



ANNUAL REPORT

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MISSION

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

VISION

FSLSO's vision is to lead and serve through innovative solutions.

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.

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

Michael J. Franzese
RT Specialty, LLC

Lorna Wirtz
John Handel & Associates, a Division of Johnson & Johnson, Inc.

Roy V. Fabry · *Vice Chair*
Kahn Carlin & Co., Inc.

David Holcombe
International Speedway Corp.

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

Irvin "Skip" Wolf III · *Secretary/Treasurer*
Burns & Wilcox

D. Conor O'Leary
Shelly, Middlebrooks, and O'Leary, 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*

John Felder · *Senior Technical Support Analyst*

Felicia Meredith · *Compliance Review Analyst*

Georgie Barrett · *Deputy Director of Operations*

Jean Ferrer · *Premium Reconciliation Coordinator*

Jennifer Mills · *Business Specialist*

Tom Terfinko · *Assistant Director of Agent and Insurer Services*

Trevor Flanagan · *Information Technology Manager*

Tracy Pafford · *Public Information Specialist*

Jesse Barrett · *Technical Support Analyst*

Lisa French · *Insurance Analyst*

Sheila Pearson · *Controller*

Brian Bogner · *Insurance Analyst*

Kristen Gray · *Insurance Analyst*

Amber Pullen · *Accounting Specialist*

Corey Capps · *Staff Accountant*

Bobbi Harter · *Operations Specialist*

Kara Steele · *Business Specialist*

PJ Parker-Comer · *Public Information Manager*

Rachel Hoffman · *Business Specialist*

Bryan Young · *Compliance Review Coordinator*

Jim Day · *Database Administrator*

Tracy Ingle · *Premium Reconciliation Specialist*

James Farmer · *Senior Information Architect*

Tiffany Maruniak · *Product and Business Development Manager*

FROM THE CHAIR



More than 17 years ago, an insightful group of leaders saw a need to improve the coordination and communication between the surplus lines insurance market and the organization responsible for its regulation and oversight. They worked together to create an entity that would become a self-regulating nonprofit association for the Florida surplus lines market.

Over the years we have seen immense growth and change, yet the Florida Surplus Lines Service Office has continued to serve our industry diligently. Today it is my honor to serve this organization as Chair. It is a team defined by innovation, technology,

creative thinking and relentless pursuit of its vision; to facilitate compliance.

2014 marked a powerful year for FLSO. We were pleased to provide a service fee reduction to our members along with many customer driven upgrades to our state-of-the-art online filing platform, SLIP. Our national Surplus Lines Clearinghouse was able to increase membership by adding new Associate Members, bringing the potential of uniformity to a wider audience. We also saw the state completely revamp the continuing education statute, as well as terminate the Florida Hurricane Catastrophe Fund (FHCF) emergency assessment.

As has been our trademark, the Service Office continues to seek out modern, relevant technology solutions.

Through it all, the Service Office has risen to an even higher level of performance. Under the leadership of Executive Director, Gary Pullen, it is devoted to strategically managing risks and continuing to operate in more efficient and sustainable ways. In 2014, we implemented an improved internal operational audit program that will help us identify vulnerabilities in our processes and programs. Proudly this planning allows us to remain leaders in communication, education and exceptional customer service.

The enclosed report takes a comprehensive look at Florida's surplus lines insurance market which has continued to show growth in total premium reported, including that written for commercial and residential coverages.

As has been our trademark, the Service Office continues to seek out modern, relevant technology solutions that create business value and deliver additional benefits to our customers.

I sincerely appreciate the great commitment shown by the team at FLSO and the positive impact it has had on our industry. I also want to thank the Board of Governors for allowing me the privilege of chairing such a tremendous organization. It is my honor and I look forward to a future of continued growth and success.

Sincerely,



Keith M. Driggers
Chair

FROM THE CHAIR



FROM THE DIRECTOR

Greetings from the Florida Surplus Lines Service Office. 2014 was an exciting year for many reasons and there is not a day that goes by that I am not grateful to be a part of this growing and dynamic industry. Nationwide the U.S. excess and surplus lines sector has experienced strong growth and profitability in recent years. Here in Florida, we have also seen premium growth over the past four years. In fact, we were pleased to provide a reduced service fee to policyholders in April 2014, as a result of our growing revenues and improved efficiencies.

