

FSLSO ANNUAL REPORT //2015

FLORIDA SURPLUS LINES SERVICE OFFICE



ANNUAL REPORT 2015

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.



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FROM THE CHAIR

As the Chair of the Board of Governors for the Florida Surplus Lines Service Office, it is with great pleasure and a sense of accomplishment that I share with you the 2015 Annual Report. This has been a remarkable year for our office. Under the leadership of Executive Director, Gary Pullen, this is a team defined by innovation, technology, creative thinking and relentless pursuit of its mission; to facilitate compliance.

True to its commitment to serve our industry diligently, FLSO is devoted to strategically managing risks and operating in the most efficient and sustainable ways. In 2015, FLSO implemented multiple business processes that will promote future effectiveness such as data assimilation, analytics, business rule documentation and workforce analyses. It also brought forth modern user-friendly enhancements to its outward facing products including fslso.com



and the Surplus Lines Automation Suite (SLAS).

Bring up FLSO in any conversation in this industry and it is immediately recognized for its use of innovation and cutting edge technology. Stamping offices around the country look to our office as a bellwether. From the Chairman's seat, I sincerely appreciate the great commitment shown by the team at FLSO and the positive impact it has on our industry. I also thank the Board of Governors for allowing me the privilege of chairing such an exceptional organization. It is my honor.

THIS IS A TEAM DEFINED BY
INNOVATION, TECHNOLOGY,
CREATIVE THINKING AND
RELENTLESS PURSUIT
OF ITS MISSION.

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, for the fourth year in a row. 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 look forward to a future of continued growth and success.

*Keith M. Driggers,
Chair*

FROM THE DIRECTOR

On behalf of the Florida Surplus Lines Service Office, it is a pleasure to offer this annual report regarding yet another remarkable year in such a dynamic and exciting industry as ours. 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 steady premium growth over the past four years.

Our dedicated staff continues to do an incredible job of strengthening our core. In 2015 we developed a process for accessing, assimilating and integrating data across multiple databases. We also continued to develop our analytics tools for sorting through existing data sets to identify patterns, trends and relationships to support decision making and identify future strategic issues. We are now looking at data in new ways with much greater efficiency, and uncovering trends and anomalies that we were not able to uncover even a year ago through less sophisticated technology.



We continue to implement our multi-year centralized cataloging system of documenting our business rules in order to contain and cross reference the magnitude of institutional knowledge that has been built into our organization over the past 17 years. In 2015 we also performed an internal five-year workforce analysis and skills assessment that helped us understand how to move forward with workforce development more strategically.

An Advisory Council was also created which supplied a great deal of direct customer feedback for our most important programs and systems from the perspective of our end-

GREAT THINGS ARE NEVER DONE BY ONE PERSON. THEY ARE DONE BY A TEAM OF PEOPLE.

users. Additionally, we launched a new fslo.com, which was designed with more modern technology focused on an improved user experience, condensed content, increased findability, an enhanced corporate identity and the ability to use the site across multiple mobile platforms.

In 2015, we saw two assessments discontinued by order from the Florida Office of Insurance Regulation, including the Florida Hurricane Catastrophe Fund emergency assessment and the Citizens Property Insurance Corporation emergency assessment. Thankfully our exceptional technology platform *SLIP* is able to make such changes seamless to our customers.

Since our inception in 1998, the Service Office has been committed to promoting compliance and credibility in the marketplace. I want to thank our phenomenal Board of Governors, led by Chair Keith Driggers. This Board has continued to set the standard for stamping offices around the country. As always, the focus of our organization is our customer. Our mission is to facilitate their compliance. It is our privilege to come to work every day and help the industry be more successful. We have an excellent, committed staff, who are very bright and innovative in their work. In the words of Steve Jobs, "Great things in business are never done by one person. They're done by a team of people." So it is appropriate that I close by thanking the staff at FLSO for their remarkable dedication to the success of this organization.

*Gary D. Pullen,
Executive Director*

COMPLIANCE

The mission of FLSO is to facilitate compliance. 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 recent years, the Florida surplus lines market continued to grow in both premium volume and the number of policies written in 2015.

Our Compliance Review, Premium Reconciliation and Insurer reporting 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, 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 FLSO 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.

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 2015, this program uncovered a total of **881** unfiled transactions, resulting in **\$7,170,549** of unreported premium and **\$512,241** 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 staff to determine whether a true variance exists, its cause and any needed corrective action.

In 2015, this program uncovered **373** unfiled transactions representing **\$70,848,005** in unreported premium and the collection of more than **\$2,923,328** in taxes, fees, assessments and penalties.

FLSO is also charged with ensuring the reporting compliance of eligible Florida surplus lines insurers. It 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.

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 compliance requirements and educating them of market regulations, FLSO is proud to contribute to a strong, credible marketplace.

OUTREACH AND EDUCATION

The surplus lines market remains a vital part of the insurance distribution system. As such, FLSO 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 and networking in Florida and nationwide to share 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.

FLSO 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 2015. These

included the *Independent Insurance Agents of South Florida* (IIASF); *Florida Insurance Council's* (FIC) annual convention; the *Securities & 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; the *American Association of Managing General Agents* (AAMGA) annual conference; the *Florida Insurance Council (FIC)* Pre-Legislative Meeting; and meetings of the *Surplus Lines Law Group*.

