Attendance of industry tradeshows offers staff the opportunity to interact with a wide variety of industry members face-to-face. The Service Office once again participated in the Florida Association of Insurance Agents (FAIA) annual convention and the Florida Surplus Lines Association (FSLA) annual convention with a tradeshow booth.

Additionally, the Service Office delivered industry presentations to various organizations throughout 2013. Speaking engagements included the Florida Surplus Lines Association (FSLA) annual convention, and the Securities and Insurance Licensing Association (SILA) National Education Conference.

In addition to tradeshows, the Service Office attended industry conferences and roundtable discussions in order to remain on the forefront of developments in the state and national surplus lines marketplace. These included the National Association of Insurance Commissioners (NAIC) National and Zone Meetings, the National Association of Professional Surplus Lines Offices (NAPSLO)

Mid-Year Leadership Forum, the American Association of Managing General Agents (AAMGA) annual conference, the National Association of Professional Surplus Lines Offices (NAPSLO) Annual Convention, the Florida Insurance Council Pre-Legislative Workshop and meetings of the Surplus Lines Law Group.

Reaching out to all facets of its customer groups, in Florida and nationwide, to share industry knowledge remains one of the core charges of the Service Office. The Service Office continues to invest time and effort into opportunities that allow the organization to exchange ideas and promote the continued success of the marketplace.

"...we believe that providing quality education to our members is the path to a statutorily compliant market and consumer protection."

In addition to outreach efforts to promote a conversation between the Service Office and its customers, we believe that providing quality education to our members is the path to a statutorily compliant market and consumer protection.

Using in-person and online methods, the Service Office offered a variety of educational opportunities, programs and materials to both the Florida surplus lines community and the customers of the Surplus Lines Clearinghouse throughout 2013.

In 2013, Service Office staff developed and delivered a new three-hour classroom-based education course entitled "The Florida Surplus Lines Market: A Five Year Outlook on Regulatory and Disciplinary Trends." This course explores the trends occurring in the Florida surplus lines market, from both a regulatory and business-oriented viewpoint.

This course was taught in five locations across the state including Tallahassee, Jacksonville, Fort Lauderdale, Orlando, and St. Petersburg. The 2013 classroom offering was taught to a total of **104** students, resulting in **312** education hours.

The online education offered by the Service Office received an upgrade in 2013. Throughout the year, Service Office staff worked to implement a new Learning Management System (LMS) in order to provide a more robust and complete educational experience for its users. The FSLSO Education Center was unveiled in the 4th Quarter.

In conjunction with the release of the FSLSO Education Center, longtime online education offerings, the "Surplus Lines 60-Hour Pre-Licensing Qualification Course" and "The Retail Agent's Role in the Surplus Lines Market" were updated and refreshed, bringing the online education offered by the Service Office to the forefront of online learning technology. Throughout 2013, **57** students took advantage of the online opportunities provided by the Service Office.

In 2013, the Service Office also began a quarterly webinar series, The Member's Forum, to discuss pertinent industry topics and marketplace compliance issues. These 30-minute broadcasts covered topics such as excessive fees charged by agents, courtesy filings, insurer financials and the use of Insurer SLIP. These webinars were attended by over **225** participants.

The Service Office pooled its time and talents to provide educational opportunities through a variety of formats in order to reach as many students as possible. During 2013, the Service Office was pleased to report more than **3,600** education hours to the Florida Department of Financial Services as a result of its online and classroom-based students.

Throughout 2013,

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students took advantage of educational opportunities offered through FSLSO.

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3,600

education hours to the Florida Department of Financial Services as a result of its online and classroom-based students.

SUPPORT

At FLSO, one of our greatest priorities is to be the go-to resource for assistance in navigating the requirements of the Florida surplus lines marketplace. We do so through an educated and informed staff, superior customer service, and robust and user-friendly tools. In 2013, the annual customer survey indicated a 100% satisfaction rating with our level of knowledge, a 99% satisfaction rating with our responsiveness to emails and phone calls and a 99% satisfaction rating with the information and tools we provide. As the need to move faster, go further and have unlimited access demands more and more from available resources, our commitment to leading-edge technology remains at the forefront of our success.

