

**CONTRACT FOR FLORIDA HURRICANE CATASTROPHE FUND**  
**SECTION I RATEMAKING ANALYSES**  
**BETWEEN**  
**RISK MANAGEMENT SOLUTIONS, INC.**  
**AND THE STATE BOARD OF ADMINISTRATION OF FLORIDA**

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This Contract is made as of November 1, 2020, by and between the State Board of Administration of Florida (the “Board” or “SBA”), which administers the Florida Hurricane Catastrophe Fund (the “FHCF”) and Risk Management Solutions, Inc. (the “Contractor”).

WHEREAS, in developing the premium formula for the FHCF, the SBA must “to the extent feasible, employ actuarial methods, principles, standards, models, or output ranges found by the [Florida Commission on Hurricane Loss Projection Methodology] to be accurate or reliable.” (s. 627.0628(3)(c), F.S.), and

WHEREAS, on May 14, 2020, the SBA, on behalf of the FHCF, issued a Request for Quote (RFQ) which solicited competitive responses from qualified modeling organizations offering modeling services for ratemaking and post event loss estimates to the FHCF, and

WHEREAS, the Contractor responded to the RFQ and was selected to provide services to the FHCF, and

WHEREAS, the SBA desires to obtain the services of the Contractor and the Contractor desires to provide services as set out in the Contract to the SBA.

NOW, THEREFORE, in consideration of the mutual promises set forth herein, the Contractor and the SBA agree as follows:

1. TERM.—This contract takes effect on November 1, 2020, and terminates on November 30, 2025, unless extended in writing by mutual agreement of the parties or unless terminated as provided in paragraph 12.

## 2. SERVICES, OWNERSHIP AND LICENSE GRANT.

a. The Contractor will provide the services set forth in Schedule A to this Contract and will carry out the terms and conditions of this Contract as set forth herein. These services will consist primarily of hurricane modeling services as set forth in Schedule A, which is attached hereto and incorporated into this Contract by reference. The tangible work product to be delivered by Contractor to the SBA as specified in Schedule A shall be referred to as the “Deliverables”. In addition, the Contractor hereby authorizes the FHCF’s reinsurance broker to provide aggregate information from its reinsurance placement support analysis for use in FHCF ratemaking.

b. For the term of this Contract, Contractor grants to the SBA, a non-exclusive, limited, non-transferable, non-sublicensable, worldwide, paid-up right and license to use the Deliverables for the purposes specified in this Contract only. Except as set forth in this Contract, the SBA may not disclose the Deliverables to any third party. Notwithstanding anything to the contrary in this Contract, RMS and the SBA may disclose the Deliverables with Paragon Strategic Solutions, Inc. (“Paragon”), which provides administrative and actuarial services to the FHCF, in accordance with Section 9 below.

c. Contractor retains all intellectual property rights in and to the Deliverables, including any derivative works and improvements made thereto during performance of the services. The parties stipulate and agree that, except as otherwise expressly provided in this Contract, the services and Deliverables will not be considered a joint work.

3. COMPENSATION.—The Contractor shall be paid the compensation specified in Schedule A for the services specified in Schedule A. Payment shall be made in one installment upon satisfactory completion of the work and after receipt of an invoice from

the Contractor. The invoice for a particular year's work must be received between April 1 and June 30 of that year. The invoice must be sent to the following address: Florida Hurricane Catastrophe Fund, State Board of Administration, P.O. Box 13300, Tallahassee, FL 32317-3300 or by email to [FHCF\\_invoices@sbafla.com](mailto:FHCF_invoices@sbafla.com). The Contractor is not entitled to compensation for any work that does not materially conform with Schedule A.

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

5. CONTRACT NOT ASSIGNABLE OR DIVISIBLE WITHOUT CONSENT; USE OF SUBCONTRACTORS AND NON-EMPLOYEES. - The Contractor may not assign, subcontract, or otherwise transfer its rights and duties under this contract without the prior written approval of the SBA. The Contractor may not use any subcontractors or other persons not directly employed by the Contractor in the performance of services under this Contract without the prior written approval of the SBA. The Contractor is responsible for its subcontractors and non-employee's performance of the services and compliance with this contract to the same extent as it is responsible for its own performance and compliance. The Contractor must promptly notify the SBA of any organizational changes or resource changes that will affect or could affect the Contractor's provision of services under this Contract.