Along with outreach efforts to promote a conversation between FLSO and its

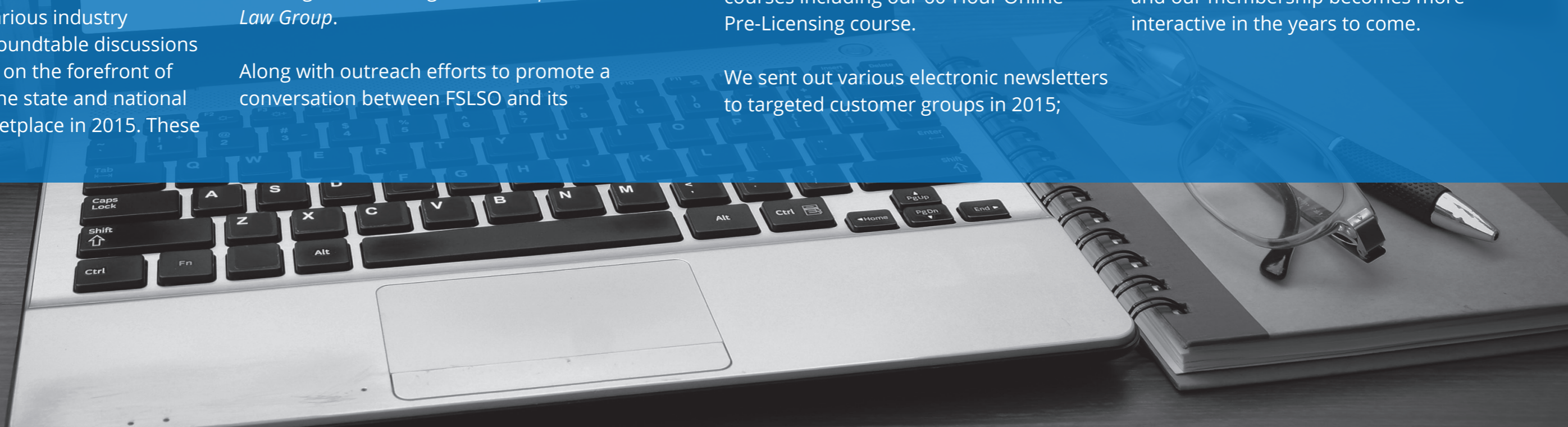
customers, we believe that providing quality education to our members is the path to promoting both a statutorily compliant market and healthy consumer protection. Using in-person and online methods, FLSO offered a variety of educational opportunities, programs and materials to the Florida surplus lines community throughout 2015.

FLSO pooled its time and talents to provide training opportunities through a variety of formats in order to reach as many customers as possible. We reached hundreds of customers through our interactive website and online learning courses including our 60-Hour Online Pre-Licensing course.

We sent out various electronic newsletters to targeted customer groups in 2015;

continued our quarterly Member's Forum webinar series; engaged actively in social media including Twitter and LinkedIn; and continued to contract with the Department of Financial Services to provide the *Florida Surplus Lines Insurance Study Manual* which distributes to customers both in print and eBook formats.

With technology moving at lightning speed, the possibilities are unlimited for FLSO to promote outreach and education to our membership. We look forward to communicating with younger, more tech savvy audiences as baby boomers continue to age out of our industry and our membership becomes more interactive in the years to come.



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, user-friendly tools.

Annually we survey our customers to gather feedback on our performance. Our entire team reviews our customer survey responses. Together we celebrate the successes and find solutions for the weaknesses, using each as an opportunity to learn and grow as a company.

In 2015, our 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.

One such tool is our newly released *Quarterly Productivity and Performance Report (QPPR)*. This tool serves as an updated version of our former 'report card' and provides agents and agent submitters the total premium and number of transactions invoiced for the reporting

period selected; as well as important compliance measures such as the percentage of transactions that are filed within 30 days of the transaction effective date including the industry average; errors or corrections made through backouts; and average number of days that financial TIQs remain outstanding.

As the world demands unlimited access to available resources, our commitment to leading edge technology remains at the forefront of our success. Our proprietary filing platform, the *Surplus Lines Information Portal*

(SLIP), received a number of enhancements in 2015, such as adding premium fields in the Transaction Details screen; adding received dates and backout indicators; adding live links to confirmation numbers and more. We also responded to changing market conditions by adding a new coverage code for cyber liability policies (5022 – Cyber Liability) to the list of Florida coverage codes.

2015 also brought two assessments to discontinuation by order from the Florida Office of Insurance Regulation (OIR). *The Florida Hurricane*

Catastrophe Fund (FHCF) emergency assessment was discontinued on applicable surplus lines policies issued or renewed with an effective date on or after January 1, 2015. And the *Citizens Property Insurance Corporation (CPIC)* emergency assessment was discontinued on applicable surplus lines policies issued or renewed with an effective date on or after July 1, 2015. Through the power of SLIP, business rules for calculating such changes are automatically programmed into FLSO's management system, and are therefore seamless for our customers.

In 2015, FLSO also launched a new fslso.com that reorganized content in a way that increased findability, unveiling a cleaner, more modern technolog, and enabling mobility across platforms; something our customers had been asking for with increasing frequency.

Today, the Service Office remains committed to providing the highest levels of customer support. This commitment has proven successful time and time again throughout the FLSO's years of dedication to the surplus lines marketplace.

SURPLUS LINES AUTOMATION SUITE (SLAS)

The Surplus Lines Automation Suite (SLAS) is a comprehensive surplus lines reporting and taxation software developed by the Florida Surplus Lines Service Office. It is comprised of two main components:

- The *Surplus Lines Information Portal (SLIP)*, a web-based policy filing software for agents.
- The *Regulatory Administration Platform for Insurance Data (RAPID)*, a web-based management system for stamping office staff.

