

**CONTRACT FOR ADMINISTRATIVE SERVICES
AND ACTUARIAL SERVICES PROVIDED TO THE
REINSURANCE TO ASSIST POLICYHOLDERS PROGRAM
BETWEEN
PARAGON STRATEGIC SOLUTIONS INC.
AND THE STATE BOARD OF ADMINISTRATION OF FLORIDA
SBA CONTRACT NO. 018-23-5**

This Contract is made as of 10/20/2022, 2022, by and between the State Board of Administration of Florida (the "Board" or "SBA") on behalf of the Reinsurance to Assist Policyholders Program ("RAP Program") and Paragon Strategic Solutions, Inc. ("Paragon").

WHEREAS the SBA desires to retain the services of Paragon to provide administrative and actuarial services to the SBA for the RAP Program, and Paragon is willing and able to provide these services pursuant to the terms and conditions of this Contract;

NOW, THEREFORE, in consideration of the mutual promises herein and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

I. Term.

This Contract is for services related to the RAP Program for Contract Year 2022-2023 and Contract Year 2023-2024. It is understood and agreed that the duties of either party pertaining to any particular Contract Year may begin prior to commencement of that year and could extend beyond the end of that year for a period of up to five years in the event of a Covered Event. "Contract Year" is the period of the RAP Reimbursement Contract between the SBA and a RAP Insurer ("RAP Insurer") and is defined in s. 215.5551(2)(b) as beginning on June 1 of a specified calendar year and ending on May 31 of the following calendar year. "Covered Event" means any one storm declared to be a hurricane by the National Hurricane Center, which storm causes insured losses in Florida.

Paragon shall perform services for the RAP Program until such time as the RAP Program statutorily sunsets. Service requirements are based on two categories, a Non-Event Year and an Event Year. A "Non-Event Year" is a Contract Year without a Covered Event that results in reimbursements to RAP insurers. An "Event Year" is a Contract Year in which a Covered Event occurs resulting in reimbursements to RAP insurers

II. Administrative Services Provided.

Paragon shall provide to the SBA those administrative services set forth in Schedule A, which is attached hereto and by this reference forms part of this Contract.

III. Actuarial Services Provided.

Paragon shall provide to the SBA those actuarial services set forth in Schedule B, which is attached hereto and by reference forms part of this Contract.

IV. Rule Development

Paragon shall assist the SBA with RAP rules and forms development as needed.

V. Other Advisory Services

Paragon shall provide advice to the SBA on other matters pertinent to the operation of the RAP Program. Other issues that may confront the SBA may include reinsurance, capital markets, Florida property insurance market issues, and actuarial and legislative analysis. Paragon shall stay current with appropriate markets and related topics. The parties understand and agree that statements concerning tax, accounting, legal, or regulatory matters shall be general observations based solely on Paragon's experience as a reinsurance administration and actuarial consultant and shall not be relied upon as tax, accounting, legal, or regulatory advice.

VI. Other Special Services.

Upon mutual agreement of the parties, Paragon may perform other services for the SBA as requested by the SBA in writing. The scope of services and the compensation shall be agreed upon between the parties before such other services are rendered.

VII. Judicial or Administrative Actions.

Paragon shall cooperate fully with the SBA's efforts to deal with problems that arise within the scope of Paragon's services in the administration of the RAP program, including, but not limited to, being a witness at the SBA's expense in any proceeding in a court of law or the Florida Division of Administrative Hearings, if requested by the SBA.

VIII. Compensation.

As compensation for the administrative services and the actuarial services provided hereunder, the SBA shall pay Paragon the amounts specified in Schedule C at the times and in the manner specified therein.

IX. Organizational or Resource Changes.

Paragon must notify the SBA at least 30 days in advance of any organizational or resource changes that could affect Paragon's provision of the services or impact the staff or management resources committed to performing the services as set forth in this Contract. After reviewing the changes, the SBA may require a renegotiation of the fees or terms of this Contract if the SBA determines that a renegotiation is required to address potential adverse impacts on

the quality of services.

X. Contract Not Assignable or Divisible Without Consent; Use of Subcontractors and Non-Employees.

Paragon may not assign, subcontract, or otherwise transfer its rights and duties under this Contract without the prior written approval of the SBA. Paragon may not use any subcontractors in the performance of services under this Contract without the prior written approval of the SBA. Paragon is responsible for its approved subcontractors and non-employee's performance of the services and compliance with this Contract to the extent as it is responsible for its own performance and compliance.

XI. Use of E-Verify System.

Paragon shall use the U.S. Department of Homeland Security's E-Verify system to verify the employment eligibility of all new employees hired during the Contract term who may perform services under this Contract.

XII. Florida Public Records Law.

Notwithstanding any other provision of this Contract, Paragon acknowledges and agrees that the SBA is bound by the provisions of Chapter 119 (Public Records), Florida Statutes, and in the event of any conflict between Chapter 119, Florida Statutes, and the terms of this Contract, the provisions and procedures of Chapter 119, Florida Statutes, will prevail. To the extent applicable, Paragon shall comply with Chapter 119, Florida Statutes. In particular, Paragon shall:

- a. Keep and maintain public records required by the SBA in order to perform the services under this Contract.
- b. Upon request from the SBA's custodian of public records, provide the SBA with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in Chapter 119, Florida Statutes or as otherwise provided by Florida law.
- c. Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the term of the Contract and also, if Paragon does not transfer the records to the SBA, following completion of the Contract.
- d. Upon completion of the Contract, the SBA and Paragon shall determine the appropriate commercially accepted methodology to transfer, at no cost, to the SBA all public records in Paragon's possession or keep and maintain public records that were required by the SBA to perform the services. If Paragon transfers all public records to the SBA upon completion of the Contract, Paragon shall destroy duplicate

public records that are exempt or confidential and exempt from public records disclosure requirements. If Paragon keeps and maintains public records upon completion of the Contract, Paragon shall meet all applicable requirements for retaining public records. Paragon shall provide all records that are stored electronically to the SBA, upon request from the SBA's custodian of records. To the extent allowed under Florida public records law, this provision does not require Paragon to retrieve, destroy, provide or transfer records stored for disaster recovery purposes in encrypted files in a secure off-site facility, where retrieval would be difficult or impractical.