Since our inception in 1998, the Service Office has been committed to promoting compliance and credibility in the marketplace. This began with the initial release of our policy submission

software, and continues strategically every year. In 2014, our Surplus Lines Information Portal (SLIP) received several upgrades as a direct result of customer feedback. Improvements included updated security protocols, improved policy search techniques, streamlined endorsement filings and revised productivity reports for agents.

We also removed some antiquated data elements in an effort to streamline the filing process for our users and modified the insurer eligibility filing requirements of the Service Office in order to compliment the process established by the Office of Insurance Regulation. Both of these processes resulted in elimination of extra paperwork on our part and saved steps on the part of the customer.

In 2014, the Florida legislature completely revamped the Continuing Education requirements for insurance licensees. FLSLO stepped to the plate with revised coursework to meet the new requirements. We partnered with the Florida Surplus Lines Association and the Florida Insurance School for Continuing Education to begin teaching curriculum that satisfied the new statutory requirements for both classroom and webcast settings.

As our Surplus Lines Clearinghouse entered its third year of operation, we were pleased to welcome two new Associate Members. The Clearinghouse is an independent functional unit of the FLSLO that serves the filing needs of the states of the Nonadmitted Insurance Multistate Agreement (NIMA).



Since our inception in 1998, the Service Office has been committed to promoting compliance and credibility in the marketplace.

As Associate Members, states are able to identify and account for taxable surplus lines insurance premium due to their states based on statistical information shared by the NIMA Clearinghouse. The Clearinghouse continues to build on its success and as of May 2014, had allocated more than \$1.077 billion in premiums to members and generated more than \$50 million in taxes.

One of the most talked about items in our industry this year was the termination of the Florida Hurricane Catastrophe Fund (FHCF) emergency assessment. The FHCF is a state program that reimburses residential property insurers in Florida for a portion of their losses from hurricanes. Now having settled the outstanding bonds owed due to growth in the assessments collected and finalizing

settlement of all 2005 insurer claims, the termination came at the end of 2014; approximately 18 months earlier than originally anticipated.

Through it all, FLSO continues to set the standard for stamping offices around the country. Our success is a product of continual improvement, an intense focus on customer service, dedication to the viability of the surplus lines industry and the power of technology to reach our goals. I want to thank our exceptional Board of Governors, led by Chair Keith Driggers, as well as our talented staff. Their continued dedication to improving the Florida surplus lines industry is to be commended. 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 compliance. The Service Office not only helps 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 and 2013, 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 verification of information such as the agency production ledgers, 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 the Compliance Review staff use the opportunity to provide additional targeted education.

"These programs help ensure that Florida licensed agents comply with Florida's laws relative to the sale of surplus lines insurance."

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 2014, the Compliance Review Program uncovered a total of **1,054**



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

unfiled transactions, resulting in **\$9,855,943** of unreported premium and **\$669,179** 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 2014, the Premium Reconciliation Program uncovered **415** unfiled transactions representing **\$50,664,727** in unreported premium and the collection of more than **\$2,853,567** 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 2014 remained above **90** 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 with their compliance requirements and educating them on market regulations, FLSO is proud to contribute to a strong, credible marketplace.

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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.

Educating, networking and sharing industry knowledge remains one of the core priorities of the Service Office. We continue to invest time and effort into opportunities that allow the organization to exchange ideas and promote the continued success of the marketplace.

FSLSO attended various industry conferences and roundtable discussions in order to remain on the forefront of developments in the state and national surplus lines marketplace in 2014. These included the Independent Insurance Agents of South Florida (IIASF); Florida Insurance Council's annual convention; the Securities and Insurance Licensing Association's (SILA) National Education Conference; the Florida Association of Insurance Agents (FAIA) annual convention; the Florida Surplus Lines Association (FSLA) annual convention; the National Association of Insurance Commissioners (NAIC) national meeting; the

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

Along with 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 promoting both a statutorily compliant market and healthy consumer protection. Using in-person and online methods, FSLSO

FSLSO continues to invest time and effort into opportunities that promote the continued success of the marketplace.

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 2014.

FSLSO pooled its time and talents to provide educational opportunities through a variety of formats in order to reach as many customers as possible, culminating in over **4,000** educational hours as a result. In the field of continuing education, we provided various courses in Fort Lauderdale, Orlando, Sarasota, Tampa as well as online webinars.