6. ORGANIZATIONAL AND RESOURCE CHANGES.— The Contractor must notify the SBA at its earliest reasonable opportunity of any organizational or resource changes that could affect the Contractor's provision of the services. 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.

7. USE OF E-VERIFY SYSTEM. – The Contractor 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.

8. FLORIDA PUBLIC RECORDS LAW.—Notwithstanding any other provision of this Contract, the Contractor 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, the Contractor shall comply with Chapter 119, Florida Statutes. In particular, the Contractor 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 the Contractor does not transfer the records to the SBA, following completion of the Contract.

d. Upon completion of the Contract, transfer, at no cost, to the SBA all public records in the Contractor’s possession or keep and maintain public records that were required by the SBA to perform the services. If the Contractor transfers all public records to the SBA upon completion of the Contract, the Contractor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If the Contractor keeps and maintains public records upon completion of the Contract, the Contractor shall meet all applicable requirements for retaining public records. The Contractor shall provide all records that are stored electronically to the SBA, upon request from the SBA’s custodian of public records. To the extent allowed under Florida



public records law, this provision does not require the Contractor 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 THE CONTRACTOR HAS QUESTIONS REGARDING  
THE APPLICATION OF CHAPTER 119, FLORIDA  
STATUTES, TO THE CONTRACTOR'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**

**9. RECORDS RETENTION; PROTECTION OF CONFIDENTIALITY; DATA  
SECURITY. —**

a. To the extent permitted by state and federal law, the Contractor, the SBA, and Paragon , will hold all records and Deliverables provided by the Contractor relating to the FHCF as confidential data and information and will not release them to third parties. As used in this paragraph, the term “third parties” includes, but is not limited to, business affiliates, subsidiaries, or the parent corporation of Paragon. Nothing in this Contract is intended to supersede or modify the requirements of the public records provisions of Chapter 119, Florida Statutes, or the trade secret protections provided in sections 812.081 and 815.045, Florida Statutes.

b. The data and information provided by the Contractor to the SBA and Paragon are obtained for the purposes of producing the FHCF premium formula under section

215.555(5), Florida Statutes, documenting that process, and supporting such additional analyses as may be requested by the SBA, and also for use in connection with Other Special Services provided for in paragraph 4. Paragon and the SBA agree that none of the Deliverables, data or information provided by the Contractor pursuant to this Contract may be used directly or indirectly for any other purposes. The Deliverables, data and information may not be released to any employees of Paragon or its affiliates other than Paragon employees working directly in support of the FHCF and may be used by those employees only in support of the FHCF. Excluding any mandatory disclosures under Florida public records laws, Paragon and the SBA agree not to share any of the Deliverables, data or information provided by Contractor pursuant to this Contract with any third party. Paragon and the SBA shall not (i) remove from any of the Deliverables, or any copy of the Deliverables, the confidentiality, proprietary or trade secret markings included on the Deliverables; and (ii) provide excerpts of the Deliverables without the confidentiality, proprietary or trade secret markings included on the Deliverables.

c. The SBA, the Contractor, and Paragon agree that loss frequency and severity information provided by the Contractor, including such information in summarized form when used as part of the ratemaking documentation process, is confidential as described in subparagraphs 9.a. and 9.b.

d. The confidentiality provisions and limitations on the use of information specified in this paragraph do not apply to data or information that is not otherwise confidential under the public records provisions of Chapter 119, Florida Statutes, or the trade secret protections provided in sections 812.081 and 815.045, Florida Statutes, and:

(i) is in or becomes part of the public domain;

(ii) was in the possession of the SBA or Paragon prior to receipt from the Contractor, or was in the possession of the Contractor prior to receipt from the SBA or Paragon.