IF PARAGON HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO PARAGON'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF THE PUBLIC RECORDS AT:

**STATE BOARD OF ADMINISTRATION OF
FLORIDA
POST OFFICE BOX 13300
TALLAHASSEE, FLORIDA 32317-3300
(850) 488-4406
SBAContracts_DL@sbafla.com**

XIII. Protection of Confidentiality; Data Security.

(1)(a) To the extent permitted by state and federal law, Paragon shall keep all RAP insurer-specific data confidential. Unless directed by the SBA, Paragon shall not release any RAP insurer-specific information not already in the public domain to any parties other than the designated RAP Team, the RAP Insurer, or the SBA's dedicated RAP staff or auditors. Unless directed by the SBA, Paragon shall not release any RAP insurer-specific information to any Aon plc ("Aon") personnel, including, but not limited to, reinsurance brokers, or to the personnel of any Aon subsidiary, other than those identified as part of the RAP Team.

(b) As used in this Contract, the term "RAP Team" means Paragon personnel involved in providing the services described in this Contract, including Paragon's administrative and actuarial teams and authorized information technology personnel.

(2) FHCF systems shall be maintained in a manner that allows for restricted access rights, so that only the RAP Team, and the SBA's RAP staff as applicable, have access to electronic RAP information. Paragon shall secure the RAP files and modify system access rights for the RAP Team only as directed by a Paragon Director of the RAP Team. All changes to SBA's RAP staff's access must be approved by the FHCF Chief Operating Officer or Director of Operations.

(3) This Section does not affect Paragon's ownership rights as to administrative records, pre-existing intellectual property, or intellectual property developed by Paragon unrelated to the scope of services under this Contract.

XIV. Records Retention and Destruction.

(1) Paragon shall retain all records it receives or creates under this Contract until the SBA approves the destruction of such records. Destruction of records shall be carried out in a manner that protects the confidentiality of the records and is acceptable to the SBA. Approval of the manner of destruction shall not be unreasonably withheld.

(2) This Section does not apply to records created by Paragon not related to or in furtherance of this Contract using publicly acquired data or to duplicate records, including those that may be contained in backup files created in the ordinary course of business that are recycled in the ordinary course of business.

XV. Conflicts of Interest.

(1) The parties acknowledge the existence of the potential for a conflict of interest between Paragon's duties under this Contract and Paragon's other business activities or those of Aon or its subsidiaries. Paragon shall exercise its obligations and responsibilities to the SBA with a continuing awareness of the possibility of a conflict of interest. Paragon shall promptly inform the SBA upon becoming aware of any potential conflict of interest between Paragon's duties under this Contract and Paragon's other business activities or those of Aon or its subsidiaries. Paragon shall promptly provide information, that is not confidential or trade secret, regarding any such situations as requested by the SBA.

(2) Paragon's role as FHCF Administrator and Actuarial Consultant under separate contract shall not be considered to create any conflicts of interest with its duties under this Contract.

(3) The fact that Aon and its subsidiaries may provide services to one or more RAP insurers shall not in and of itself require disclosure pursuant to this Section.

(4) The disclosures required pursuant to this Section shall be made in good faith and to the best of Paragon's ability.

XVI. Indemnification; Limitations of Liability.

(1) Paragon shall be fully liable for the actions of its agents, employees, partners, or subcontractors and shall fully indemnify and hold harmless the SBA and its officers, agents, and employees, from third party suits, actions, damages, and costs of every name and description, including reasonable attorneys' fees and costs, arising from or relating to personal injury alleged to be caused in whole or in part by the negligent act or omission of Paragon, its agents, employees, partners, or subcontractors, provided, however, that Paragon shall not indemnify for that portion of any loss or damages proximately caused by the negligent act or omission of the SBA.

(2) Paragon shall fully indemnify and hold harmless the SBA from any third-party suits, actions, damages, and costs of every name and description, including reasonable attorneys' fees and costs, arising from or relating to Paragon's products provided under this Contract violating or infringing a trademark, copyright, patent, trade secret or intellectual property right of a third party, provided, however, that the foregoing obligation shall not apply to the SBA's misuse or modification of Paragon's products not contemplated by this Contract.

(3) Paragon's obligation under subparagraph 1 with respect to any legal action is contingent upon the SBA giving the Contractor written notice of any action or threatened action, the opportunity to take over and settle or defend any such action at Paragon's sole expense, and assistance in defending the action at Paragon's sole expense. Paragon shall not be liable for any cost, expense, or compromise incurred or made by the SBA in any legal action without Paragon's prior written consent, which shall not be reasonably withheld.

(4) Paragon shall not have any liability resulting from the interpretation or construction of the RAP Statute, the RAP reimbursement contracts issued by the SBA to RAP insurers pursuant to the Statute, or payments issued by Paragon on behalf of RAP from the SBA's disbursement account as authorized under Article II of Schedule A, attached hereto. This provision does not apply to any negligence on the part of Paragon or its agents or employees, nor to willful acts in contravention of directions given by the SBA. Paragon shall have no liability to the SBA or to the RAP program with respect to payments from the disbursement account provided Paragon follows those control processes as agreed to by the parties from time to time, except for negligence on the part of Paragon or its agents or employees or willful acts in contravention of directions given by the SBA.

(5) No party shall be liable to another for special, indirect, punitive, or consequential damages. No party shall be liable for lost profits, lost revenue, or lost institutional operating savings. With respect to disputes between the parties, the SBA may, in addition to other remedies available at law or equity and upon notice to Paragon, retain such amounts otherwise due Paragon as may be necessary to satisfy any claim for damages, penalties, costs, and the like asserted by or against them.

(6) Paragon's liability (whether in contract tort, negligence, strict liability, by statute, or otherwise) the SBA or to any third-party concerning performance or non-performance or

otherwise related to this Contract will in the aggregate be limited to direct and actual damages not to exceed \$1,000,000.

(7) This paragraph shall be enforced to the fullest extent permitted under Florida law.