Our online filing platform, SLIP, received a number of enhancements in 2013 including a significantly streamlined interface with a sleek new menu bar and home page interface that gives filers a more navigable and intuitive filing experience. We also streamlined the process for filing a renewal in SLIP. Users are now able to save and reuse previously submitted policy data to pre-fill some of the required data elements for the renewal transaction, even if the policy number has changed. SLIP was further enhanced to allow users to edit erroneous coverage codes or tax status' in lieu of completing a backout of the previously filed transactions and submitting new ones, saving the user significant time. The function can be used for either editing the coverage code for a particular transaction or editing all transactions for a single coverage.

The power of SLIP also allowed the Service Office to continue our efforts to become a truly paperless office. In 2013, we moved to an all-electronic submission of quarterly affidavits from surplus lines agents and eliminated the paper option for this compliance requirement. This move to submission in SLIP only has helped to increase the percentage of agents who submit their affidavit timely.

In a world of instant access, the mobile version of our Tax/Fee/Assessment Estimator, first introduced in 2012, continues to grow in popularity. Our website, www.fslso.com continues to be a trusted source of information for our customers as well, with newly updated tutorials and a growing database of answers to frequently asked questions. These round-the-clock tools are helping our customers conduct business any time from any place.

effectiveness n. (i'fektivnis)

achieving the desired or intended result which also produces a favorable and successful impression on people

In keeping with the drive for instant access to information, we introduced an e-book version of the Florida Surplus Lines Insurance Study Manual, the official study manual for the Florida surplus lines licensing exam. The e-book version was released in November 2013 through Amazon, Barnes and Noble, Google Play and Apple iBooks and has proven to be a popular and convenient method for potential licensees to prepare for the licensing exam.

The year 2013 was also an exciting one for the Surplus Lines Clearinghouse. In 2013, the Clearinghouse successfully expanded into single state filings for NIMA member states South Dakota and Wyoming, beginning January 1 and April 1, respectively. The broker communities of these states can now enjoy the world-class support of SLIP and the Service

Office staff for both their single state and multistate business.

The business world is demanding more and more from available resources. Information needs to be instant. Knowledge needs to be vast and support needs to be a top priority of any service organization. The Service Office has remained committed to providing the highest levels of customer support. This commitment has proven successful time and time again throughout the Service Office's 15 years of dedication to the surplus lines marketplace.



FINANCE

Responsibility for the integrity and objectivity of the financial information presented in this Annual Report rests with the FLSO management. This was reiterated within the satisfactory audit opinion received on the Florida Surplus Lines Service Office's financial statements for the fiscal years ending December 31, 2013 and December 31, 2012. Effective strategic planning, prudent budgeting and spending – coupled with good internal controls – are behind this success.

Since 2004, the service fee rate has been decreased three times from 0.3 percent to 0.1 percent, and while it remained constant at 0.1 percent from 2007-2013, in 2012 the Board approved a request to increase the service fee rate back to the 2006 rate of 0.2 percent effective April 1, 2013. From 2011-2013, the premium volume of the surplus lines industry has increased to a level that has allowed a subsequent reduction in the service fee rate from 0.2 percent to 0.175 percent, which will become effective April 1,

2014. To safeguard against underestimation of projected revenue, FLSO also maintains two years of operating expenditures in reserve to cover any necessary operating revenue.

During 2012, FLSO began administering the Clearinghouse on behalf of NIMA, Inc. The Clearinghouse directly serves NIMA participating states by accounting for all payments, calculating the totals due to each state, and detailing the necessary transfers among states to accurately distribute surplus lines taxes. The expenses allocated to the Clearinghouse for these services during 2013 were \$1,025,222.

During the year ending December 31, 2013, FLSO generated \$7,552,553 in revenues, an increase of \$3,884,862 from the previous year. This increase is equally attributed to the increase in the service fee rate and the revenue generated from a full year of Clearinghouse operations. With respect to the operating expenses, FLSO spent \$6,357,196 during the year

ending December 31, 2013, an increase of \$79,331 from year 2012. Revenues and expenditures created an increase in total net assets to \$24,592,797 from \$23,246,712, representing an increase of \$1,346,085 over the prior year.

The Statement of Financial Position is in conformity with generally accepted accounting principles (GAAP) used in the United States. FLSO retains independent accountants to audit its financial statements. The independent auditors provided an unqualified opinion with regards to these financial statements. The annual independent audit of the FLSO's books and records are available upon request for members to review.