SLIP and RAPID are technology solutions that provide user-friendly environments for policy submission,

data management, tax calculation, and the reporting of surplus lines policy data.

SLIP allows surplus lines agents, direct placement policyholders, and insurers to electronically submit surplus lines policy information through a web portal, thereby eliminating the need to download any software.

RAPID is the web portal used by staff to review, manage and oversee policy data filed by agents, direct placement policyholders and insurers. RAPID was developed to facilitate data management and reporting, streamline oversight, improve operational efficiency, and enhance compliance audit programs.

SLAS was developed for the express purpose of reporting and remitting surplus lines taxes. The system has been developed and enhanced over 17 years based on business experiences and customer feedback. SLIP and RAPID have been successfully implemented in multiple states where it serves the needs of agents, policyholders, insurers, state regulators and surplus lines stamping offices.

Through the power of SLAS, FLSO has been able to show increases in compliance for reporting accuracy, timely filings and timely payments.

Premium Recovered from Invalid Credits

Unbalanced return premium and unbalanced return fees are two financial questioned transactions in RAPID. These two data validation rules ensure that the taxes refunded for a specific policy do not exceed the taxes paid.

Unbalanced Return Premium Figures

Number of Transactions Questioned by SLAS ¹	73,435
Premium Dollars Recovered by SLAS on Questioned Transactions ¹	\$601,122,965

Total transactions and associated premiums questioned for unbalanced return premium and/or fees 1998 - December 31, 2015

Voluntary Compliance Rates

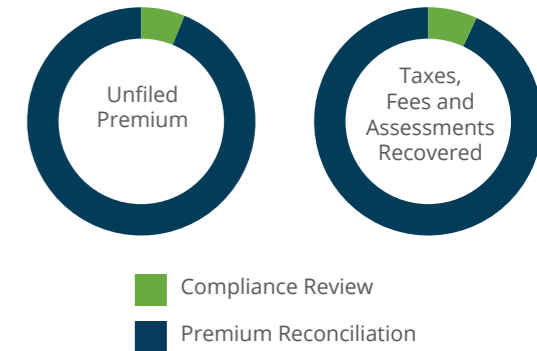
Voluntary compliance rates are directly related to the efforts of the Compliance Review and Premium Reconciliation programs. Statistics show that after implementing these programs voluntary compliance rates for filings increased as a result of improved efficiency and effectiveness in auditing transactions submitted by agents and policyholders.

¹Percentage of total premium reported without Compliance Review or Premium Reconciliation involvement from 2002 -2015



Increased Compliance Revenue

The Compliance Review and Premium Reconciliation modules in SLAS assist FLSO in monitoring and measuring the accuracy and timeliness of data submissions. These programs help ensure that licensed agents comply with state laws relative to the placement of surplus lines insurance. These modules also act as a source of additional tax revenue by identifying unreported policies and premiums and collecting the associated taxes, fees and assessments.



Measure	Unfiled Premium Recovered	Taxes, Fees and Assessments Recovered
Compliance Review ¹	\$46,914,267	\$2,688,910
Premium Reconciliation ²	\$714,106,760	\$36,080,040

¹Compliance Review Premium and Tax, Fee, Assessment figures 2008 - December 31, 2015

²Premium Reconciliation Premium and Tax, Fee, Assessment figures 2000 - December 31, 2015

Improved Filing Accuracy and Timelines

Using cutting edge technology tools and programming business rules based on business experience, states using SLAS see an improvement in the accuracy of policy data reported by agents and an increase in the percentage of transactions reported, and payments received timely in accordance with state laws.

Measure	Before SLIP	After SLIP
Percentage of Transactions Reported Accurately ¹	94%	99%
Percentage of Transactions Filed Timely ²	58%	76%
Percentage of Tax Payments Received Timely ³	91%	93%

¹Percentage of transactions meeting all RAPID business rules

²Percentage of transactions reported within 30 days of the effective date

³Percentage of tax payments received before electronic payments in SLIP and after electronic payments in SLIP

Customer Survey Results and Testimonials

FLSO conducts annual customer surveys to assess the satisfaction levels of reporting agents, agency staff, direct procurement policyholders and surplus lines insurers. These results are from the 2015 FLSO customer survey.

- Reliability
- Ease of Use, Functionality, Performance and Support



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, 2015 and 2014. Effective strategic planning, prudent budgeting and spending – coupled with good internal controls are attributed to this success.

Annually, our office reviews the premium volume of the surplus lines industry and makes an appropriate determination of the service fee rate. Since 2004, the service fee rate has been decreased three times, from 0.3 percent to 0.1 percent. Then in April 2013, the service fee was increased to 0.2 percent.

Later, in April 2014, the service fee was decreased to 0.175 percent. Again, in April 2016, the service fee was decreased to 0.15 percent. To safeguard against underestimation of projected revenue,

FLSO maintains two years of operating expenditures in reserve to cover any necessary operating deficit.