(iii) is compelled to be disclosed by law or pursuant to an order or requirement of a court, administrative agency, or other governmental body, without restrictions on subsequent use or disclosure, provided that the receiving party notifies the disclosing party promptly upon receipt of such order or requirement and in any event prior to such

disclosure (unless such notification would be unlawful) to enable the disclosing party to seek a protective order or otherwise prevent or restrict such disclosure.

(iv) was lawfully disclosed to the Contractor or Paragon by a third party having the right to make the disclosure.

e. This section does not affect the Contractor's ownership rights as to administrative records, pre-existing intellectual property, or intellectual property developed by the Contractor unrelated to the scope of services under this Contract.

#### 10. WARRANTY; EXCLUSIVE REMEDY; EXCEPTIONS.—

a. Contractor represents and warrants that (i) services will be performed with reasonable skill and care, consistent with industry standards and practices and (ii) the Deliverables shall substantially conform to the specifications set forth in Schedule A.

b. Except as otherwise expressly stated herein the services and Deliverables are provided "AS IS".

c. Without expanding the foregoing, SBA agrees and acknowledges that the services and Deliverables, including the technology used by Contractor, is based on the scientific data, mathematical and empirical models, and encoded experience of earthquake engineers, wind engineers, structural engineers, geologists, seismologists, meteorologists and geotechnical specialists. As with any model of complex physical systems, simulations may differ from actual results or simulations based on other engineering models. Furthermore, the accuracy of analyses depends wholly or in part on the accuracy and quality of the input data supplied by the SBA and Paragon.

d. Contractor's sole liability and SBA's sole and exclusive remedy for the Deliverables not meeting the applicable warranty is for Contractor to (i) replace or modify the non-conforming Deliverables with Deliverables conforming substantially to the applicable warranty; or if in Contractor's sole discretion (i) is not commercially reasonable, then (ii) promptly refund to SBA the amount paid for any non-conforming Deliverables. This limitation of the SBA's remedy and the Contractor's liability does not apply in the event of gross negligence or willful misconduct on the part of the Contractor.

11. APPLICABLE LAW; VENUE.—This Contract shall be governed by, construed under, and interpreted in accordance with the laws of the State of Florida without regard to conflict of laws principles. Any proceedings arising out of this Contract shall be conducted in state courts located in Leon County, Florida, and the parties hereby consent to the jurisdiction and venue of those courts.

12. TERMINATION.—This Contract may be terminated, with or without cause, at the election of either party upon 30 days' advance written notice. Termination of this Contract does not affect the right of either party to bring an action against the other with respect to the Contract. In addition to any other provisions for termination of this Contract, the SBA may unilaterally and immediately terminate this Contract upon the insolvency or bankruptcy of the Contractor.

13. INSTRUCTIONS FOR FURNISHING OF INFORMATION.—All information required by this Contract to be provided to Paragon shall be sent by email to Mr. Andy Rapoport at [anderw.rapoport@aon.com](mailto:anderw.rapoport@aon.com).

14. SBA FRAUD HOTLINE.—The SBA maintains a fraud hotline at (800) 547-9180 to encourage individuals to report suspected Board-related fraud, theft, or financial misconduct on an anonymous basis. The hotline is operated 24 hours a day, 7 days a week, by an independent company and tips are anonymously referred to the Inspector General of the Board. The Contractor agrees to report any suspected Board-related fraud, theft, or financial misconduct on an anonymous basis to this hotline.

15. SBA HARASSMENT PREVENTION POLICY.—The Contractor hereby affirms its 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 No. 10-254, of any individual whom the Contractor comes into contact with while working on matters pursuant to this Contract.

16. SBA COMMUNICATIONS AND EXTERNAL AFFAIRS POLICY.—The Contractor hereby affirms its receipt of SBA Policy No. 10-004, Communications and External Affairs Policy, from the Board. The Contractor agrees that it shall comply with the Communications and External Affairs Policy, and such modifications to the policy as may be provided to the Contractor from time to time, to the fullest extent that the Communications and External Affairs Policy applies to the Contractor. All communications from external parties regarding the Board or the Board's affairs are to be referred to the Board's Manager of External Affairs. This paragraph shall not prevent the Contractor from telling external parties that it provides services to the FHCF.