Data & Statistics

Statement of Net Position

ASSETS

Current Assets

Cash and cash equivalents	\$2,472,215
Accounts receivable	321
Accrued interest income	28,843
Investments	1,470,000
Total current assets	3,971,379
Long-term investments	16,825,319
Property and equipment, net	4,380,342
Deposits	7,859
Total assets	25,184,899

Current Liabilities

Accounts payable and accrued expenses	229,016
Amounts held for the account of others	363,086
Total current liabilities	592,102

Net position

Invested in capital assets, net of related debt	5,206,708
Unrestricted	19,386,089
Total net position	24,592,797

Total liabilities and net position

\$25,184,899

Statement of Activities and Changes in Net Position

CHANGES IN UNRESTRICTED NET ASSETS

Revenues and other support

Charges for services	\$7,519,155
Interest and finance charges on service fees	3,389
Other income	30,009
Total revenues and other support	7,552,553

Operating Expenses

Administration and support	2,655,685
Education and outreach	973,388
Agent and insurer services	1,702,901
Clearinghouse	1,025,222
Total operating expenses	6,357,196

Operating Income (loss)

\$1,195,357

Nonoperating Revenues

Investment interest	127,001
Rental income	60,162
Rental expenses	(36,435)
Loss on disposal/sale of assets	-
Total nonoperating revenues	150,728

» Change in net position

\$1,346,085

» Net position at beginning of year

\$23,246,712

Net position at end of year

\$24,592,797

Statement of Cash Flows

OPERATING ACTIVITIES

Operating income	\$1,195,357
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation and amortization	842,785
Changes in operating assets and liabilities	
Accounts receivable	(321)
Deposits	-
Accounts payable and accrued expenses	24,899
Amounts held for the account of others	338,458
Net cash provided by operating activities	2,401,178

INVESTING ACTIVITIES

Investment income	115,661
Purchases of investments	(12,918,269)
Sale of investments	3,450,000
Net cash provided by (used in) investing activities	(9,352,608)

CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of property and equipment	(166,419)
Other receipts	23,727
Net cash used in capital and related financing activities	(142,692)

- » Net change in cash and cash equivalents
(\$7,094,122)
- » Cash and cash equivalents at beginning of year
\$9,566,337

Cash and cash equivalents at end of year

\$2,472,215

Top 25 Coverages by Total Florida Premium

	Coverages	Premium		Coverages	Premium
1	Commercial Property	\$2,130,281,227	13	Dwelling Property	\$46,198,150
2	Commercial General Liability	\$600,987,244	14	Windstorm	\$43,552,940
3	Commercial Package (Property & Casualty)	\$264,934,090	15	Builders Risk	\$40,359,922
4	Homeowners HO-3	\$197,113,012	16	Miscellaneous Liability	\$39,577,633
5	Excess Commercial General Liability (Not Umbrella)	\$117,644,100	17	Condo Unit-Owners HO-6	\$35,580,481
6	Miscellaneous E&O Liability	\$98,438,519	18	Personal & Pleasure Boats & Yachts	\$23,999,763
7	Miscellaneous Medical Professionals	\$73,693,383	19	Garage Liability	\$22,853,430
8	Condominium Package (Commercial)	\$72,279,952	20	Homeowners HO-8	\$22,853,093
9	Windstorm &/or Hail	\$71,717,315	21	Directors & Officers Liability (Profit)	\$22,320,883
10	Commercial Umbrella Liability	\$57,981,717	22	Inland Marine (Commercial)	\$21,524,847
11	Lawyers Professional Liability	\$57,836,802	23	Difference In Conditions	\$21,087,425
12	Pollution & Environment Liability	\$46,726,786	24	Hospital Professional Liability	\$20,945,538
			25	Excess Flood - Residential	\$18,863,016
				TOTAL	\$4,169,351,267