During the year ending December 31, 2015, FLSO generated \$9,505,255 in operating revenues, an increase of \$181,892 from the previous year. With respect to the operating expenses, FLSO incurred \$5,962,213 during the year ending December 31, 2015, which reflects a decrease of \$8,609 from year 2014. Total net assets increased from \$28,117,849 to \$31,839,285, representing an increase of \$3,721,436 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

As of December 31	2015
Assets	
Current assets:	
Cash and cash equivalents	\$4,113,492
Accrued interest income	36,646
Investments	2,077,647
Total current assets	\$6,227,785
Long-term investments	\$21,871,164
Property and equipment, net	3,899,644
Deposits	7,859
Total assets	\$32,006,452
Liabilities and net position	
Current liabilities:	
Accounts payable and accrued expenses	\$167,167
Total current liabilities	\$167,167
Deferred Compensation:	
Deferred compensation payable	\$171,242
Investments designated for deferred compensation	(171,242)
Total liabilities	\$167,167
Net position:	
Investment in capital assets	\$3,899,644
Unrestricted	27,939,641
Total net position	\$31,839,285
Total liabilities and net position	\$32,006,452

DATA & STATISTICS

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION

As of December 31	2015
Changes in unrestricted net position:	
Revenues and other support:	
Charges for services	\$9,476,376
Interest and finance charges on service fees	5,279
Other income	23,600
Total revenues and other support	\$9,505,255
Operating expenses:	
Administration and support	\$2,712,353
Education and outreach	872,173
Agent and insurer services	1,489,654
Clearinghouse	888,033
Total operating expenses	\$5,962,213
Operating income	\$3,543,042
Nonoperating revenues:	
Investment income	\$158,944
Rental income	65,911
Rental expense	(46,171)
Loss on sale of assets	(290)
Total nonoperating revenues	\$178,394
Change in net position	\$3,721,436
Net position at end of year	\$28,117,849
Net position at beginning of year	\$31,839,285

DATA & STATISTICS

STATEMENT OF CASH FLOWS

As of December 31	2015
Operating activities	
Receipts from agents	\$6,925,013
Receipts from Clearinghouse	2,551,363
Payments to employees for service	(2,735,289)
Payments for Clearinghouse	(522,061)
Payment to vendors	(2,218,741)
Other cash receipts	28,879
Net cash provided by operating activities	\$4,029,164
Investing activities	
Investment income	\$412,572
Purchases of investments	(13,676,073)
Sales of investments	11,630,000
Net cash used in investing activities	(\$1,633,501)
Capital and related financing activities	
Purchases of property and equipment	(\$194,045)
Other receipts	19,740
Net cash used in capital and related financing activities	(\$174,305)
Net change in cash and cash equivalents	\$2,221,358
Cash and cash equivalents at beginning of year	1,892,134
Cash and cash equivalents at end of year	\$4,113,492
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$3,543,042
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	493,005
Changes in operating assets and liabilities:	
Accounts payable and accrued expenses	(6,883)
Net cash provided by operating activities	\$4,029,164

DATA & STATISTICS

TOP 25 COVERAGES BY TOTAL FLORIDA PREMIUM

	Coverages (coverage codes)	Premium
1	Commercial Property (1000)	\$1,705,572,603
2	Commercial General Liability (5000)	\$774,581,012
3	Commercial Package (1005)	\$333,751,323
4	Homeowners-HO-3 (2002)	\$229,463,255
5	Collateral Protection (Force Placed Coverage) (1017)	\$222,314,949
6	Excess Commercial General Liability (5006)	\$174,150,438
7	Miscellaneous E&O Liability (7003)	\$128,733,629
8	Dwelling Property (2009)	\$85,399,695
9	Windstorm and/or Hail - Commercial (1013)	\$73,454,733
10	Condominium Package - Commercial (1006)	\$72,657,688
11	Miscellaneous Medical Professionals (6001)	\$67,832,955
12	Commercial Umbrella Liability (5001)	\$62,690,604
13	Miscellaneous Liability (5021)	\$61,680,494
14	Builders Risk - Commercial (1001)	\$59,091,854
15	Lawyers Professional Liability (7002)	\$58,202,155
16	Pollution & Environment Liability (5012)	\$54,714,001
17	Homeowners-HO-6 - Condo Unit Owners (2005)	\$47,923,717
18	Flood - Residential (2008)	\$34,607,946
19	Personal & Pleasure Boats & Yachts (3006)	\$33,089,283
20	Homeowners-HO-8 (2006)	\$26,430,354
21	Accident & Health (1200)	\$26,362,844
22	Ocean Cargo Policy (3003)	\$25,570,030
23	Inland Marine - Commercial (4000)	\$24,109,454
24	Commercial Auto Physical Damage (8002)	\$23,810,190
25	Directors & Officers Liability - Profit (5002)	\$23,569,454

DATA & STATISTICS

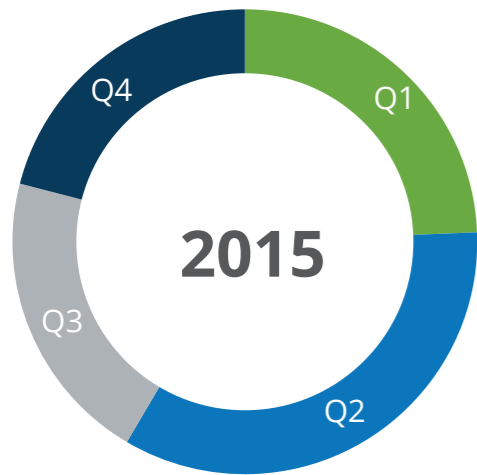
TOP 25 INSURERS BY TOTAL FLORIDA PREMIUM