17. 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 will be one of the contracts posted. The Contractor hereby agrees that the SBA is authorized to post this Contract (including any amendments or addenda hereto) and a description of the content of this Contract (including any amendments or addenda hereto) on the SBA's website.

18. RIGHT TO AUDIT.—

a. During the term of this Contract, and for a period of three (3) years after the expiration or termination of the Contract, the SBA or any third party, including an independent public accountant or auditor and/or any federal or state auditor, designated by the SBA shall have the right to inspect, review and/or audit, any books, records and supporting documents relating to the Contract and/or the subject matter of the Contract (the "Records"). Any third party designated by the SBA in accordance with the preceding sentence shall not be a Contractor competitor and shall be subject to the confidentiality obligations set forth in this Contract. In the event such right is exercised and upon no less than ten (10) business days' prior written notice by the SBA, the Contractor agrees to permit reasonable access to its premises and the Records during Contractor's normal business hours. The SBA shall have the right, in connection with any such inspection, review and/or audit, to have one or more members of its staff present at all times. During the term of the Contract and for a period of three (3) years after the expiration or

termination of the Contract (or for any longer period of time that may be required by an applicable law relating to the retention of Records), the Contract shall maintain and retain the Records, at its sole expense. In the event the SBA and/or its designees are in the process of conducting such an inspection, review and/or audit upon the expiration of the three (3)-year access and/or retention periods described herein, then this Section 19 shall survive in its entirety until the conclusion of such inspection, review and/or audit, in the SBA's or the SBA designee's reasonable determination. For the avoidance of doubt, the scope of any inspection, review and/or audit under this Section 19 may include, without limitation, the Contractor's compliance with the terms of the Contract, compliance with any applicable foreign, federal, state and/or local law or regulation, an assessment of risks and controls and/or the source and application of the SBA's funds.

b. The Contractor shall use best efforts to cooperate with the SBA and any person or entity designated by the SBA in connection with any inspection, review and/or audit under this Section 19 including, without limitation, causing its relevant and knowledgeable employees and/or representatives to be available to assist and to respond to reasonable inquiries and requests of the SBA and/or its designees. The Contractor shall respond (including, if relevant and appropriate, with an action plan) within a reasonable time to any reports, findings and/or assessments provided to the Contractor by the SBA and/or its designees, and the Contractor shall provide a copy of all such responses to the SBA. The Contractor acknowledges and agrees that any such report, finding and/or assessment is intended for the sole use and for the benefit of the SBA.

c. Except as set forth herein, the SBA shall bear the costs of any inspection, review and/or audit described in this Section 19. However, in the event, the SBA and/or its designees conclude that the Contractor overcharged the SBA or that the Contractor engaged in or committed (including through acts of omissions) any fraud, misrepresentation and/or non-performance, then the Contractor shall be obligated to reimburse the SBA for the total costs of inspection, review and/or audit no later than ninety (90) days after the SBA's request for reimbursement thereof. The Contractor'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 the Contractor's additional reimbursement obligation thereof.

19. CONFLICTS OF INTEREST.—

a. The Contractor and the SBA acknowledge the existence of the potential for a conflict of interest between the Contractor's duties under this Contract and the Contractor's other business activities. The Contractor shall exercise its obligation and responsibilities to the SBA with a continuing awareness of the possibility of a conflict of interest. The Contractor shall promptly inform the SBA upon becoming aware of any potential conflict of interest between the Contractor's duties under this Contract and the Contractor's other business activities. The Contractor shall promptly provide information regarding any such situations as requested by the SBA.

b. The fact that the Contractor may provide services to one or more insurers of the FHCF shall not in and of itself require disclosure pursuant to this Section.

c. The disclosures required pursuant to this Section shall be made in good faith and to the best of the Contractor's ability.

