

INSURANCE PROPOSAL

PREPARED FOR:



Sumter County Board of County Commissioners

**Workers Compensation Quote
Florida Sheriff's WC Self Insurance Fund**

PRESENTED BY:

Travis Childers, CIC

Brown & Brown of Florida, Inc.

900 N 14th Street

Leesburg, FL 34749-1636

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This presentation is designed to give you an overview of the insurance coverage's we recommend for your company, based upon information provided by you. It is meant only as a general understanding of your insurance needs and should not be construed as a legal interpretation of the insurance policies that will be written for you. Please refer to your specific insurance contracts for details on coverage's, conditions and exclusions. Specimen copies of all policies are available upon request prior to binding of coverage. If there are any other areas that need to be evaluated prior to binding of coverage, please bring this to our attention. Should any of your exposures change after coverage is bound, such as operations, hiring employees in new states, buying additional property etc. please let us know as proper coverage can be discussed.

Introduction

Your business represents a considerable investment of time, effort and money. It warrants the service of a company that can provide a comprehensive analysis of all your insurance needs, offer insurance programs that are competitively priced and extend full protection to meet your specific needs.

You need an Insurance Agency that is large enough to market your account to more than one leading insurance carrier, yet focused on providing professional, personalized service.

Our agency **Brown & Brown of Florida, Inc.** is that caliber of an agency. We provide the kind of quality attention and protection you and your company deserve. Representing more than 15 major carriers, specializing in every type of insurance coverage, we are able, and honored, to assume the responsibility of meeting your insurance needs.

Our recommendations are based on a careful analysis of the risks unique to you and your company. To this end, we have prepared a sound, competitively priced, insurance proposal for your review.

We appreciate the opportunity to evaluate you and your company and provide this proposal to cover your insurance and asset management needs.

Resources

Claims Management

At **Brown & Brown of Florida, Inc.**, we take an active role in the management of your claims. Our Service Team is committed to assuring you receive prompt and fair treatment for any claim involving coverage extended by our agency, to you or your company.

Loss Control/Risk Management

A successful Loss Control/Risk Management Program is based on a successful partnership between **Brown & Brown of Florida, Inc.**, you and your insurance carrier. As a team, all parties must work together to protect you, your business, your assets and to prevent future loss.

We will provide you with technical advice, resources, and assistance in developing, improving and monitoring an effective Loss Control/Risk Management program by:

- Reviewing your current Loss Control/Risk Management program;
- Analyzing loss data to identify specific areas which generate the greatest claim frequency;
- Reviewing your current environment and operations, including your physical assets, personnel practices, and organization of management;
- Conducting visits to all locations to develop a risk profile and to define management and insurance carrier responsibilities;
- Developing, improving, and implementing a Loss Control/Risk Management program with a written plan of expectations. (This program will be consistent with your management style and easily implemented);
- Establishing a meeting schedule to review and discuss safety and loss analysis reports with management and/or staff as required by your insurance carrier.

Employee Benefits

Brown & Brown of Florida, Inc. offers a full range of Employee Benefits that may be tailored to fit the needs of your company. With access to virtually all the major benefit companies in the US, we have the resources, knowledge and experience to help customize your benefits program to include any or all the following:

Medical – Health Care
Dental Coverage
Life Insurance
Long and Short-Term Disability
Group Retirement Plans
Pension and/or Profit Sharing

Brown & Brown of Florida, Inc. also has the experience to advise and administer both fully insured or partially self-insured plans.

FLORIDA SHERIFFS WORKERS' COMPENSATION SELF-INSURANCE FUND

Administered by: Hunt Insurance Group, LLC

P.O. Box 12909 * Tallahassee, FL 32317-2909 * 800-763-4868 * FAX 850-385-2124

Hunt Insurance Group, LLC / Willis HRH is pleased to provide a premium indication for fiscal year 10/01/2009 – 09/30/2010 for the Sumter County Board of County Commissioners by the Florida Sheriffs Workers' Compensation Self-Insurance Fund ("FSWCSIF"). The indication is based on payroll and loss information provided to our office. Please note that we are referring to this as an indication because workers' compensation premiums are based on estimated payroll for a fiscal year with a yearly audit to confirm final payroll numbers and premium.