	Insurers	Premium
1	Lloyd's Underwriters At London	\$1,230,264,264
2	Lexington Insurance Company	\$398,274,277
3	Scottsdale Insurance Company	\$193,155,356
4	Qbe Specialty Insurance Company	\$186,181,026
5	Westchester Surplus Lines Insurance Company	\$133,911,709
6	Arch Specialty Insurance Company	\$102,343,516
7	Rockhill Insurance Company	\$97,114,110
8	Ironshore Specialty Insurance Company	\$95,968,694
9	Landmark American Insurance Company	\$92,858,721
10	Aspen Specialty Insurance Company	\$85,565,743
11	National Fire & Marine Insurance Company	\$78,685,217
12	Voyager Indemnity Insurance Company	\$74,504,350
13	Steadfast Insurance Company	\$73,551,844
14	United Specialty Insurance Company	\$70,436,023
15	Indian Harbor Insurance Company	\$66,859,470
16	Endurance American Specialty Insurance Company	\$65,471,711
17	Empire Indemnity Insurance Company	\$64,790,031
18	Covington Specialty Insurance Company	\$63,290,315
19	Essex Insurance Company	\$56,233,621
20	AIG Specialty Insurance Company	\$54,656,287
21	Evanston Insurance Company	\$51,006,538
22	Nautilus Insurance Company	\$50,863,078
23	AXIS Surplus Insurance Company	\$50,007,200
24	Colony Insurance Company	\$49,280,925
25	Geovera Specialty Insurance Company	\$48,629,702

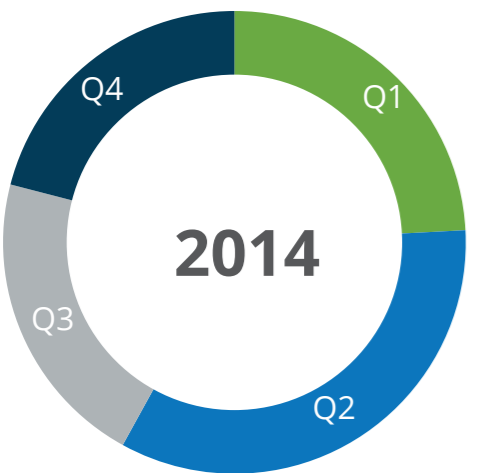
This data is representative of transactions submitted from January 1, 2015 - December 31, 2015 as reported by Florida surplus lines licensed agents and independently procured coverage (IPC) filers to the Florida Surplus Lines Service Office and the Surplus Lines Clearinghouse. This data was current as of 07/01/2016. 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.

DATA & STATISTICS

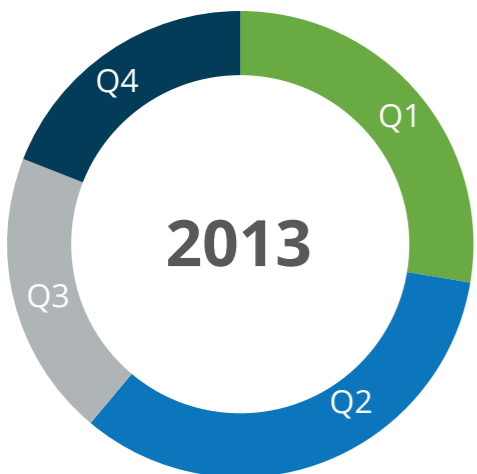
TOTAL FLORIDA PREMIUM



\$4,925,363,936



\$4,645,971,550



\$4,592,462,577

DATA & STATISTICS

TOTAL FLORIDA PREMIUM FOR COMMERCIAL LINES

2015	Q1	Q2	Q3	Q4	Total
Premium	\$1,067,325,641	\$1,482,701,404	\$839,311,114	\$857,841,879	\$4,247,180,039
Policy Count	116,343	135,021	115,403	109,641	476,408
Average Cost	\$9,174	\$10,981	\$7,273	\$7,824	\$8,915

2014	Q1	Q2	Q3	Q4	Total
Premium	\$1,052,454,003	\$1,409,095,559	\$823,161,441	\$797,396,715	\$4,082,107,718
Policy Count	111,221	127,768	117,745	112,338	469,072
Average Cost	\$9,463	\$11,029	\$6,991	\$7,098	\$8,703

2013	Q1	Q2	Q3	Q4	Total
Premium	\$1,149,384,031	\$1,382,356,875	\$772,539,790	\$756,841,679	\$4,061,122,375
Policy Count	109,659	123,826	113,660	108,576	455,721
Average Cost	\$10,481	\$11,164	\$6,797	\$6,971	\$8,911

TOTAL FLORIDA PREMIUM FOR RESIDENTIAL LINES

2015	Q1	Q2	Q3	Q4	Total
Premium	\$105,027,717	\$151,933,123	\$127,833,536	\$108,864,664	\$493,659,041
Policy Count	49,496	62,622	59,106	50,335	221,559
Average Cost	\$2,122	\$2,426	\$2,163	\$2,163	\$2,228

2014	Q1	Q2	Q3	Q4	Total
Premium	\$36,936,691	\$126,262,332	\$115,288,285	\$117,329,775	\$395,817,083
Policy Count	42,775	55,470	52,411	45,336	195,992
Average Cost	\$864	\$2,276	\$2,200	\$2,588	\$2,020

2013	Q1	Q2	Q3	Q4	Total
Premium	\$88,090,873	\$118,749,405	\$102,374,416	\$81,878,765	\$391,093,460
Policy Count	36,948	45,430	41,116	33,276	156,770
Average Cost	\$2,384	\$2,614	\$2,490	\$2,461	\$2,495