Our Learning Management System (LMS) continued its growth as a robust online educational platform for users with over **300** new users registering for classes. Online courses that proved viable for FSLSO included the 60-Hour Pre-Licensing course which had **46** participants in 2014 as well as a new Certified Surplus Lines Expert (CSLE) course which reached **219** users in three short months. The CSLE course launched in the 4th quarter of 2014 and aimed to educate users through a series of five courses relating to surplus lines business in Florida.

The Service Office sent out **55** electronic newsletters to various customer groups in 2014; continued our quarterly member webinar series entitled the Member's Forum with **307** total attendees; and began active social media involvement which garnered **287** connections on LinkedIn and **195** followers on Twitter. In addition, we continued to contract with the Department of Financial Services to provide the *Florida Surplus Lines Insurance Study Manual* which had a distribution of more than **350** manuals in 2014, including both printed and e-book distribution.

Throughout 2014,

219

users enrolled in our online Certified Surplus Lines course series.

During 2014, the Service Office provided more than

4,000

educational hours to customers and stakeholders.

EDUCATION

SUPPORT

At FLSO, one of our greatest priorities is providing quality support and assistance to our customers as they navigate the requirements of the Florida surplus lines marketplace. We do this through an educated and informed staff, superior customer service and robust and user-friendly tools. In 2014, our annual customer survey indicated a **99%** satisfaction rating with our level of knowledge and a **99%** satisfaction rating with our responsiveness. The pursuit of continual improvement coupled with our commitment to leading-edge technology remains at the forefront of our success.

Our online filing platform, SLIP, received a number of enhancements in 2014, as a direct result of customer feedback. Among those enhancements was an effort to improve and update our security protocols as well as improve our policy search techniques. We

added a new search field that allows the user to search for a transaction by confirmation number. We also added new search hot keys allowing the Enter key on the keyboard to activate the Search button instead of having to use the mouse to click Search.

By adding a confirmation number field, users can now search for a specific transaction by the confirmation number. We also improved the endorsement filing process. Now, when filing an endorsement to a policy with one insurer participating on the risk, the insurer will pre-populate, saving the user a step. Both of these enhancements were responses to customer feedback, because we are always looking for ways to improve our online filing experience.

Other enhancements included removing some antiquated data elements in an effort to make the process as quick and easy as

possible. These elements include the Unique Market Reference (UMR) number for Lloyd's of London transactions; the explanation field when a transaction is filed more than 30 days past the effective date of the premium-bearing transaction; and supplemental homeowner data for Tenant Homeowners (HO-4) policies only. All other homeowner coverages still require supplemental homeowners information.

Further, we modified the insurer eligibility filing requirements of the Service Office in order to compliment the process established by the Office of Insurance Regulation (OIR). These enhancements have resulted not only in elimination of extra paperwork on our part, but they have saved steps on the part of the customer.

In the fall of 2014, the former Agent Report Card underwent a significant makeover to

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

become the upgraded Quarterly Productivity and Performance Report. Improved features include five measures of agent compliance performance: total premium invoiced; number of transactions invoiced; percentage of transactions submitted timely; percentage of backouts; and average days with outstanding financial transactions in question.

Also in 2014, the OIR directed the FLSO, by order, to discontinue assessing the Florida Hurricane Catastrophe Fund (FHCF) emergency assessment on applicable surplus lines policies issued or renewed with an effective date on or after January 1, 2015.

In a world of instant access, the mobile version of our Tax/Fee/Assessment Estimator, first introduced in 2012, continues to grow in popularity as a mobile application. Our company website, www.fslso.com, continues

to be a trusted source of news 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.

As our Surplus Lines Clearinghouse entered its third year of operation, we were pleased to welcome two new Associate Members. This independent functional unit of the FLSO serves the filing needs of the states of the Nonadmitted Insurance Multistate Agreement (NIMA). The Clearinghouse continues to build on its success and as of May 2014, had allocated more than \$1.077 billion in premiums to members and generated more than \$50 million in taxes.

As the business world continues to demand more, the Service Office remains committed

to providing the highest levels of industry knowledge and customer support. This commitment has proven successful time and time again throughout the Service Office's many 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, 2014 and 2013. Effective strategic planning, prudent budgeting and spending – coupled with good internal controls are attributed to this success.