XVII. Notices.

All notices required under this Contract, except notices of termination, may be made by e-mail, U.S. Mail or by a commercial delivery service such as United Parcel Service or Federal Express. Notices of Termination shall be in writing and sent by certified mail to the other party. Notices to the SBA which are mailed are to be addressed as follows:

State Board of Administration of Florida
P.O. Box 13300
Tallahassee, FL 32317-3300

Notices to the SBA which are delivered by commercial delivery service are to be addressed as follows:

State Board of Administration of Florida
1801 Hermitage Boulevard, Suite 100
Tallahassee, FL 32308

Notices to Paragon which are mailed or delivered by commercial delivery service are to be addressed as follows:

Martin Helgestad
Paragon Strategic Solutions Inc.
8200 Tower
5600 West 83rd Street, Suite 1100
Minneapolis, MN 55437

XVIII. Termination of Contract.

(1) This Contract may be terminated with or without cause at the election of either party upon 120 days' written notice, unless a shorter time period is mutually agreed upon in writing by the parties.

(2) Upon termination or expiration of this Contract, if the SBA does not select Paragon to continue to provide administrative or actuarial services for the RAP Program, Paragon shall cooperate fully in the SBA's transition to a different provider of administrative or actuarial services. Paragon shall transfer all of the SBA's records in its possession to the SBA or to the new provider if so directed by the SBA, except for archival and backup copies that are not readily available for use (routine systems backup) and business records required by law to be

retained. Paragon shall transfer records as specified by the SBA, by electronic file, if available, or by hard copy file for each RAP Contract Year maintained by Paragon, including, but not limited to, the following:

- (a) Executed RAP contracts.
 - (b) Individual RAP Insurers accounting files, including invoices and all related correspondence.
 - (c) RAP Insurer claims files, including all loss reports, detailed claim listing reviews, updated proof of loss report reviews, records of reimbursements issued, and all related correspondence, plus any files, records, or reports related to the online claims system used to administer RAP.
 - (d) RAP Insurer exposure files, including exposure submission and resubmission data files, as provided by the RAP Insurer, all related correspondence, and any documentation sent to the RAP Insurer explaining the RAP Insurer's RAP coverage.
 - (e) Files related to the commutation of losses, including any correspondence with RAP Insurers, any calculations of an individual RAP Insurer's commutation, supporting documents received, and current tracking reports.
 - (f) Correspondence between Paragon and the SBA regarding the RAP Program, including general administrative and RAP Insurer-specific issues.
 - (g) RAP Insurer data, including NAIC number, and reimbursement contract tracking information.
 - (h) Contacts data, including address, phone number, and email address for each RAP Insurer's executive, accounting, claims, contract, and data call/ WIRE account manager contacts.
 - (i) Accounting data, including, for each RAP Insurer, resubmission adjustments, invoice number and date, and payment tracking information.
 - (j) Claims data, including, for each RAP Insurer, all data supplied via loss reports, history of loss reimbursements and adjustments, and loss report tracking information.
 - (k) Review data by RAP Insurer, including aggregate exposure, FHCF premium, retention, and date the premium calculation was approved.
 - (l) Any special actuarial analysis provided under Schedule C and/or D.
- (3) Paragon shall work with the SBA upon notice of Contract termination or in anticipation of expiration of this Contract to establish a reasonable timeframe for the complete transfer of the information specified in Subsection (2) and any other information deemed necessary by the SBA at the time.
- (4) Paragon agrees to provide the SBA the option to license its FHCF systems in a Paragon/Aon hosted environment for use in the administration of the RAP Program for a reasonable fee to be negotiated by the parties in the event of the termination of this Contract or if Paragon is no longer providing administrative or actuarial services to the SBA for the administration of the FHCF. If the parties are unable to agree upon a reasonable fee within 30 days after notice that this Contract is to be terminated, the parties shall engage an appraiser

qualified to appraise computer software similar to the FHCF system for licensing purposes, and who is accredited by the American Society of Appraisers. The selection of the appraiser shall be agreed to by both parties, the costs shall be borne equally by both parties, and the appraiser's decision as to the amount of the one-time reasonable fee shall be final.

XIX. Right to Audit.

(1) During the term of and for a period of 5 years after the expiration or termination of this Contract, the SBA shall have the right to have a public accounting firm designated by the SBA or employees of the SBA inspect, review, or audit any books, records, or supporting documents relating to this Contract or the subject matter of this Contract (the "Records"). If such right is exercised and upon no less than 10 business days' prior written notice by the SBA, Paragon agrees to permit reasonable access to its premises and the Records during Paragon's normal business hours. The SBA has the right, in connection with any such inspection, review, or audit, to have one or more members of its staff present at all times. Paragon shall maintain and retain the Records, at its sole expense, during the term of and for a period of 5 years after the expiration or termination of this Contract, or for any longer period of time that may be required by applicable law relating to retention of records, except to the extent that Paragon is required by Section XVI of this Contract to transfer records as directed by the SBA. If the SBA or its designees are in the process of conducting such an inspection, review, or audit upon the expiration of the 5-year access and retention periods described herein, this Section survives in its entirety until the conclusion of such inspection, review, or audit, in the SBA's or the SBA designee's reasonable determination. For the avoidance of doubt, the scope of any inspection, review or audit under this Section may include, without limitation, Paragon's compliance with the terms of this Contract, compliance with any applicable law or regulation, an assessment of risks and controls, or the source and application of the SBA's funds.

(2) Paragon shall use all reasonable efforts to cooperate with the SBA and any person or entity designated by the SBA in connection with any inspection, review, or audit under this Section including, without limitation, causing its relevant and knowledgeable employees and representatives to be available to assist and to respond to reasonable inquiries and requests of the SBA or its designees. Paragon shall respond (including, if relevant and appropriate, with an action plan) within a reasonable time to any reports, findings, or assessments provided to Paragon by the SBA or its designees, and Paragon shall provide a copy of all such responses to the SBA. Paragon acknowledges and agrees that any such report, finding, or assessment is intended for the sole use and for the benefit of the SBA.

(3) Except as set forth herein, the SBA shall bear the costs of any inspection, review, or audit described herein. However, if the SBA or its designees conclude that Paragon overcharged the SBA or that Paragon engaged in or committed any fraud, misrepresentation, or non-performance, including through acts or omissions, Paragon shall be obligated to reimburse the SBA for the total costs of inspection, review, or audit no later than 90 days after the SBA's request for reimbursement thereof. Paragon's reimbursement obligation herein shall

be in addition to all other rights, remedies, and damages available to the SBA at law or in equity, which shall not be deemed waived or relinquished in any way because of Paragon's additional reimbursement obligation hereunder.