Top 25 Insurers by Total Florida Premium

	Insurer	Premium		Insurer	Premium
1	Lloyd's Underwriters At London	\$1,017,301,886	13	Geovera Specialty Insurance Company	\$59,862,889
2	QBE Specialty Insurance Company	\$383,264,281	14	Covington Specialty Insurance Company	\$59,450,868
3	Lexington Insurance Company	\$344,342,439	15	Columbia Casualty Company	\$55,881,565
4	Scottsdale Insurance Company	\$177,139,406	16	Liberty Surplus Insurance Corporation	\$54,608,901
5	Westchester Surplus Lines Insurance Company	\$129,250,007	17	Indian Harbor Insurance Company	\$54,292,550
6	Landmark American Insurance Company	\$126,194,630	18	Aspen Specialty Insurance Company	\$51,730,236
7	Arch Specialty Insurance Company	\$109,671,498	19	Essex Insurance Company	\$51,347,779
8	Steadfast Insurance Company	\$104,817,422	20	Nautilus Insurance Company	\$47,555,707
9	Rockhill Insurance Company	\$96,969,296	21	AIG Specialty Insurance Company	\$47,494,290
10	Ironshore Specialty Insurance Company	\$85,673,232	22	Chubb Custom Insurance Company	\$45,891,958
11	Voyager Indemnity Insurance Company	\$65,808,855	23	Mt. Hawley Insurance Company	\$44,161,891
12	Empire Indemnity Insurance Company	\$63,637,794	24	Evanston Insurance Company	\$43,186,236
			25	Colony Insurance Company	\$42,182,520
				TOTAL	\$3,361,718,134

The data included in this section includes single-state Florida policy filings and multi-state policy filings for which Florida is considered the "home state" of the insured. This data is representative of transactions submitted from January 1, 2013 through December 31, 2013 as reported by Florida surplus lines licensed agents and Independently Procured Coverage (IPC) filers to the Florida Surplus Lines Service Office and the Surplus Lines Clearinghouse. This data was current as of 06/08/2014. The Florida Surplus Lines Service Office provides this data for informational purposes only; it does not constitute an endorsement for any service, company or person. All figures have been rounded to the nearest dollar amount.

Total Florida Premium¹

2013	Agent Premium	IPC Premium	Total Premium
Q1	\$1,047,580,359	\$73,550,893	\$1,121,131,252
Q2	\$1,434,504,917	\$120,966,219	\$1,555,471,136
Q3	\$772,891,780	\$47,645,418	\$820,537,198
Q4	\$850,045,641	\$71,093,939	\$921,139,580
TOTAL	\$4,105,022,697	\$313,256,469	\$4,418,279,166

2012	Agent Premium	IPC Premium	Total Premium
Q1	\$905,610,944	\$77,867,342	\$983,478,286
Q2	\$1,345,562,621	\$127,012,547	\$1,472,575,168
Q3	\$823,097,461	\$48,963,982	\$872,061,443
Q4	\$841,089,536	\$68,294,904	\$909,384,440
TOTAL	\$3,915,360,562	\$322,138,775	\$4,237,499,337

2011	Agent Premium	IPC Premium	Total Premium
Q1	\$806,611,611	\$124,529,031	\$931,140,642
Q2	\$1,155,758,832	\$169,251,817	\$1,325,010,650
Q3	\$652,159,737	\$74,579,807	\$726,739,544
Q4	\$663,557,758	\$91,250,848	\$754,808,606
TOTAL	\$3,278,087,938	\$459,611,504	\$3,737,699,442

2013

Total Premium

\$4,418,279,166

2012

Total Premium

\$4,237,499,337

2011

Total Premium

\$3,737,699,442

Total Florida Premium for Commercial Lines²

2013	Premium	Policy Count	Average Cost
Agent	\$3,628,308,766	484,955	\$7,482
IPC	\$282,876,021	6,536	\$43,280
2012			
Agent	\$3,500,788,711	494,960	\$7,073
IPC	\$300,942,137	8,546	\$35,214
2011			
Agent	\$2,946,943,250	467,759	\$6,300
IPC	\$429,097,157	11,090	\$38,692

Total Florida Premium for Residential Lines²

2013	Premium	Policy Count	Average Cost
Agent	\$366,476,930	161,323	\$2,272
IPC	\$5,781,193	393	\$14,710
2012			
Agent	\$311,097,903	147,312	\$2,112
IPC	\$5,461,140	744	\$7,340
2011			
Agent	\$250,814,083	128,634	\$1,950
IPC	\$12,018,521	757	\$15,877

^{1,2} The data included in this section includes all single-state Florida policy filings as well as multi-state policy filings for which Florida is considered the "home state" of the insured. This data is representative of transactions effective from January 1, 2013 through December 31, 2013 as reported by Florida surplus lines licensed agents and Independently Procured Coverage (IPC) filers through the Florida Surplus Lines Service Office and the Surplus Lines Clearinghouse. This data was current as of 06/08/2014. All figures have been rounded to the nearest dollar amount.