Since 2004, the service fee rate decreased three times, from 0.3 percent to 0.1 percent. It remained constant at 0.1 percent from 2007-2013. Effective April 1, 2013, the service fee increased back to the 2006 rate of 0.2 percent. Beginning in 2011 and continuing through 2013, the premium volume of the surplus lines industry increased to a level that allowed a subsequent reduction in the service fee rate.

Therefore exactly one year later, effective April 1, 2014, we were able to reduce the fee again to 0.175 percent. Additionally, to safeguard against underestimation of projected revenue, FLSO maintains two years of operating expenditures in reserve to cover any necessary operating deficit.

FLSO has been administering the Clearinghouse on behalf of NIMA, Inc. since 2012. 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 line taxes. The expenses allocated to the Clearinghouse for these services during 2014 were \$1,070,191.

During the year ending December 31, 2014, FLSO generated \$9,323,363 in revenues, an increase of \$1,770,810 from the previous year. With respect to the operating expenses, FLSO spent \$5,970,822

during the year ending December 31, 2014, which reflects a decrease of \$386,374 from year 2013. Total net assets increased from \$24,592,797 to \$28,117,849, representing an increase of \$3,525,052 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 FLSO's books and records are available upon request to members to review.

Data & Statistics

Statement of Net Position

ASSETS

Current Assets

Cash and cash equivalents	\$1,892,134
Accrued interest income	40,583
Investments	3,505,000
Total current assets	5,437,717
Long-term investments	18,647,429
Property and equipment, net	4,198,894
Deposits	7,859

Total assets **28,291,899**

Current Liabilities

Accounts payable and accrued expenses	174,050
Total current liabilities	174,050

Net position

Investment in capital assets	4,198,894
Unrestricted	23,918,955
Total net position	28,117,849

Total liabilities and net position

\$28,291,899

Statement of Activities and Changes in Net Position

CHANGES IN UNRESTRICTED NET ASSETS

Revenues and other support

Charges for services	\$9,293,722
Interest and finance charges on service fees	3,693
Other income	25,948

Total revenues and other support	9,323,363
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Operating Expenses

Administration and support	2,480,104
Education and outreach	779,480
Agent and insurer services	1,641,047
Clearinghouse	1,070,191

Total operating expenses	5,970,822
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Operating Income (loss)

\$3,352,541

Nonoperating Revenues

Investment income	159,777
Rental income	60,474
Rental expenses	(47,740)

Total nonoperating revenues	172,511
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» Change in net position

\$3,525,052

» Net position at beginning of year

\$24,592,797

Net position at end of year

\$28,117,849

Statement of Cash Flows

OPERATING ACTIVITIES

Operating income	\$3,352,541
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation and amortization	692,224
Changes in operating assets and liabilities	
Accounts receivable	321
Accounts payable and accrued expenses	(54,966)
Amounts held for the account of others	(363,086)
Net cash provided by operating activities	3,627,034

INVESTING ACTIVITIES

Investment income	148,037
Purchases of investments	(6,827,110)
Sale of investments	2,970,000
Net cash provided by (used in) investing activities	(3,709,073)

CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of property and equipment	(510,776)
Other receipts	12,734
Net cash used in capital and related financing activities	(498,042)

- » Net change in cash and cash equivalents
(\$580,081)
- » Cash and cash equivalents at beginning of year
\$2,472,215

