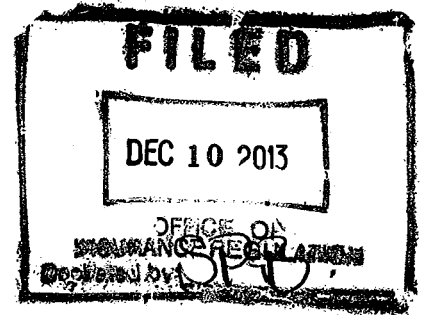




OFFICE OF INSURANCE REGULATION

KEVIN M. MCCARTY
COMMISSIONER



IN THE MATTER OF:

CASE NO.: 143030-13

**FLORIDA SURPLUS LINES
SERVICE OFFICE**

ORDER APPROVING YEAR 2014 BUDGET

THIS MATTER came on before the OFFICE OF INSURANCE REGULATION (the "OFFICE") for consideration and final agency action upon the submission from the Florida Surplus Lines Service Office ("FSLSO") of: 1) the proposed Year 2014 Budget, and 2) the request to maintain the current service fee at 0.2 percent.

The OFFICE, having considered the proposed budget and service fee request as approved and adopted by the FSLSO Board of Governors, and being otherwise fully advised in the premises, hereby finds as follows:

1. The OFFICE has jurisdiction over the subject matter of and parties to this proceeding, pursuant to §626.921(3), Florida Statutes, and other applicable provisions of the Florida Insurance Code.

2. Pursuant to §626.921(1), Florida Statutes, the FSLSO is a nonprofit association, created to promote in the State of Florida the orderly access to surplus lines insurance, to enhance the number of types of insurance products available to consumers, to provide a source of advice and counsel for the benefit of consumers, surplus lines agents, insurers, and government

agencies regarding the operation of the surplus lines insurance market, and to protect the revenues of this State.

3. The FLSO is required to submit to the Office for review and approval an annual budget for FLSO operations pursuant to §626.921(3)(e) and (f), Florida Statutes. The FLSO shall also submit for review and approval a service fee to be collected from all surplus lines agents for the FLSO cost of operations. The maximum amount allowable for the service fee is 0.3 percent of the total gross premium of each surplus lines policy or document reported to the FLSO. Pursuant to §626.921(3)(f), the Office determines the amount of the service fee.

4. On October 17, 2013, the FLSO submitted the following document in support of its request for approval:

a. 2014 FLSO Proposed Budget: The FLSO submits a total 2014 Budget of \$7,454,110.00. The proposed 2014 Budget includes operations expenses of \$7,245,430.00 and building operations expenses of \$208,680.00. The Operations budget reflects approximately a 9% increase from the 2013 Budget. (Attached as Exhibit "A".)

5. The FLSO recommends that its service fee for its tax collection operations remain at 0.2% (increased for the first time in 2013).

6. The FLSO projects revenues of \$10,686,604.00. The projected revenue comes from operations (service fee), Clearinghouse services, software license agreements, and investment income.

IT IS THEREFORE ORDERED THAT:

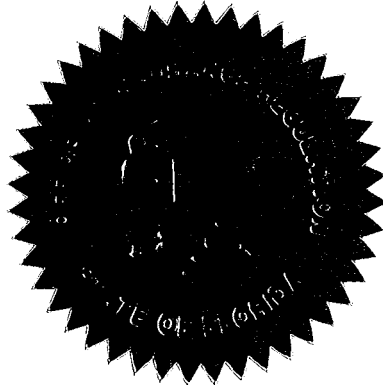
A. The FLSO's 2014 Budget as submitted to the Office on October 17, 2013, is hereby APPROVED.

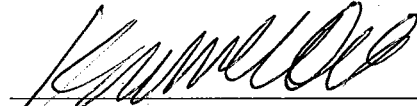
B. The FLSO's request to maintain its service fee at 0.2% is hereby DENIED in part. The Office determines that the FLSO may collect a service fee of up to 0.175% for the cost of operation of the service office.