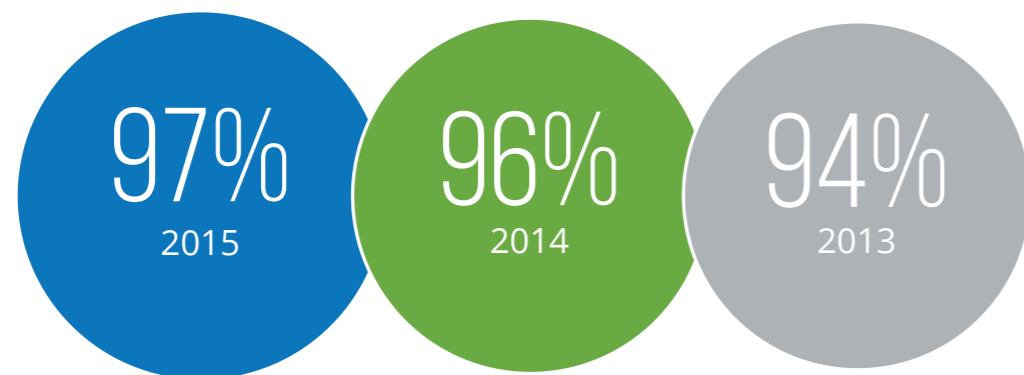
¹ The data included in this section includes all single state Florida policy filings as well as multistate policy filings for which Florida is considered the "home state" of the insured. This data is representative of transactions submitted from January 1, 2015 - December 31, 2015 as reported by Florida 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 07/01/2016. All figures have been rounded to the nearest dollar amount.

DATA & STATISTICS

COMPLIANCE REVIEW ACTIVITIES

2015	Q1	Q2	Q3	Q4	Total
Reviews Completed	59	80	85	63	287
# of Policies Reviewed	2,191	3,451	3,771	2,034	11,447
# of Transactions Reviewed	2,738	4,093	4,470	2,412	13,713

INDUSTRY GRADE FOR COMPLIANCE REVIEWS



DATA & STATISTICS

COMPLIANCE REVIEW, CONTINUED

2015	Q1	Q2	Q3	Q4	Total
# of Agents	17	25	28	12	82
# of Unfiled Transactions	107	389	313	72	881
Total Unreported Premium	\$3,240,667	\$1,349,245	\$2,419,429	\$161,208	\$7,170,549
Taxes	\$146,132	\$52,545	\$120,925	\$8,058	\$327,660
Tax Penalties	\$10,919	\$6,197	\$6,056	\$911	\$24,083
Service Fees	\$5,116	\$2,017	\$45,549	\$264	\$52,946
Service Fee Penalties	\$319	\$215	\$171	\$22	\$727
Assessments	\$63,940	\$16,680	\$17,773	\$1,544	\$99,937
Assessment Penalties	\$3,590	\$1,579	\$1,523	\$196	\$6,888

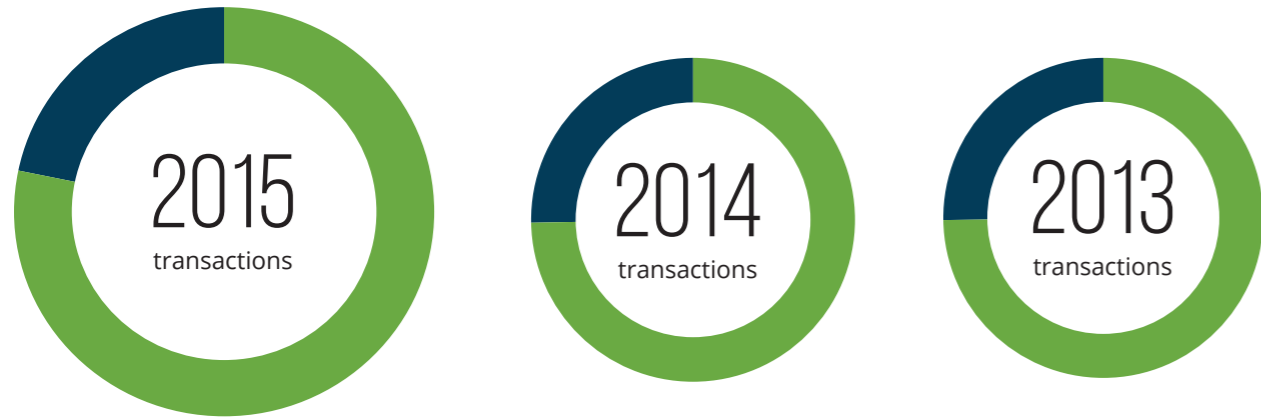
PREMIUM RECONCILIATION ACTIVITIES

2015	Q1	Q2	Q3	Q4	Total
# of Unfiled Transactions	92	74	91	116	373
Total Unreported Premium	\$12,652,128	\$18,578,540	\$21,688,843	\$17,928,493	\$70,848,005
Taxes	\$300,879	\$811,330	\$976,665	\$298,592	\$2,387,465
Tax Penalties	\$2,333	\$6,093	\$16,337	\$4,253	\$29,017
Service Fees	\$19,680	\$44,644	\$36,396	\$14,171	\$114,891
Service Fee Penalties	\$139	\$286	\$629	\$212	\$1,267
Assessments	\$162,356	\$110,316	\$53,840	\$58,701	\$385,213
Assessment Penalties	\$868	\$1,475	\$1,092	\$2,040	\$5,474

All figures have been rounded to the nearest dollar amount.