Cash and cash equivalents at end of year
\$1,892,134

Top 25 Coverages by Total Florida Premium

	Coverages (Coverage Codes)	Premium		Coverages (Coverage Codes)	Premium
1	Commercial Property (1000)	\$1,381,542,573	13	Lawyers Professional Liability (7002)	\$65,566,276
2	Commercial General Liability (5000)	\$696,944,071	14	Builders Risk - Commercial (1001)	\$57,734,539
3	Collateral Protection (Force Placed Coverage) (1017)	\$528,192,506	15	Pollution & Environment Liability (5012)	\$54,118,526
4	Commercial Package (1005)	\$295,654,860	16	Miscellaneous Liability (5021)	\$42,156,377
5	Homeowners-HO-3 (2002)	\$210,802,969	17	Homeowners - HO-6 -Condo Unit Owners (2005)	\$40,642,894
6	Excess Commercial General Liability (5006)	\$141,974,966	18	Architects & Engineers Liability (7000)	\$28,053,312
7	Miscellaneous E&O Liability (7003)	\$121,588,672	19	Garage Liability (8004)	\$27,759,903
8	Dwelling Property (2009)	\$100,603,037	20	Directors & Officers Liability - Profit (5002)	\$27,574,112
9	Windstorm and/or Hail (1013)	\$79,985,447	21	Hospital Professional Liability (6000)	\$26,372,622
10	Condominium Package - Commercial (1006)	\$72,681,230	22	Homeowners-HO-8 (2006)	\$25,339,553
11	Miscellaneous Medical Professionals (6001)	\$70,443,006	23	Personal & Pleasure Boats & Yachts (3006)	\$24,518,064
12	Commercial Umbrella Liability (5001)	\$66,075,666	24	Credit Insurance (1201)	\$24,459,012
			25	Accident & Health (1200)	\$23,298,204
			TOTAL		\$4,234,082,395

Top 25 Insurers by Total Florida Premium

	Insurer	Premium		Insurer	Premium
1	Lloyd's Underwriters At London	\$1,135,881,749	13	Empire Indemnity Insurance Company	\$66,939,494
2	Lexington Insurance Company	\$343,152,956	14	Covington Specialty Insurance Company	\$64,886,159
3	Scottsdale Insurance Company	\$190,755,592	15	Indian Harbor Insurance Company	\$63,242,046
4	Westchester Surplus Lines Insurance Company	\$141,386,755	16	National Fire and Marine Insurance Company	\$58,596,578
5	Arch Specialty Insurance Company	\$110,410,326	17	Columbia Casualty Company	\$55,152,636
6	Landmark American Insurance Company	\$107,792,542	18	Geovera Specialty Insurance Company	\$54,658,576
7	QBE Specialty Insurance Company	\$104,436,315	19	Nautilus Insurance Company	\$53,205,035
8	Rockhill Insurance Company	\$103,615,695	20	United Specialty Insurance Company	\$52,918,008
9	Ironshore Specialty Insurance Company	\$95,483,704	21	Essex Insurance Company	\$51,655,387
10	Steadfast Insurance Company	\$90,381,988	22	Colony Insurance Company	\$49,463,488
11	Voyager Indemnity Insurance Company	\$78,857,378	23	AIG Specialty Insurance Company	\$47,084,689
12	Aspen Specialty Insurance Company	\$69,322,254	24	Evanston Insurance Company	\$46,904,354
			25	Mt. Hawley Insurance Company	\$45,503,665
			TOTAL		\$3,281,687,449

The data included in this section includes single state Florida policy filings and multistate policy filings for which Florida is considered the "home state" of the insured. This data is representative of transactions submitted from January 1, 2014 through December 31, 2014 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 06/08/2015. 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

2014	Agent Premium	IPC Premium	Total Premium
Q1	\$1,057,008,842	\$65,477,463	\$1,122,486,305
Q2	\$1,517,878,776	\$55,049,761	\$1,572,928,537
Q3	\$938,705,770	\$37,531,313	\$976,237,083
Q4	\$945,438,039	\$28,881,586	\$974,319,625
TOTAL	\$4,459,031,428	\$186,940,122	\$4,645,971,550

2013	Agent Premium	IPC Premium	Total Premium
Q1	\$1,182,646,848	\$86,359,378	\$1,269,006,226
Q2	\$1,434,567,714	\$102,144,875	\$1,536,712,589
Q3	\$843,218,032	\$69,162,161	\$912,380,193
Q4	\$819,291,956	\$55,071,613	\$874,363,569
TOTAL	\$4,279,724,550	\$312,738,027	\$4,592,462,577

2012	Agent Premium	IPC Premium	Total Premium
Q1	\$837,025,639	\$108,117,993	\$945,143,632
Q2	\$1,298,931,420	\$119,110,602	\$1,418,042,022
Q3	\$820,394,202	\$44,118,072	\$864,512,274
Q4	\$749,041,412	\$75,376,055	\$824,417,467
TOTAL	\$3,705,392,672	\$346,722,723	\$4,052,115,396