C. The FLSO may charge a Clearinghouse service fee rate of up to 0.3%.

D. The Executive Director of the FLSO shall submit to the OFFICE no later than November 1, 2014, for review and approval, an annual budget and proposed service fee amount for year 2015, pursuant to §626.921(3)(e) and (f), Florida Statutes.

DONE and ORDERED this 10th day of DECEMBER, 2013.




Kevin M. McCarty, Commissioner
Office of Insurance Regulation

NOTICE OF RIGHTS

Pursuant to Sections 120.569 and 120.57, Florida Statutes and Rule Chapter 28-106, Florida Administrative Code (F.A.C.), you have a right to request a proceeding to contest this action by the Office of Insurance Regulation (hereinafter the "Office"). You may request a proceeding by filing a Petition. Your Petition for a proceeding must be in writing and must be filed with the General Counsel acting as the Agency Clerk, Office of Insurance Regulation. If served by U.S. Mail the Petition should be addressed to the Florida Office of Insurance Regulation at 612 Larson Building, Tallahassee, Florida 32399-4206. If Express Mail or hand-delivery is utilized, the Petition should be delivered to 612 Larson Building, 200 East Gaines Street, Tallahassee, Florida 32399-0300. The written Petition must be received by, and filed in the Office no later than 5:00 p.m. on the twenty-first (21) day after your receipt of this notice. Unless your Petition challenging this action is received by the Office within twenty-one (21) days from the date of the receipt of this notice, the right to a proceeding shall be deemed waived. Mailing the response on the twenty-first day will not preserve your right to a hearing.

If a proceeding is requested and there is no dispute of material fact the provisions of Section 120.57(2), Florida Statutes would apply. In this regard you may submit oral or written evidence in opposition to the action taken by this agency or a written statement challenging the grounds upon which the agency has relied. While a hearing is normally not required in the absence of a dispute of fact, if you feel that a hearing is necessary one will be conducted in Tallahassee, Florida or by telephonic conference call upon your request.

If you dispute material facts which are the basis for this agency's action you may request a formal adversarial proceeding pursuant to Sections 120.569 and 120.57(1), Florida Statutes. If you request this type of proceeding, the request must comply with all of the requirements of Rule Chapter 28-106.201, F.A.C., must demonstrate that your substantial interests have been affected by this agency's action, and contain:

- a) A statement of all disputed issues of material fact. If there are none, the petition must so indicate;
- b) A concise statement of the ultimate facts alleged, including the specific facts the petitioner contends warrant reversal or modification of the agency's proposed action;
- c) A statement of the specific rules or statutes the petitioner contends require reversal or modification of the agency's proposed action; and
- d) A statement of the relief sought by the petitioner, stating precisely the action petitioner wishes the agency to take with respect to the agency's proposed action.

These proceedings are held before a State hearing officer of the Division of Administrative Hearings. Unless the majority of witnesses are located elsewhere the Office will request that the hearing be conducted in Tallahassee.

In some instances you may have additional statutory rights than the ones described herein.

Failure to follow the procedure outlined with regard to your response to this notice may result in the request being denied. Any request for administrative proceeding received prior to the date of this notice shall be deemed abandoned unless timely renewed in compliance with the guidelines as set out above.

COPIES FURNISHED TO:

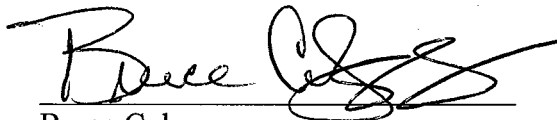
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Tallahassee, Florida 32312

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of this ORDER was sent by Certified Mail to Gary Pullen, Executive Director, Florida Surplus Lines Service Office, 1441 Maclay Commerce Drive, Suite 200, Tallahassee, Florida this 10th day of DECEMBER, 2013.

A handwritten signature in black ink, appearing to read "Bruce Culpepper", written over a horizontal line.

Bruce Culpepper
Assistant General Counsel
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399-4206
(850) 413-4139