XX. SBA Fraud Hotline.

The SBA maintains a fraud hotline at (888) 876-7548 to encourage individuals to report suspected SBA-related fraud, theft, or financial misconduct on an anonymous basis. The hotline is operated Monday through Saturday from 8:00 a.m. to 10:00 p.m. and Sunday from 9:00 a.m. to 3:00 p.m., by an independent company and tips are anonymously referred to the Inspector General of the Board. Paragon agrees to report any suspected SBA-related fraud, theft, or financial misconduct on an anonymous basis to this hotline.

XXI. SBA Harassment Prevention Policy.

Paragon hereby affirms receipt of SBA Policy No. 10-254, Harassment Prevention Policy, from the Board and hereby agrees to avoid harassment, as that term is defined in Policy 10-254, or any individual whom Paragon comes into contact with while working on matters pursuant to this Contract.

XXII. SBA Communications and External Affairs Policy.

Paragon hereby affirms its receipt of SBA Policy No. 10-004, Communications and External Affairs Policy, from the Board. Paragon agrees that it shall comply with the Communications and External Affairs Policy, and such modifications to the policy as may be provided to Paragon from time to time, to the fullest extent that the Communications and External Affairs Policy applies to Paragon. The parties acknowledge that Paragon's duties under this Contract may include direct communication with RAP Insurers or certain vendors, and that these activities are not inconsistent with Communications and External Affairs Policy No. 10-004.

XXIII. Florida Transparency in Contracting Initiative.

Consistent with the Florida Transparency in Contracting Initiative, the SBA posts certain operational contracts on its website, and this Contract, as redacted and attached hereto as Exhibit A, will be one of the agreements posted. With the exception of any information Paragon has specifically identified and redacted from this Contract as set for in Exhibit A, Paragon hereby agrees that the SBA is authorized to post this Contract and a description of the contents of this Contract on the SBA's website. In addition, the parties may from time to time during the term of the Contract enter into one or more amendments or addenda to this Contract. With the exception of any information Paragon has specifically identified and redacted from any such amendment or addenda at the time Paragon delivers an executed counterpart of such to the SBA, Paragon hereby agrees that the SBA is authorized to post any such amendment or addendum and a description of the contents thereof on the SBA's website. Paragon hereby

understands, acknowledges, and agrees that the redaction of such information does not mean that such redacted information is protected from disclosure pursuant to a public records request under Chapter 119, Florida Statutes, or as otherwise required by law or a court or authority of competent jurisdiction.

XXIV. Governing Law.

This Contract is governed by and shall be construed under and interpreted in accordance with, the laws of the State of Florida without regard to conflicts of laws principles. Any proceedings arising out of this Contract shall be conducted in the state courts located in Leon County, Florida, and the parties hereby consent to the jurisdiction and venue of those courts. Notwithstanding any provision to contrary, this Contract shall not be construed as a waiver (i) of the sovereign immunity of the State of Florida; (ii) a waiver of the State of Florida's rights under the 11th Amendment to the United States Constitution; or (iii) to a jury trial.

XXV. Counterparts.

This Contract may be executed in counterparts, any one of which need not contain the signatures of more than one party, but all such counterparts taken together shall constitute one and the same agreement.

XXVI. Entire Agreement; Severability; Construction.

(1) This Contract, including Schedules A through C, which are incorporated into the Contract by this reference, constitute and embody the entire agreement and understanding of the parties, supersedes any prior agreements or understandings with respect to the subject matter hereof, and cannot be altered, amended, supplemented, or abridged or any provisions waived except by written agreement of the parties.

(2) If any provisions of this Contract are held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions, and this Contract shall be construed and enforced as if such provisions had not been included.

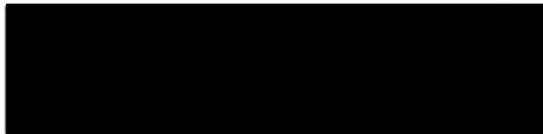
(3) All titles, headings or captions respecting this Contract or the sections or paragraphs of this Contract are for convenience of reference only and shall not be construed as a part or limitation of these provisions to which they refer.

IN WITNESS WHEREOF, the parties have caused this contract to be executed by their respective authorized officers on the dates set forth below:

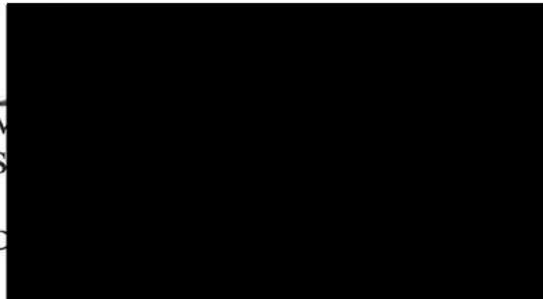
**STATE BOARD OF
ADMINISTRATION OF FLORIDA**



Date: 10/20/2022



**PARAGON STRATEGIC SOLUTIONS
INC.**



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**CONTRACT FOR ADMINISTRATIVE SERVICES
AND ACTUARIAL SERVICES PROVIDED TO THE
REINSURANCE TO ASSIST POLICYHOLDERS PROGRAM
BETWEEN
PARAGON STRATEGIC SOLUTIONS INC.
AND THE STATE BOARD OF ADMINISTRATION OF FLORIDA
SCHEDULE A: ADMINISTRATIVE SERVICES PROVIDED**

Paragon shall perform administrative services for the RAP Program until such time as the RAP Program statutorily sunsets. Service requirements are based on two categories, a Non-Event Year as described in Article I, and Event Year as described in Article II. Services during a Non-Event Year will be limited while services required during an Event Year are broad and will likely span multiple years. A "Non-Event Year" is a contract year without a Covered Event that results in reimbursements to RAP insurers. An "Event Year" is a contract year in which a Covered Event occurs resulting in reimbursements to RAP insurers

ARTICLE I

Non-Event Year Services

There are administrative requirements that must occur during the contract year for preparation of a Covered Event that shall include but not limited to the following:

- Assist with the development of a RAP contract and send to RAP insurers.
- Maintain an accurate list of RAP insurers eligible for reimbursement for each RAP contract year
- Analyze RAP limits for each RAP contract year
- Assist the SBA in program analysis and procedure development
- Respond to RAP insurers' inquiries
- Plan for activities for an event year
- Assist the SBA with program specific documents, narrative and FAQs posted to the SBA's website
- Assist the SBA with statutorily required reporting
- Assist the SBA with legislative requests
- Send out RAP payout summary to RAP insurers

A. Database Management

Paragon shall create and maintain a database for purposes of collecting, storing, tracking, and processing the information required in the RAP reimbursement contract for purposes related to providing administrative services for the RAP Program. The database must carry out the various processing requirements needed to administer the RAP program. In addition, responsibilities include financial reporting, and download/upload capabilities or electronic data sharing mechanisms (i.e., File Transfer Protocol-FTP).