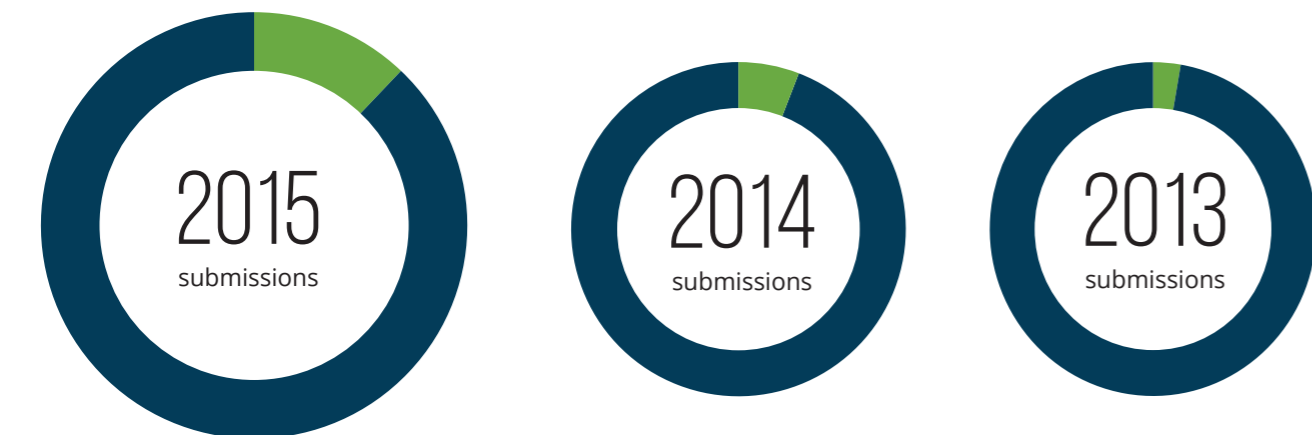
DATA & STATISTICS

TOTAL FLORIDA FILINGS BY SUBMISSION METHOD



Transactions	2015	2014	2013
Batch	1,106,170	978,590	898,072
SLIP	307,832	331,202	302,869

Submissions	2015	2014	2013
Batch	40,251	19,202	8,200
SLIP	292,442	307,390	292,654



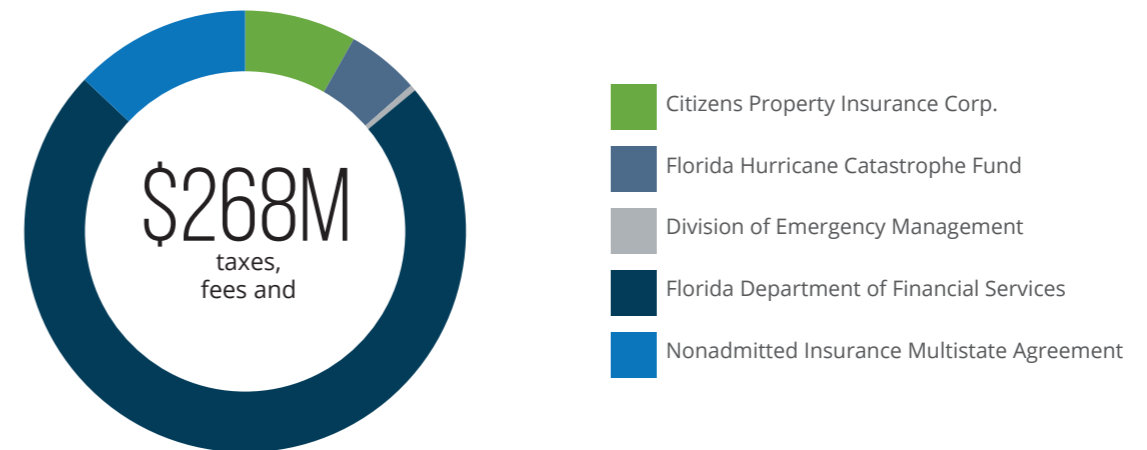
■ Batch
 ■ SLIP

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, 2015 - December 31, 2015 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 07/01/2016.

DATA & STATISTICS

TOTAL TAXES, FEES AND ASSESSMENTS BILLED FOR FSLSO CLIENTS

Taxes, Fees and Assessments	Total
Citizens Property Insurance Corp. (Assessment)	\$21,891,845
Florida Hurricane Catastrophe Fund (Assessment)	\$14,279,024
Division of Emergency Management (EMPA Surcharge)	\$1,206,075
Florida Department of Financial Services (Premium Tax)	\$195,505,754
Nonadmitted Insurance Multistate Agreement (Tax)	\$34,646,723
Total	\$267,529,422