2014

Total Premium

\$4,645,971,550

2013

Total Premium

\$4,592,462,577

2012

Total Premium

\$4,052,115,396

Total Florida Premium for Commercial Lines ¹

	Premium	Policy Count	Average Premium/ Policy Cost
2014			
Agent	\$3,913,412,593	529,803	\$7,387
IPC	\$168,695,126	6,350	\$26,566
2013			
Agent	\$3,782,403,652	509,903	\$7,418
IPC	\$278,718,723	7,126	\$39,113
2012			
Agent	\$3,288,871,297	474,229	\$6,935
IPC	\$329,033,062	9,033	\$36,426

Total Florida Premium for Residential Lines ¹

	Premium	Policy Count	Average Premium/ Policy Cost
2014			
Agent	\$393,859,540	207,997	\$1,894
IPC	\$1,957,543	266	\$7,359
2013			
Agent	\$386,636,085	165,097	\$2,342
IPC	\$4,457,375	492	\$9,060
2012			
Agent	\$312,324,471	139,796	\$2,234
IPC	\$4,801,320	754	\$6,368

¹ The data included in this section includes all single state Florida policy filings as well as multistate policy filings for which Florida is considered the "home state" of the insured. This data is representative of transactions submitted from January 1, 2014 through December 31, 2014 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 06/08/2015. All figures have been rounded to the nearest dollar amount.

Premium Reconciliation Activities

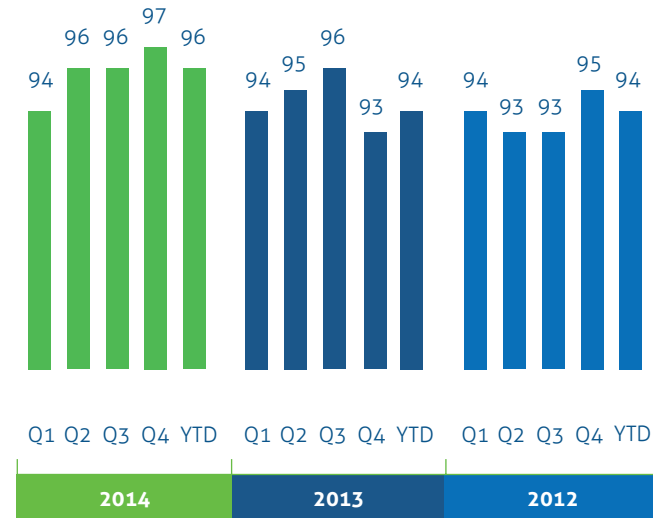
2014	# of Unfiled Transactions	Total Unreported Premium	Taxes	Tax Penalties	Service Fees	Service Fee Penalties	Assessments	Assessment Penalties
1Q	63	\$9,905,308	\$307,731	\$5,310	\$12,759	\$229	\$170,339	\$2,232
2Q	109	\$11,351,416	\$457,810	\$4,504	\$20,777	\$170	\$169,112	\$1,308
3Q	125	\$10,452,797	\$403,125	\$4,039	\$17,420	\$182	\$173,994	\$2,417
4Q	118	\$18,955,206	\$786,816	\$7,657	\$35,353	\$307	\$267,536	\$2,440
TOTAL	415	\$50,664,727	\$1,955,482	\$21,510	\$86,309	\$888	\$780,981	\$8,397

All figures have been rounded to the nearest dollar amount.

Compliance Review Activities

2014	Reviews Done	# Policies Reviewed	# Transactions Reviewed
Q1	96	3,164	3,442
Q2	109	4,275	4,932
Q3	103	4,165	5,028
Q4	88	3,505	4,263
TOTAL	396	15,109	17,665

Compliance Review Average Score by Quarter



Compliance Review Unfiled Policies

2014	# of Agents	# of Unfiled Transactions	Total Unreported Premium	Taxes	Tax Penalties	Service Fees	Service Fee Penalties	Assessments	Assessment Penalties
Q1	14	220	\$1,391,653	\$68,466	\$10,294	\$1,465	\$208	\$26,787	\$2,905
Q2	39	588	\$4,557,320	\$194,547	\$26,142	\$4,343	\$578	\$86,261	\$8,074
Q3	22	173	\$2,430,888	\$94,974	\$5,582	\$3,399	\$308	\$37,520	\$3,064
Q4	14	73	\$1,476,082	\$64,189	\$7,177	\$1,609	\$155	\$19,662	\$1,470
TOTAL	89	1,054	\$9,855,943	\$422,176	\$49,195	\$10,816	\$1,249	\$170,230	\$15,513

All figures have been rounded to the nearest dollar amount.