(1) The database shall be in sufficient detail to meet statutory reporting requirements and management reporting needs. It shall track each RAP insurers' participation in the RAP Program, including deferrals, and accommodate reporting specific for Contract Year 2022-2023 and 2023-2024 to ensure accurate calculation of retention and maximum payout and the proper accounting and distribution of the \$2 billion aggregate RAP limit coverage. Paragon shall ensure the system has an identifier that allows RAP losses and reimbursements to be administered separately from the FHCF losses and reimbursements.

(2) Paragon shall periodically review its RAP database needs to evaluate applications and systems in use and shall upgrade as appropriate or as directed by the SBA. Paragon must have procedures in place to backup data periodically in order to prevent any loss of data and disaster recovery procedures.

B. Management Reporting

As requested by the SBA, Paragon shall prepare selected management information and transactional reports, along with a narrative explaining the information plus comments on current issues. Proper audit trails shall be part of all processing and reporting functions. Paragon shall respond to special inquiry and ad hoc reporting requests in a timely manner.

C. Administration of the RAP Reimbursement Contracts

(1) Paragon shall administer the preparation, delivery, and execution of the RAP Reimbursement Contract for each RAP Insurer and shall track the collection of the executed documents:

(a) For the RAP Reimbursement Contract for the 2023-2024 Contract Year, Paragon shall execute the RAP Reimbursement Contract or other associated form on behalf of the SBA upon receipt of a physical or electronic copy of the RAP Reimbursement Contract or other associated form as executed by the RAP Insurer.

(b) After execution, Paragon shall provide an electronic copy of the fully executed RAP Reimbursement Contract or other associated form to the SBA and the RAP Insurer.

(2) Paragon shall use the forms approved and provided by the SBA and not alter the text of the RAP Reimbursement Contract or other associated form. Any changes to the standard

forms issued to an individual RAP Insurer must be approved by the SBA. The flow of the SBA's documents shall be tracked by Paragon's document tracking system. Paragon shall follow-up on any incomplete information received or delinquencies, and regularly report the status of contract execution to the SBA.

(3) Paragon shall promptly inform the SBA upon becoming aware of any changes in the ownership or status of a RAP Insurer, and as directed by the SBA, shall make such adjustments to the RAP Insurer's RAP Reimbursement Contract as necessitated by the change in ownership or through an assignment of the RAP contract.

D. RAP Insurer Communication

Paragon shall use its reasonable efforts to facilitate communication between the SBA and RAP Insurers. RAP Insurers shall be able to easily access Paragon with questions, complaints, or inquiries.

ARTICLE II

Event Year

Services required for an Event Year include:

A. Database Management

Paragon shall create and maintain a database for purposes of collecting, storing, tracking, and processing the information required in the RAP reimbursement contract for purposes related to providing administrative services to the SBA for the RAP Program. The database must carry out the various processing requirements needed to administer RAP coverage including, but not limited to calculations of an individual company's retention and payout to ensure no duplicate payment of the RAP layer and FHCF layer of coverage. In addition, responsibilities include financial reporting, loss reimbursement, and download/upload capabilities or electronic data sharing mechanisms (i.e., File Transfer Protocol-FTP).

(1) The database shall be in sufficient detail to meet statutory reporting requirements, management reporting needs and loss reimbursement calculation requirements. It shall track each RAP insurers' participation in the RAP Program, including deferrals, and accommodate reporting specific for Contract Year 2022-2023 and 2023-2024 to ensure accurate calculation of the qualification ratio, retention and payout multiples, duplicate coverage with the FHCF layer along with the proper accounting and distribution of the \$2 billion aggregate RAP limit coverage. Paragon shall ensure the system has an identifier that allows RAP losses and reimbursements to be administered separately from the FHCF losses and reimbursements.

(2) Paragon's loss reimbursement payment system shall track incurred, paid, and outstanding losses from first report to final commutation. The losses shall be tracked by RAP

insurer by events and shall be analyzed and recalculated as necessary to determine the two largest events causing the largest loss for each RAP insurer. The system shall provide reports, in a format and time frame specified by the SBA, including, but not limited to, total paid losses, outstanding losses, and projected loss payouts.

(3) Paragon shall periodically review its RAP database needs to evaluate applications and systems in use and shall upgrade as appropriate or as directed by the SBA. Paragon must have procedures in place to backup data periodically in order to prevent any loss of data.

B. Accounting and Cash Management

(1) Paragon shall provide such accounting and cash management services as needed to provide the capability to determine cash flow and available cash balances to meet fund reimbursement and investment needs. This requirement includes, but is not limited to:

(a) Calculating, processing, and reporting by contract year on loss reimbursements, excess reimbursements, any applicable interest and performing offsets as directed.

(b) Processing disbursements of funds for loss reimbursements.

(c) Issuing invoices or statements to RAP Insurers for loss reimbursements and excess reimbursements including any interest due thereon.

(d) Identification and pursuit of open balances owed using its tracking system to follow up for late payments of excess reimbursements and any interest due.

(2) Paragon shall capture information from funds transferred to the RAP bank account. All cash receipts shall be tracked and reconciled on a monthly basis. Paragon shall provide the SBA with documentation on their internal control processes as it relates to the handling of all receipts and disbursements.

C. Banking Resources

(1) Paragon shall coordinate with the banking resources established by the SBA. Paragon shall manage the banking needs of the SBA by monitoring incoming excess reimbursements and interest, managing cash balances in coordination with the SBA, and processing outgoing disbursements, including the creation of payment files compatible with the requirements of FHCF banking resources. Paragon shall communicate available cash balances and forecasted cash needs to the SBA as required. Paragon shall provide the SBA with monthly reconciliations of the RAP bank account(s).