20. INDEMNIFICATION; LIMITATIONS OF LIABILITY.—

a. The Contractor shall be fully liable for the actions of its agents, employees, partners, or subcontractors and shall fully indemnify, defend, 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 and damage to real or personal tangible property alleged to be caused in whole or in part by Contractor, its agents, employees, partners, or subcontractors during the provision of the services, provided, however, that the Contractor shall not indemnify for that portion of any loss or damages proximately caused by the negligent act or omission of the SBA.

b. The Contractor shall fully indemnify, defend, 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 violation or infringement of a trademark, copyright, patent, trade secret or intellectual property right, provided,

however, that the foregoing obligation shall not apply to (i) the SBA's misuse or modification of the Contractor's products, (ii) use of other than the then-most recent version of the Contractor's products provided to Client the use of the Contractor's products not contemplated by this Contract.

c. The Contractor's obligation under subparagraph a. 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 the Contractor's sole expense, and assistance in defending the action at the Contractor's sole expense. The Contractor shall not be liable for any cost, expense, or compromise incurred or made by the SBA in any legal action without the Contractor's prior written consent, which shall not be reasonably withheld.

d. 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 the Contractor, retain such amounts otherwise due Contractor as may be necessary to satisfy any claim for damages, penalties, costs, and the like asserted by or against them.

e. Except for causes of action arising out of or relating to a breach of confidentiality (which for the purposes of this Section 21 and with respect to Contractor does not include a disclosure of the SBA data from Contractor's or its subcontractors' systems), arising out of breach of any license grant to the SBA, any party's indemnification obligations under this Contract, or nonpayment of fees by the SBA, each party's liability to the other Party, whether in contract, tort, negligence, strict liability or by statute or otherwise, arising out of or relating to formation and performance of this Contract, will not exceed the fees payable to Contractor for the services and Deliverables in the 12 months preceding the date on which the cause of action arose. All liability is cumulative and not per incident for multiple claims that arise within a 12 month period. The foregoing limitation of liability does not limit either party's liability for any cause of action set forth in Section 21.a. above. The Parties stipulate and agree that this Section 21 was part of the consideration for any agreed-upon fees.



f. This Section 20 shall be enforced to the fullest extent permitted under Florida law.

21. 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:

Florida Hurricane Catastrophe Fund  
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:

Florida Hurricane Catastrophe Fund  
State Board of Administration of Florida  
1801 Hermitage Blvd., Suite 100  
Tallahassee, FL 32308

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

Jack Khouri, Legal, Director  
Risk Management Solutions, Inc.  
7015 Gateway Blvd.  
Newark, CA 94560-1011

22. SEVERABILITY.—If any provision of this Contract is 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 provision had not been included.

23. ENTIRE UNDERSTANDING.—This Contract, including Schedule A, embodies the entire 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.

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**

[Redacted Signature]

Ashbel C. Williams  
Executive Director & CIO

Date: 12/04/2020

**RISK MANAGEMENT SOLUTIONS,  
INC.**

DocuSigned by:  
[Redacted Signature]

Jack Khouri 49B6FE0FADFD433...  
Legal Director

Date: 11/30/2020

Approved as to legality:

[Redacted Signature]

Craig A. Meyer, Assistant General Counsel

Paragon Strategic Services, Inc., specifically acknowledges the requirements of confidentiality and the limitations on the use of information as described in this Contract and agrees to be bound thereby.

**PARAGON STRATEGIC SERVICES,  
INC.**

[Redacted Signature]

Martin K. Helgestad  
Senior Vice President

Date: December 3, 2020

**CONTRACT FOR FLORIDA HURRICANE CATASTROPHE FUND**  
**SECTION I RATEMAKING ANALYSES**  
**BETWEEN**  
**RISK MANAGEMENT SOLUTIONS, INC.AND THE STATE BOARD OF**  
**ADMINISTRATION OF FLORIDA**  
**SCHEDULE A**  
**SERVICES AND COMPENSATION**

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For all services under this Contract, the Contractor must use the most current hurricane model found acceptable by the Florida Commission on Hurricane Loss Projection Methodology to be accurate and reliable. For ratemaking analysis, Paragon will provide the Contractor with data detailing the FHCF's hurricane exposure as of June 30 of the contract year reported, with values trended to June 30 of the following year. This data will be aggregated by type of business, ZIP Code, construction, and year of construction. Further, Paragon will provide the Contractor with exposure values and deductible codes for each record. Analyses and services to be performed by the Contractor on behalf of the FHCF and the payment for such services are set forth as follows:

**Base Services:**

(1) Provide an explanation of how the Contractor will use the characteristics of the catastrophe model to analyze the FHCF data. This explanation will include:

- (a) verification of ZIP Codes for which loss costs will be submitted, and
- (b) a mapping of FHCF construction classes to Contractor construction classes, and
- (c) confirmation that deductibles will be modeled correctly.