Premium Reconciliation Activities

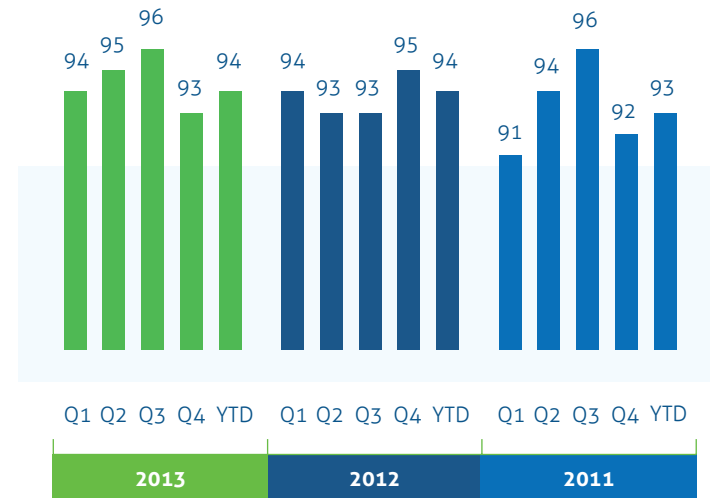
2013	No. of Unfiled Policies	Premium Amount	Taxes	Tax Penalties	Service Fees	Service Fee Penalties	Assessments	Assessment Penalties
1Q	33	\$7,908,691	\$266,435	\$1,919	\$13,204	\$212	\$69,704	\$2,252
2Q	83	\$12,047,586	\$300,935	\$1,605	\$18,534	\$98	\$134,446	\$848
3Q	42	\$7,809,290	\$240,481	\$2,716	\$15,463	\$103	\$127,683	\$2,470
4Q	37	\$8,581,077	\$336,734	\$3,532	\$14,576	\$159	\$160,184	\$1,423
TOTAL	195	\$36,346,644	\$1,144,585	\$9,772	\$61,777	\$572	\$492,017	\$6,993

All figures have been rounded to the nearest dollar amount.

Compliance Review Activities

2013	Reviews Done	# Policies Reviewed	# Transactions Reviewed
Q1	101	1,947	2,245
Q2	108	2,156	2,475
Q3	102	3,934	4,325
Q4	108	4,005	4,526
TOTAL	419	12,042	13,571

Compliance Review Average Score by Quarter

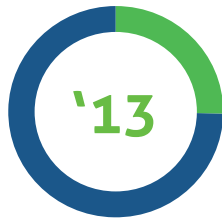


Compliance Review Unfiled Policies

2013	# of Agents	# of Unfiled Policies	Total Premium Collected On	Taxes	Tax Penalties	Service Fees	Service Fee Penalties	Assessments	Assessment Penalties
Q1	12	29	\$2,538,264	\$17,751	\$1,875	\$2,552	\$278	\$35,113	\$2,397
Q2	22	98	\$411,261	\$18,515	\$2,395	\$388	\$56	\$7,693	\$818
Q3	19	230	\$1,081,868	\$53,592	\$16,967	\$1,084	\$342	\$16,080	\$3,907
Q4	17	845	\$3,382,163	\$162,252	\$46,576	\$3,509	\$945	\$59,505	\$13,110
TOTAL	70	1,202	\$7,413,556	\$252,110	\$67,813	\$7,533	\$1,621	\$118,391	\$20,232

All figures have been rounded to the nearest dollar amount.