(2) Paragon shall coordinate with the SBA to set up ACH processes for payments to insurers which may include uploading RAP ACH disbursement templates/pay files into the SBA's banking system.

(3) Monitor for failed ACH disbursements, working with the SBA and the RAP insurer on a corrective action and ultimately reissue AHC disbursement request.

(4) Reconcile RAP bank statements.

(5) Paragon shall administer funds on behalf of the SBA, it being understood and agreed that all such funds shall remain the sole property of the SBA at all times, and that Paragon shall not have any right, title, or interest in such funds.

D. Management Reporting

As requested by the SBA, Paragon shall prepare selected management information and transactional reports, along with a narrative explaining the figures plus comments on current issues. Proper audit trails shall be part of all processing and reporting functions. Paragon shall respond to special inquiry and ad hoc reporting requests in a timely manner.

E. Claims Processing

(1) As directed by the SBA, Paragon shall track and coordinate the distribution and collection of interim loss reports and proof of loss reports and shall process all loss reimbursement requests in accordance with the RAP Program. These duties include, but are not limited to, the production of letters and forms, collection of loss data, implementation of processes for review of loss reports for reasonableness, for determining reimbursement for the two largest events causing the largest loss, calculation of interest, issuance of payments, verification of RAP insurer retentions, putting in place validation/verification processes to determine reasonableness of reimbursement requests and protection against overpayment, and reviewing detailed claims listings as required by the SBA. Paragon shall also be responsible for developing and tracking letters related to the commutation of losses, including, but not limited to, assisting the SBA in the development of commutation processes for tracking and review.

(2) Paragon shall maintain an online system for use by the RAP insurer for reporting losses, which shall be periodically reviewed by the SBA to ensure its adequacy.

(3) On a weekly basis or other time frame as directed by the SBA, provide a file containing a list of all RAP reimbursements eligible to be paid. Follow up with an invoice notifying the RAP insurer of the reimbursement.

F. Communication with RAP Insurers

Paragon shall use its reasonable efforts to facilitate communication between the SBA and RAP Insurers. RAP Insurers shall be able to easily access Paragon with questions, complaints, or inquiries.

G. RAP Examination Programs

(1) Paragon shall support the SBA claims examination programs by producing reports as specified by the SBA and assisting with problems that arise during the examination process. These reports may include, but are not limited to, summary memos of Participant submissions and resubmissions, tracking, reviewing, and reporting on resubmissions, and assisting on problems that arise during the examination process.

(2) Paragon shall create exam packages as directed by the SBA. Claims exam packages shall include a summary of reimbursements, review of proof of loss reports, and review of detailed claims listings, along with any documentation required. Paragon shall also assist in the review of updates of loss information as a result of claims examinations. In addition, Paragon shall:

- (a) Provide exam systems support to the SBA as needed.
- (b) Produce management reports for planning exams.
- (c) Provide consultation to the SBA in the development and planning of exam processes.
- (d) Participate in regular meetings with examiners on examination issues.
- (e) Participate, at the SBA's request, in meetings and calls with RAP insurers on exam issues.
- (f) Provide consultation on reporting issues raised through the exam process. Quick response on special inquiry and ad hoc reporting requests from the SBA is essential.
- (g) Review updated Proof of Loss Reports as directed by the SBA after an examination has been completed.

H. Commutation of Losses

As directed by the SBA, Paragon shall assist in the commutation of losses, including, but not limited to, planning activities, participating in negotiations with RAP Insurers, producing reports as specified by the SBA, developing, and maintaining tracking reports, reviewing commutation documentation of outstanding losses, preparing commutation agreements, and facilitating the request and tracking receipt of documents associated with commutation. Follow commutation procedures set forth by the SBA.

**CONTRACT FOR ADMINISTRATIVE SERVICES
AND ACTUARIAL SERVICES PROVIDED TO THE
REINSURANCE TO ASSIST POLICYHOLDERS PROGRAM
BETWEEN
PARAGON STRATEGIC SOLUTIONS INC.
AND THE STATE BOARD OF ADMINISTRATION OF FLORIDA
SCHEDULE B: ACTUARIAL CONSULTING SERVICES PROVIDED**

Paragon shall provide actuarial consulting services for the RAP Program until such time as the RAP Program statutorily sunsets. Service requirements are based on two categories, a Non-Event Year as described in Article I, and Event Year as described in Article II. Services during a Non-Event Year will be limited while services required during an Event Year are broad and will likely span multiple years. A Non-Event Year is a contract year without a Covered Event that results in reimbursements to RAP insurers. An "Event Year" is a contract year in which a Covered Event occurs that results in reimbursements to RAP insurers.

ARTICLE I

Non-Event Year Services

(1) Paragon shall perform actuarial consulting services for the SBA for Non-Event Year, including, but not limited to:

(a) Develop the RAP Program qualification ratios and provide supporting documentation;

(b) Determine the amount of RAP limit available for each Contract Year;

(c) Calculate the preliminary qualification ratio, RAP retention multiples, and RAP payout multiples for each Contract Year;

(d) Calculate necessary adjustments to the qualification ratio, RAP retention multiples, and RAP payout multiples;

(e) Present actuarial recommendations, providing advice, assistance, and participation in any presentations to, or hearings and proceedings before, the SBA Trustees, legislative staffs or committees, or other governmental agencies;

(f) Providing advice to the SBA on matters pertinent to the operation of the RAP Program;

(g) Coordinating with SBA staff, the RAP Program administrator, and other service providers regarding issues related to the RAP Reimbursement Contract and claims examination program, which impact RAP coverage;

(h) Assist in planning for activities for an Event year;

(i) Respond to participant inquiries as needed;

(j) Analyzing and reviewing legislative proposals from an actuarial perspective to assist the SBA in developing legislative and policy positions;

(k) Promptly providing such other analysis or information on an as-needed basis as may be requested by the SBA; and

(l) If applicable as determined by the SBA, the above-described actuarial work performed by Paragon shall receive peer review.