The details of these and other issues to be addressed are to be included by the Contractor in a Modeling Specification Document provided to the Contractor by Paragon. The Modeling Specification Document will include an Explanation of Codes in the FHCF Exposure Data section.

(2) Provide modeled insured losses (i.e., net of actual deductibles, capped at policy limits) by event and by type of business. Reported policy deductibles shall be treated as per-occurrence deductibles. Results shall be in the form of a file detailing loss amounts by event and shall include, at a minimum:

(a) For each event:

1. An event identifier.
2. The probability of this event occurring in any given year, or if losses are simulated by years, then the simulation year.
3. Mean loss amounts for each event and for each type of business (e.g., Commercial Residential, Residential, Mobile Home, etc.).

(b) For the modeling run:

1. Control totals: Average annual insured total losses and loss costs per \$1,000 exposure by FHCF type of business;
2. A comparison of control totals to the prior year's control totals with explanations of type of business loss costs changes that exceed +/- 5 %; and
3. The exposure data module (EDM). The EDM must be delivered through an appropriate secure method. The EDM is intellectual property of the Contractor. The parties acknowledge and agree that this Contract does not grant to Paragon or the FHCF any license or right of any nature with respect to any intellectual property of the Contractor or software or other tool made available to Paragon or the FHCF by the Contractor.

FHCF exposure data will be provided to the Contractor and modeling results shall be sent to Paragon according to the dates in the table in paragraph (7) below.

**Additional Services:**

(3) Provide loss costs by ZIP Code, deductible, construction type, and FHCF type of business for all FHCF rating cells. Reported policy deductibles shall be treated as per occurrence deductibles. Lost costs for rating cells with no exposure shall be included as

0.00 (i.e. not a blank cell). Loss costs shall be presented in separate files for each deductible, with all deductible files included as tabs in a single spreadsheet for each FHCF type of business. The Contractor shall model deductibles as described by Paragon in the Modeling Specification Document. For locations with additional living expenses coverage included, the modeled deductible shall apply only to the sum of losses to building, appurtenant structure, and contents coverages. Rows of loss costs shall be for a single ZIP Code (in numerical order) and columns of loss costs shall be for a single construction type (in numerical order). Loss costs for each FHCF type of business may be placed in separate files or may be combined as separate columns in a single deductible file (for example, placing all 2% deductible loss costs in a single file). The actual deductible and layer combinations required are:

<b>Deductible</b>	<b>Basis of Loss Cost Calculation</b>
A. Base deductibles (one for each type of business)	Losses to the excess layer
B. Each rated deductible (between 7 and 12 deductibles for each FHCF type of business; each is either a flat dollar amount or a percentage of one of the coverages)	Gross losses

The constructions and deductibles to be modeled, the identification of the base deductible for each type of business, and the retention and limit of the excess layer will be provided by Paragon in the Modeling Specification Document.

All ZIP Code level modeled loss costs shall be sent to Paragon according to the dates in table (7) below.

(4) Provide control totals for these loss costs in the form of average annual insured loss amounts for each deductible, layer basis and type of business combination. These totals shall be sent to Paragon according to the dates in table (7) below.

(5) Provide to the SBA or Paragon, as requested:

- (a) Verification that the FHCF exposure data were modeled properly.
- (b) Explanation of the modeled results in order to accurately and appropriately convert the modeled results into FHCF rates.
- (c) Make appropriate adjustments to the modeled results to comply with Schedule A.