Total Florida Transactions by Submission Method



» SLIP TOTAL
313,655 · **26%**

» BATCH TOTAL
897,995 · **74%**

	SLIP	Batch
Agent	300,821	897,517
IPC	12,834	478

	SLIP	Batch
Agent	269,763	832,836
IPC	15,192	351



» SLIP TOTAL
284,955 · **25%**

» BATCH TOTAL
833,187 · **75%**

	SLIP	Batch
Agent	247,446	824,412
IPC	18,516	-



» SLIP TOTAL
265,962 · **24%**

» BATCH TOTAL
824,412 · **76%**

The data included in this section includes all single-state Florida policy filings as well as multi-state policy filings for which Florida is considered the "home state" of the insured. This data is representative of policy transactions submitted from January 1, 2013 through December 31, 2013 by Florida surplus lines licensed agents and Independently Procured Coverage (IPC) filers through the Florida Surplus Lines Service Office and the Surplus Lines Clearinghouse. This data was current as of 06/08/2014.

Total Taxes, Fees and Assessments Billed for FLSO Clients

2013	Citizens Property Insurance Corp. (Assessment)	Florida Hurricane Catastrophe Fund (Assessment)	Division of Emergency Management (EMPA Surcharge)	Florida Department of Financial Services (Premium Tax)	Nonadmitted Insurance Multi-state Agreement (Tax)
TOTAL	\$26,531,478	\$50,990,665	\$1,075,750	\$181,611,624	\$30,176,197

The data contained in this chart includes the total taxes, assessments and fees billed during the calendar year of January 1, 2013-December 31, 2013 by the Florida Surplus Lines Service Office. This data was current as of 06/08/2014. All figures have been rounded to the nearest dollar amount.