ARTICLE II

Event Year Services

(1) Paragon shall perform actuarial consulting services for the SBA , including, but not limited to:

(a) Ensuring the RAP Program qualification ratios are calculated accurately and providing supporting documentation;

(b) Determining the amount of RAP limit available for each Contract Year;

(c) Calculate the preliminary qualification ratio, RAP retention multiples, and RAP payout multiples for each Contract Year;

(d) Calculate necessary adjustments to the qualification ratio, RAP retention multiples, and RAP payout multiples;

(e) Project aggregate ultimate net loss to the RAP Program for each Covered Event;

(f) Analyze FHCF model estimates;

(g) Analyze ongoing loss trends for reserving;

(h) Provide projected RAP payout schedule and cash flow needs;

(i) Presenting actuarial findings, providing advice, assistance, and participation in any presentations to, or hearings and proceedings before, the SBA Trustees, legislative staffs or committees, or other governmental agencies;

(j) Providing advice to the SBA on matters pertinent to the operation of the RAP Program;

(k) Coordinating with SBA staff, the RAP Program administrator, and other service providers regarding issues related to the RAP Reimbursement Contract and claims examination program, which impact RAP coverage;

(l) Evaluating output data from hurricane loss models and the efficacy of combining outputs from several models;

(m) Providing the SBA with loss reserving services associated with hurricane losses of the RAP layer, thereby helping to establish current reserves, loss payment patterns, current capacity and future projected capacity, and the commutation of losses;

(n) Analyzing and reviewing legislative proposals from an actuarial perspective to assist the SBA in developing legislative and policy positions;

(o) Promptly providing such other analysis or information on an as-needed basis as may be requested by the SBA; and

(p) If applicable as determined by the SBA, the above-described actuarial work performed by Paragon shall receive peer review.

**CONTRACT FOR ADMINISTRATIVE SERVICES
AND ACTUARIAL SERVICES PROVIDED TO THE
REINSURANCE TO ASSIST POLICYHOLDERS PROGRAM
BETWEEN
PARAGON STRATEGIC SOLUTIONS INC.
AND THE STATE BOARD OF ADMINISTRATION OF FLORIDA
SCHEDULE C: COMPENSATION**

Compensation for the services provided under this Contract is as follows:

Administrative Services and Actuarial Consulting Services.

(1) Non-Event year services provided between April 1, 2023 -March 31, 2024, is \$50,000 of which \$25,000 is payable on April 1, 2023, and \$25,000 payable on March 31, 2024.

(2) Event year services applicable to Contract Year 2022-2023 are compensated according to the following schedule. Fees shown in the table are annual costs, which are paid in quarterly payments. Payment shall be made beginning on the last day of the calendar quarter following a Covered Event that results in reimbursements to RAP insurers and continues to be paid on the last day of each calendar quarter.

Contract Period	Compensation for Administrative Services	Compensation for Actuarial Consulting Services
2022-2023*	\$344,447	\$95,462
2023-2024	\$275,557	\$95,462
2024-2025	\$220,446	\$95,462
2025-2026	\$176,357	\$95,462
2026-2027	\$176,357	\$95,462
2027-2028	\$176,357	\$95,462

*The first-year fee for Administrative Services for an Event Year shall be prorated based on the number of months remaining in the Contract Year after the Covered Event occurs.

(3) Event years services applicable to Contract Year 2023-2024 are compensated according to the following schedule. Fees shown in the table are annual costs, which are paid in quarterly payments. Payment shall be made beginning on the last day of the calendar quarter following a Covered Event that results in reimbursements to RAP insurers and continues to be paid on the last day of each calendar quarter.

Contract Period	Compensation for Administrative Services	Compensation for Actuarial Consulting Services
2023-2024*	\$344,447	\$98,775
2024-2025	\$275,557	\$98,775
2025-2026	\$220,446	\$98,775
2026-2027	\$176,357	\$98,775
2027-2028	\$176,357	\$98,775

Should a Covered Event occur in 2022-2023 Contract Year that triggers RAP coverage and a separate Covered Event occur in 2023-2024 Contract Year that triggers RAP coverage, the fee schedule in subsection (2) and (3) will apply separately to each of the two RAP contract years. Due to the unpredictability of Covered Events, should Paragon conclude the Administrative and/or Actuarial Consulting Services provided for in this Contract prior to the schedule outlined in subsection (2) and/or (3), Paragon shall not be entitled to further compensation.

(4) The administrative and actuarial fee listed in subsection (2) and (3) are based on manual processes with minimum system updates due to the promptness needed to implement the RAP program during the 2022 hurricane season. However, Paragon has agreed to implement automation for RAP processing into the Online Claims and Accounting systems, which would eliminate manual processes. The systems update is an additional, non-recurring cost of \$119,040, with 50% due once the system updates are ready for testing and 50% due once systems updates are complete.

(5) Paragon shall send an invoice to the SBA by mail or e-mail, detailing the amount due, and the SBA shall pay Paragon within 30 days after receipt of the invoice. All invoices under this Schedule shall be sent to the SBA as follows:

State Board of Administration
C/O Florida Hurricane Catastrophe Fund
P.O. Box 13300
Tallahassee, FL 32317-3300

**STATE BOARD OF ADMINISTRATION
DATA SECURITY ADDENDUM**

This Data Security Addendum (this “**Addendum**”) is entered into as of the Effective Date, by and between the State Board of Administration of Florida (the “**SBA**”) on behalf of the Reinsurance to Assist Policyholders Program (“**RAP Program**”) and Paragon Strategic Solutions, Inc. (the “**Paragon**”) and is hereby incorporated into and made a part of the contract dated 10/20/2022 (the “**Contract**”) by and between the SBA and Paragon.

1. **Definitions.** As used in this Data Security Addendum:

- (a) “Paragon personnel” includes employees of Paragon and any subcontractors, agents, or other persons acting at the direction of or on behalf of Paragon.
- (b) “FHCF systems” includes the FHCF Internal Accounting Application, FHCF Online Claims Application, FHCF Exposure Processing Application and Global Risk Distribution System.
- (c) “Confidential Data” is any Participant-specific data that is confidential as required by Florida Statutes or as specified by the SBA.
- (d) “SBA Data” means any data accessed, created, maintained, obtained, processed, stored, or transmitted by Paragon in the course of performing the Contract and all information derived therefrom.