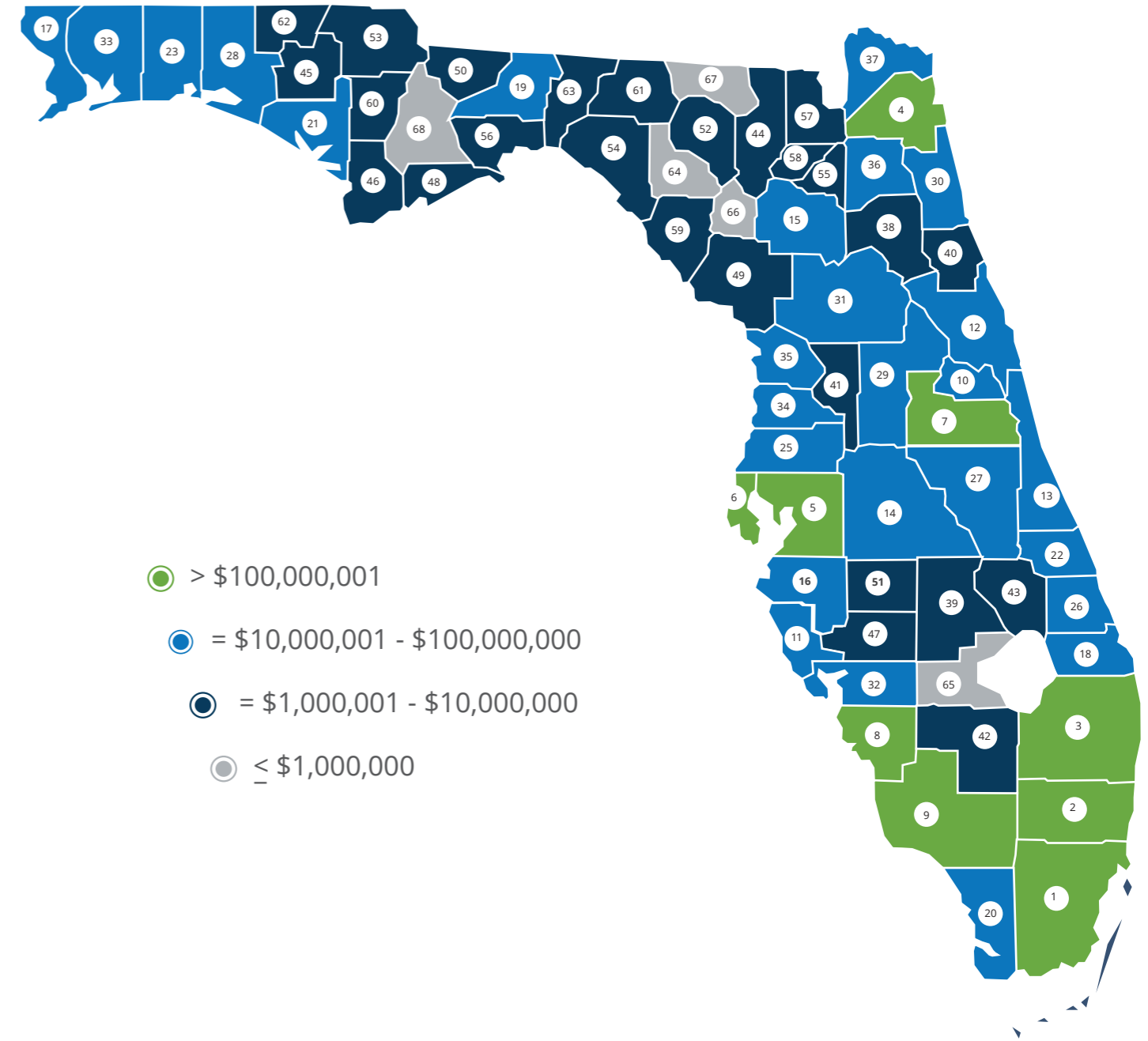


- Citizens Property Insurance Corp.
- Florida Hurricane Catastrophe Fund
- Division of Emergency Management
- Florida Department of Financial Services
- Nonadmitted Insurance Multistate Agreement

The data contained in this chart includes the total taxes, fees and assessments billed during the calendar year of January 1, 2015 - December 31, 2015 by the Florida Surplus Lines Service Office. This data was current as of 07/01/2016. All figures have been rounded to the nearest dollar amount.

PREMIUM BY COUNTY

County	Premium	County	Premium
1 Miami-Dade	\$959,905,209	35 Citrus	\$14,068,057
2 Broward	\$516,032,871	36 Clay	\$12,128,625
3 Palm Beach	\$414,563,560	37 Nassau	\$10,801,911
4 Duval	\$243,842,959	38 Putnam	\$9,294,503
5 Hillsborough	\$237,993,384	39 Highlands	\$8,493,286
6 Pinellas	\$214,122,025	40 Flagler	\$7,891,917
7 Orange	\$194,586,381	41 Sumter	\$5,447,306
8 Lee	\$148,083,217	42 Hendry	\$5,181,844
9 Collier	\$130,924,882	43 Okeechobee	\$4,986,147
10 Seminole	\$93,795,027	44 Columbia	\$4,544,149
11 Sarasota	\$84,850,975	45 Washington	\$4,405,112
12 Volusia	\$83,557,354	46 Gulf	\$3,467,967
13 Brevard	\$81,429,584	47 Desoto	\$3,433,256
14 Polk	\$76,476,194	48 Franklin	\$3,308,898
15 Alachua	\$59,089,917	49 Levy	\$3,236,984
16 Manatee	\$57,873,741	50 Gadsden	\$3,138,507
17 Escambia	\$51,252,247	51 Hardee	\$3,018,105
18 Martin	\$50,605,097	52 Suwannee	\$2,785,466
19 Leon	\$49,382,289	53 Jackson	\$2,781,723
20 Monroe	\$48,994,657	54 Taylor	\$2,508,945
21 Bay	\$47,729,148	55 Bradford	\$1,798,387
22 Indian River	\$46,825,263	56 Wakulla	\$1,626,998
23 Okaloosa	\$45,223,752	57 Baker	\$1,380,904
24 Multiple Counties	\$44,466,651	58 Union	\$1,381,891
25 Pasco	\$38,861,082	59 Dixie	\$1,352,029
26 St. Lucie	\$37,716,611	60 Calhoun	\$1,231,122
27 Osceola	\$32,404,309	61 Madison	\$1,213,216
28 Walton	\$30,189,434	62 Holmes	\$1,177,649
29 Lake	\$29,820,187	63 Jefferson	\$1,144,291
30 St. Johns	\$29,084,009	64 Lafayette	\$962,695
31 Marion	\$26,584,799	65 Glades	\$810,548
32 Charlotte	\$19,905,572	66 Gilchrist	\$785,803
33 Santa Rosa	\$16,218,678	67 Hamilton	\$751,758
34 Hernando	\$16,051,981	68 Liberty	\$591,188
TOTAL	\$4,389,574,230		



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FLORIDA SURPLUS LINES SERVICE OFFICE