Website Visitor Sessions

FLSO.com



38,838



42,355



40,974



38,334



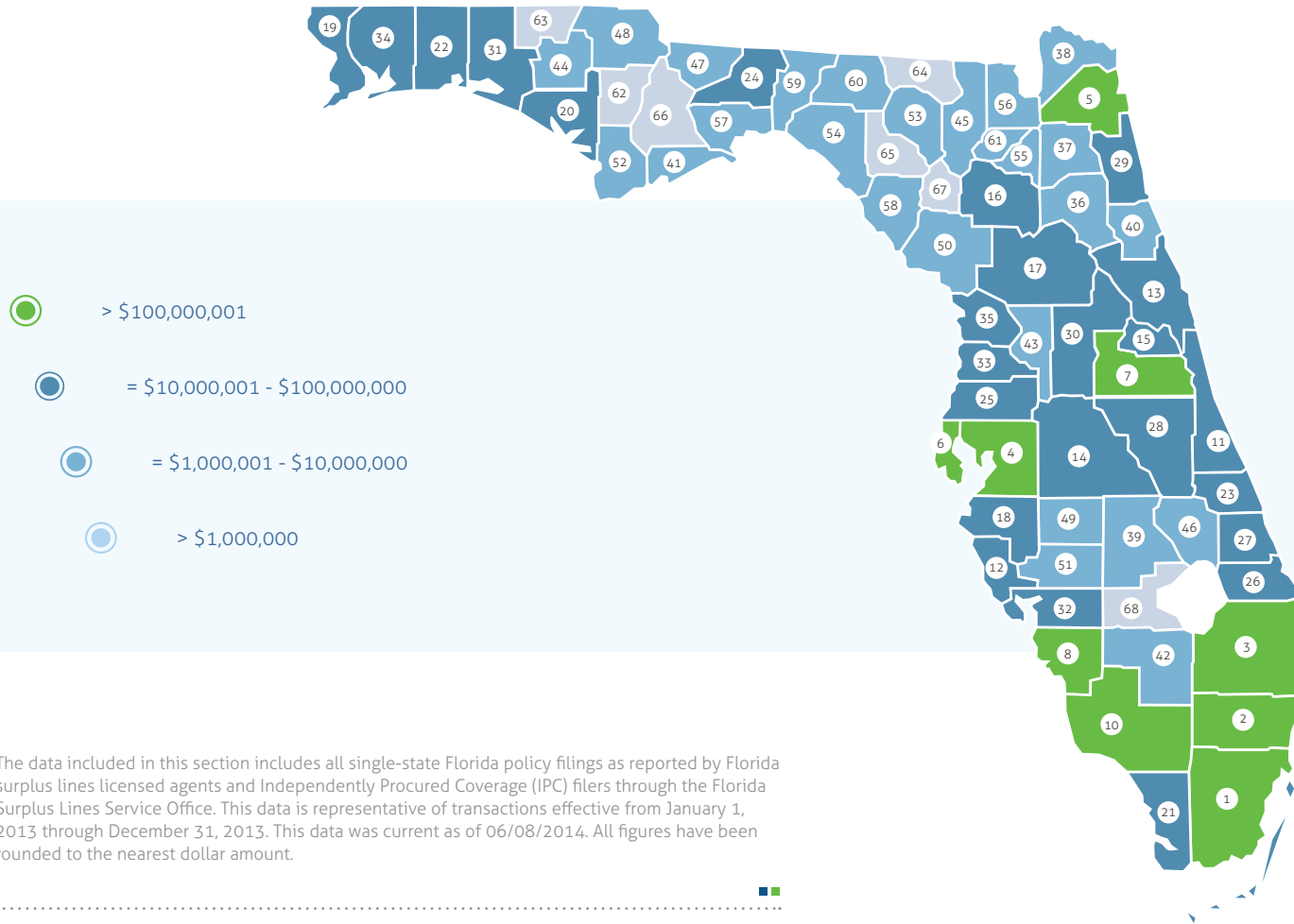
160,501



Since its inception, FLSO has been committed to providing the highest quality support and assistance to our diversified customer groups.

Premium by County

County	Premium				
1 Miami-Dade	\$798,163,408	23 Indian River	\$39,192,696	46 Okeechobee	\$4,176,328
2 Broward	\$427,840,640	24 Leon	\$37,338,015	47 Gadsden	\$3,909,661
3 Palm Beach	\$357,484,993	25 Pasco	\$36,797,029	48 Jackson	\$3,222,947
4 Hillsborough	\$242,538,571	26 Martin	\$35,835,433	49 Hardee	\$3,008,834
5 Duval	\$227,199,481	27 St. Lucie	\$33,374,834	50 Levy	\$2,916,396
6 Pinellas	\$216,511,780	28 Osceola	\$26,754,693	51 Desoto	\$2,731,099
7 Orange	\$169,373,629	29 St. Johns	\$24,733,927	52 Gulf	\$2,532,255
8 Lee	\$138,039,416	30 Lake	\$24,452,188	53 Suwannee	\$2,228,260
9 Multiple Counties	\$119,932,717	31 Walton	\$23,328,392	54 Taylor	\$2,219,575
10 Collier	\$100,007,337	32 Charlotte	\$18,599,810	55 Bradford	\$1,724,533
11 Brevard	\$75,228,737	33 Hernando	\$14,652,456	56 Baker	\$1,455,410
12 Sarasota	\$72,686,219	34 Santa Rosa	\$13,405,550	57 Wakulla	\$1,392,690
13 Volusia	\$67,276,487	35 Citrus	\$11,127,659	58 Dixie	\$1,217,096
14 Polk	\$65,609,338	36 Putnam	\$9,742,752	59 Jefferson	\$1,163,728
15 Seminole	\$63,392,050	37 Clay	\$9,719,258	60 Madison	\$1,162,608
16 Alachua	\$57,810,893	38 Nassau	\$8,675,237	61 Union	\$1,027,067
17 Marion	\$49,916,897	39 Highlands	\$7,504,974	62 Calhoun	\$889,265
18 Manatee	\$49,807,044	40 Flagler	\$6,753,714	63 Holmes	\$802,389
19 Escambia	\$46,203,917	41 Franklin	\$5,863,976	64 Hamilton	\$708,008
20 Bay	\$45,140,040	42 Hendry	\$5,172,191	65 Lafayette	\$659,075
21 Monroe	\$44,408,111	43 Sumter	\$4,899,416	66 Liberty	\$618,352
22 Okaloosa	\$42,311,891	44 Washington	\$4,373,690	67 Gilchrist	\$530,021
		45 Columbia	\$4,270,675	68 Glades	\$457,368
				TOTAL	\$3,924,205,124



The data included in this section includes all single-state Florida policy filings as reported by Florida surplus lines licensed agents and Independently Procured Coverage (IPC) filers through the Florida Surplus Lines Service Office. This data is representative of transactions effective from January 1, 2013 through December 31, 2013. This data was current as of 06/08/2014. All figures have been rounded to the nearest dollar amount.

PREMIUM BY COUNTY



fslso.com

We make it **easy.**