**Post Event Loss Estimates:**

(6) For a hurricane that makes landfall or is otherwise identified by the FHCF as causing damage in Florida, the Contractor shall provide at the request of the FHCF:

(a) Within two (2) business days after the hurricane makes landfall or within two (2) business days after the FHCF notifies the Contractor that a hurricane has been identified by the FHCF causing damage in Florida, the Contractor shall provide Paragon an initial estimate of the minimum, the expected, and the maximum insured gross losses from the hurricane for FHCF exposures. The Contractor may provide estimates based on similar stochastic events or simulated event sets. The Contractor shall also provide all event IDs and corresponding gross loss values used in developing the estimates.

(b) Within fifteen (15) calendar days after a hurricane makes landfall or within fifteen (15) calendar days after the FHCF notifies the Contractor that the hurricane has been identified by the FHCF as causing damage in Florida, the Contractor shall provide its best estimate at that time of the minimum, the expected, and the maximum insured gross losses from the hurricane for FHCF exposures. The Contractor may provide estimates based on similar stochastic events or simulated event sets. The Contractor shall also provide updated information with respect to all event IDs and corresponding gross loss values used in developing the estimates. If the Contractor subsequently revises loss estimates for the hurricane, the Contractor must also provide the revised loss estimates for FHCF exposure to Paragon. The estimates shall include statewide estimates of loss and tables of loss by ZIP Code and FHCF type of business.

(c) Each report or other communication from the Contractor providing the information required in subparagraph a. or b. shall include the Contractor's statement that the loss estimates:

- i. are only for the peril of windstorm
- ii. exclude flood loss
- iii. include demand surge
- iv. are net of policy deductibles
- v. are capped at the policy limits
- vi. exclude loss adjustment expense
- vii. are based on the latest FHCF exposure data used for modeled year of ratemaking, with actual reported deductibles
- viii. used the same version of the model as used for the modeled year of FHCF ratemaking.

(d) The estimates required by subparagraphs a. and b. shall be sent by electronic mail to each of the following people:

Gina Wilson                      at              Gina.Wilson@sbafla.com  
 Joel Meyer                      at              Joel.Meyer@sbafla.com  
 Andrew Rapport              at              Andrew.Rapoport@aon.com

(7) The tasks specified in this Schedule have the following target dates for the applicable contract year. If any deadline falls on a Saturday, Sunday or on a legal State of Florida or federal holiday, then the actual due date will be the day immediately following the applicable due date listed.

	<b>Task</b>	<b>Paragon Target Date</b>	<b>Contractor Target Date</b>
1	Contractor contact information for this Schedule provided by email to individuals listed in Item (6) of this Schedule.		11/01/XXXX
2	Valid ZIP Code list and Modeling Specification Document provided to Contractor (Item (1) of this Schedule).	11/4/XXXX	n.a.
3	FHCF exposure data delivered to Contractor.	11/16/XXXX	n.a.



4	Contractor's response to the Modeling Specification Document described in Item (1) of this Schedule delivered to Paragon.	n.a.	11/23/XXXX
5	Event loss files, control total comparison, and EDM delivered to Paragon (Items (2) of this Schedule).	n.a.	12/21/XXXX
6	ZIP Code analyses and control totals delivered to Paragon (Items (3) and (4) of this Schedule).	n.a.	1/15/XXXX
7	Loss estimates for hurricanes (Item (6) of this Schedule).	n.a.	2 days and 15 days after the event.

**Compensation:**

(8) Beginning November 1, 2020, the Contractor's compensation will be based upon satisfactory completion of the services outlined in this Schedule, which includes base services, additional services and post event loss estimates, and the submission of an invoice as provided in paragraph 3 of the Contract. Compensation shall be based on the applicable contract year for which the ratemaking and post event loss estimates, if any, are provided. The compensation is as follows:

Contract Year	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
Period of Services	11/1/20 to 11/30/21	11/1/21 to 11/30/22	11/1/22 to 11/30/23	11/1/23 to 11/30/24	11/1/24 to 11/30/25
Compensation	\$90,500	\$92,763	\$92,763	\$95,082	\$95,082