Total Florida Filings by Submission Method

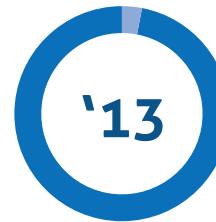


» SLIP TOTAL
334,695 · **94%**

» BATCH TOTAL
22,078 · **6%**

	SLIP	Batch
Agent	322,185	22,025
IPC	12,510	53

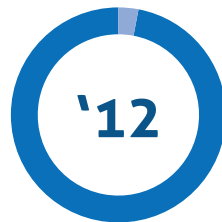
	SLIP	Batch
Agent	292,849	10,655
IPC	12,955	54



» SLIP TOTAL
305,849 · **97%**

» BATCH TOTAL
10,709 · **3%**

	SLIP	Batch
Agent	267,964	8,599
IPC	15,577	45



» SLIP TOTAL
283,541 · **97%**

» BATCH TOTAL
8,644 · **3%**

The data included in this section includes all single state Florida policy filings as well as multistate policy filings for which Florida is considered the "home state" of the insured. This data is representative of policy transactions submitted from January 1, 2014 through December 31, 2014 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 06/08/2015.

Total Taxes, Fees and Assessments Billed for FLSO Clients

2014	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 Multistate Agreement (Tax)
TOTAL	\$24,337,503	\$50,771,364	\$1,136,044	\$180,417,303	\$34,191,463

The data contained in this chart includes the total taxes, fees and assessments billed during the calendar year of January 1, 2014-December 31, 2014 by the Florida Surplus Lines Service Office. This data was current as of 06/08/2015. All figures have been rounded to the nearest dollar amount.