2. **Data Security; Required Notice.**

- (a) Paragon shall require utilization of a firewall if an RAP Team member uses a personal computer to connect remotely to the FHCF systems. In addition, Paragon shall require that the RAP Team member’s personal computer utilize the most up-to-date anti-virus software, regular virus checks are conducted and virus definition files are kept up to date. Paragon shall ensure removable storage devices used by RAP Team members are encrypted. Paragon agrees not to transmit any Confidential Data over the internet or by email and only use acceptable transmission means approved by the SBA.
- (b) Required notice of breach, unauthorized transmission, or loss. – Paragon shall provide prompt notice to the SBA in the event it becomes aware of any security breach or any unauthorized transmission or loss of any SBA Data. Paragon will provide prompt notice to the SBA of any known or suspected violation of any SBA policy.

3. **Nondisclosure.** SBA Data shall be considered confidential and proprietary information to the extent permitted by Florida or other applicable law. Paragon shall hold SBA Data in confidence and shall not disclose SBA Data to any person or entity except as authorized by the SBA or as required by law, except that this Addendum will not prevent or prohibit Paragon from providing SBA Data as permitted by applicable law and applicable professional standards.

4. **Loss or Breach of Data.**

- (a) Duty to recreate lost or destroyed data. – In the event of loss or destruction of any SBA Data where such loss or destruction is due to the fault or negligence of Paragon, Paragon shall be responsible for recreating such lost or destroyed data in the manner and on the schedule set by the SBA, at Paragon’s sole expense, in addition to any other damages the SBA may be entitled to by law or under this Contract.
- (b) Due diligence; data recovery. –If lost or damaged data is suspected, Paragon will perform due diligence, report findings to the SBA, and take all reasonable measures necessary to recover the data, all at Paragon’s sole expense. If such data is unrecoverable, Paragon will pay all costs to remediate and correct the problems caused by or resulting from each loss or

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DATA SECURITY ADDENDUM**

- destruction of data (including, without limitation, the cost to notify third parties), in addition to any other damages the SBA may be entitled to by law or under this Contract.
- (c) **Administrative sanctions; costs.** – Paragon acknowledges that failure to maintain security that results in a breach of data may subject Paragon to the administrative sanctions for failure to comply with Sections 501.171, Florida Statutes, together with liability for any costs to the SBA of such breach of security caused by Paragon.
5. **Security Testing.** If SBA Data resides on Paragon's systems, the SBA may require Paragon to conduct at Paragon's expense, an annual network penetration test or security audit of any of Paragon's systems on which SBA Data resides.
 6. **Data Protection.** Paragon shall not transmit or ship any SBA Data to entities located outside of the United States or provide for storage or processing of any SBA Data outside of the United States regardless of the method or level of encryption employed.
 7. **Specific security requirements.** Paragon shall not use SBA Data except as permitted by the Contract or applicable professional standards. Paragon has established appropriate administrative, technical, and physical safeguards to protect the confidentiality of, and to prevent the unauthorized use or access to, SBA Data.
 8. **Back-ups.** Paragon shall maintain adequate backups of all documentation and programs used to process or access SBA Data. If third parties are utilized to manage backups, Paragon agrees to use only a provider that is compliant with ISO 27001:2013. Paragon agrees to obtain and review current Service Organization Controls Reports for any provider.
 9. **Data Security Procedures.** Paragon shall develop data security procedures to ensure that authorized access to SBA Data by Paragon personnel is only for purposes of performing the Contract and to ensure that no individuals or entities other than those authorized by the Contract or the SBA have access to SBA Data. Paragon shall ensure that access to data and databases by Paragon personnel will be provided on a need-to-know basis and will adhere to the principle of least privilege, which is defined as giving a user account only those privileges which are essential to perform its intended function.
 10. **Ownership of Data.** Paragon shall provide to the SBA, upon its request, SBA Data in the form and format reasonably requested by the SBA. Paragon shall not sell, assign, lease, or otherwise transfer any SBA Data to third parties or commercially exploit SBA Data, except as authorized by the SBA. Paragon shall not possess or assert any lien or other right against or to any SBA Data in any circumstances. SBA Data is and shall remain the exclusive property of the SBA. SBA Data created by Paragon, obtained by Paragon from a source other than the SBA, or derived from SBA Data becomes property of the SBA immediately upon the creation, receipt, or derivation of such data, as applicable.
 11. **Background Checks.** Paragon shall ensure that Paragon personnel assisting in the performance of this Contract have passed appropriate, industry standard, background screening (including criminal background checks) in accordance with Paragon's policies and procedures for such screening and possess the qualifications and training to comply with the terms of the Contract,

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before being provided access to SBA Data. Upon the SBA's request, Paragon shall provide to the SBA an attestation that the foregoing background checks have been completed.

12. **Compliance.** Paragon represents and warrants that it is in compliance with and agrees and covenants that it will at all times during the term of the Contract continue to be in compliance with all applicable laws, regulations, and industry standards (including, without limitation, all applicable laws, regulations, and industry standards relating to cybersecurity or data collection, storage, security, or privacy).
13. **Business Continuity Plan/Disaster Recovery.** Paragon has implemented and will maintain business continuity and disaster recovery plans designed to minimize interruptions of services and ensure recovery of systems and applications used to provide the services under this Contract. Such plans cover the facilities, systems, data, applications, and employees that are critical to the provision of the services and will be tested at least annually to validate that recovery strategies, requirements and protocols are viable and sustainable. Paragon shall provide an executive summary of such plans, as well as, including an assessment of the plans' most recent test results, to the SBA upon request. In the event of a business disruption that materially impacts (or is reasonably expected to materially impact) Paragon's provision of services under this Contract, Paragon will promptly notify the SBA of the disruption and the steps being taken in response.
14. **Subcontractor/Agents.** Paragon is responsible and accountable for the acts or omissions of its subcontractors and agents to the same extent that it is responsible and accountable for its own actions or omissions under this Data Security Addendum. Paragon agrees to impose requirements substantially equivalent to the requirements of this Data Security Addendum on any subcontractors or agents assisting in the performance of the Contract and shall execute a written agreement with each such subcontractor or agent containing terms substantially equivalent to the terms of this Data Security Addendum.

IN WITNESS WHEREOF, each party has caused this Data Security Addendum to be executed by its respective duly authorized officer, as of the last date below (the "Effective Date").

STATE BOARD OF ADMINISTRATION
OF FLORIDA

PARAGON STRATEGIC SOLUTIONS, INC.