Website Visitor Sessions

FLSO.com

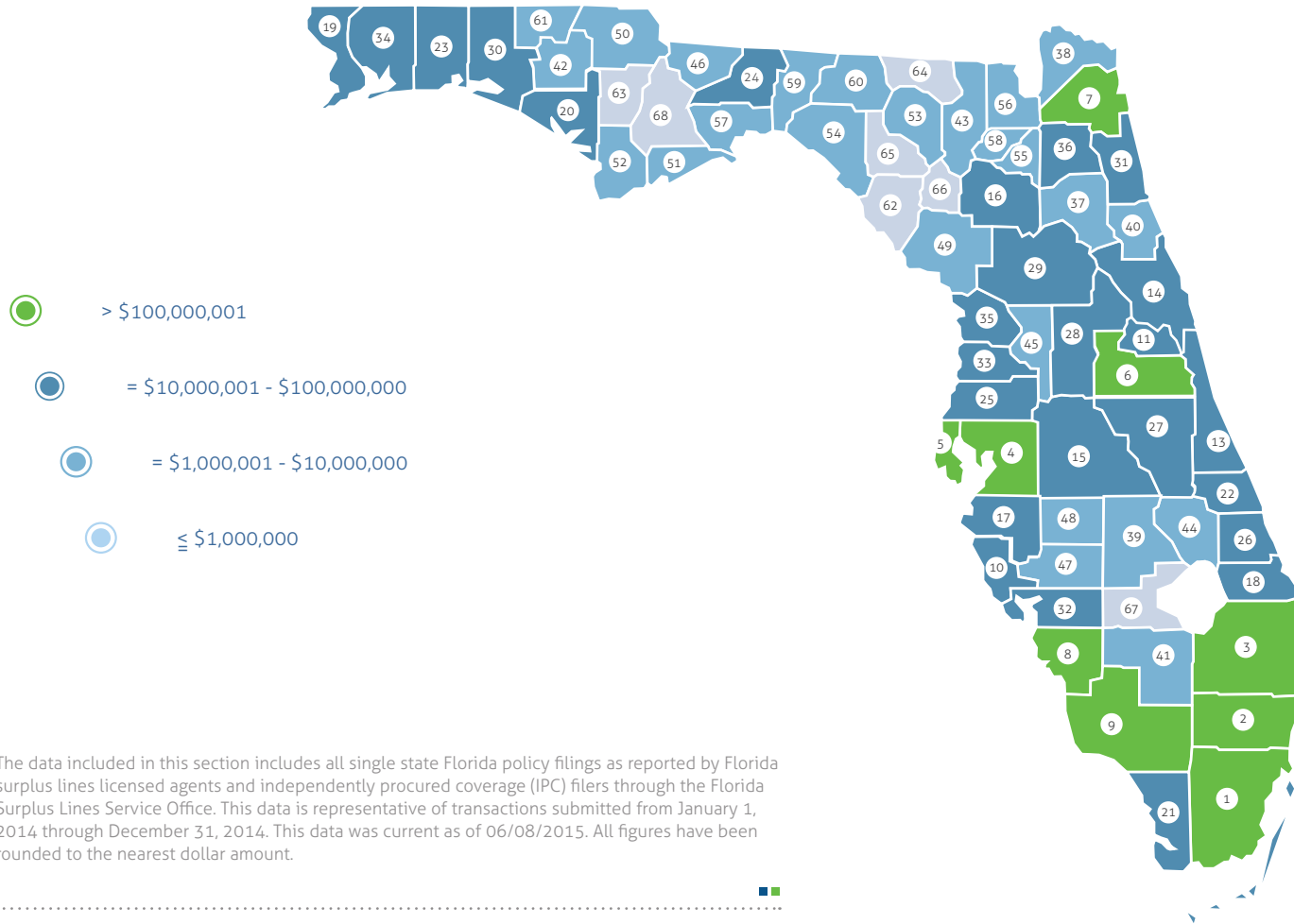




Since its inception, FLSO has been committed to providing the highest quality support and assistance to our diversified customer groups.

Premium by County

County	Premium							
		23	Okaloosa	\$42,130,170	46	Gadsden	\$3,649,465	
1	Miami-Dade	\$878,702,208	24	Leon	\$39,210,182	47	Desoto	\$3,542,197
2	Broward	\$478,208,574	25	Pasco	\$36,076,499	48	Hardee	\$3,440,004
3	Palm Beach	\$388,756,451	26	St. Lucie	\$34,209,234	49	Levy	\$3,338,039
4	Hillsborough	\$273,454,242	27	Osceola	\$28,212,106	50	Jackson	\$3,056,261
5	Pinellas	\$212,341,113	28	Lake	\$27,791,876	51	Franklin	\$2,926,342
6	Orange	\$202,717,961	29	Marion	\$27,630,814	52	Gulf	\$2,888,150
7	Duval	\$150,473,671	30	Walton	\$27,264,424	53	Suwannee	\$2,475,535
8	Lee	\$142,224,364	31	St. Johns	\$27,138,204	54	Taylor	\$1,963,048
9	Collier	\$110,304,791	32	Charlotte	\$20,160,239	55	Bradford	\$1,820,781
10	Sarasota	\$92,168,487	33	Hernando	\$15,100,207	56	Baker	\$1,641,788
11	Seminole	\$82,019,698	34	Santa Rosa	\$14,318,876	57	Wakulla	\$1,442,925
12	Multiple Counties	\$81,522,456	35	Citrus	\$13,640,101	58	Union	\$1,376,472
13	Brevard	\$78,471,288	36	Clay	\$11,269,226	59	Jefferson	\$1,287,513
14	Volusia	\$73,184,195	37	Putnam	\$9,646,151	60	Madison	\$1,275,101
15	Polk	\$64,255,084	38	Nassau	\$9,282,118	61	Holmes	\$1,155,961
16	Alachua	\$57,981,967	39	Highlands	\$7,655,032	62	Dixie	\$995,591
17	Manatee	\$52,741,663	40	Flagler	\$6,932,687	63	Calhoun	\$910,598
18	Martin	\$50,886,526	41	Hendry	\$5,156,773	64	Hamilton	\$881,250
19	Escambia	\$49,159,732	42	Washington	\$4,472,677	65	Lafayette	\$741,854
20	Bay	\$47,829,429	43	Columbia	\$4,384,737	66	Gilchrist	\$689,449
21	Monroe	\$44,157,634	44	Okeechobee	\$4,257,058	67	Glades	\$515,801
22	Indian River	\$42,682,821	45	Sumter	\$4,184,408	68	Liberty	\$375,587
				TOTAL		\$4,116,757,867		



PREMIUM BY COUNTY



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