Below are the payroll and rates by class code used to calculate the workers' compensation indication. The payroll used in this indication is based on the estimated payroll from QE December 2008 that was submitted to our office and projected out for the remainder of the year. The rates used to calculate this indication are the NCCI published rates as of 01/01/09. We also used your 2009-2010 experience modification factor of 1.00, which was calculated by our actuary. Please remember that this is only an indication, and the premium is subject to change due to adjustments in payroll or the experience modification factor.

2009-2010 Workers' Compensation Indication				
First Dollar Coverage – REVISED INDICATION as of 8/5/2009				
Classification	Code	Payroll	Rate	Premium
Street or Road Const/Pave-Repave	5506	383,228	8.37	32,076
Street or Road Maintenance	5509	763,732	8.04	61,404
Bus Co.: All Other Employees and Drivers	7382	580,696	6.00	34,842
Garbage Works, Collection or Incineration	7590	295,376	7.00	20,676
Firefighters & Drivers (Volunteers)	7704	1,227,508	3.65	44,804
Police Officers and Drivers (Non-Sheriff Payroll)	7720	105,108	3.63	3,815
Auto Repair Shop & Drivers	8380	234,916	3.16	7,423
Salespersons, Collectors & Messengers	8742	317,408	0.49	1,555
Clerical Employees	8810	8,080,988	0.28	22,627
Hospital Veterinary & Drivers	8831	118,500	1.59	1,884
Building Maintenance	9015	293,876	4.16	12,225
Housing Authority & Clerical, Salespersons & Drivers	9033	160,340	2.21	3,544
Park NOC-Employees & Drivers	9102	239,476	4.20	10,058
Street or Sewer Cleaning & Drivers	9402	89,256	7.07	6,310
Municipal, Township, County NOC	9410	734,760	2.84	20,867
Estimated Payroll		\$ 13,625,168		\$ 284,110
Total Manual Premium				\$ 284,110
Increased Employers Liability				3,978
Subject Premium				288,088
Optional Employer Safety Credit				(5,762)
Optional Drug Free Workplace Credit				(14,404)
Fund Credit				(14,206)
Standard Premium After Above Credits (If applicable)				253,716
Experience Modification Factor				1.00
Standard Premium				253,716
Premium Discount (Standard Premium \$10,001 - \$200,000)				(17,290)
Premium Discount (Standard Premium \$200,001 - \$1,750,000)				(6,070)
Expense Constant				200
Terrorism Risk Insurance Act 2002				2,725
ESTIMATED ANNUAL PREMIUM				\$ 233,281

Regarding the FSWCSIF indication above, there are a few items we would like to highlight.

1. The FSWCSIF is a self-insurance pool owned by its participants. It is your program and controlled by its members.
2. The FSWCSIF is not-for-profit.
3. The FSWCSIF is non-assessable. Your premium is your only obligation.
4. The FSWCSIF offers payment options.
5. The FSWCSIF offers aggressive and creative on-site loss control. Hunt Insurance Group's loss control staff has 55 years combined experience in governmental entities.
6. The FSWCSIF on-site loss control is based on OSHA standards.
7. The FSWCSIF conducts safety workshops and seminars for County personnel.
8. The FSWCSIF claims are paid by North American Risk Services (NARS). NARS provides aggressive and responsive claims adjustment and offers on-line claims files and review capabilities.
9. The FSWCSIF provides a communication portal called My Wave where Counties and their employees can receive OSHA information, sample safety manuals, safety tips and many more value added documentations.

We appreciate the Sumter County Board of County Commissioners allowing us to provide a workers' compensation indication for 2009-2010. If you have any questions regarding the FSWCSIF or the indication above, please contact Jane Nelson or Brooke Butler.

PREMIUM SUMMARY

Named Insured: Sumter County Board of County Commissioners

DESCRIPTION OF COVERAGE	PREMIUM
Workers Compensation	\$233,281.00
Fee	\$16,330.00
Total Estimated Indication	\$249,611.00

Brown & Brown insurance can not recommend this Self insurance fund at this time without Full knowledge and disclosure of the financial strenght and assets.

Statements to be added for non-admitted carriers:

Florida Sheriff's Workers Compensation Self Insurance Fund, an intermediary is not owned in whole or part by Brown & Brown, Inc., the parent company of Brown & Brown of Florida, Inc.. Brown & Brown entities operate independently and are not required to utilize other companies owned by Brown & Brown, Inc. but routinely do so. In addition to providing access to the insurance company, the Wholesale Insurance Broker/ Managing General Agent may provide additional services including, but not limited to: underwriting; loss control; risk placement; coverage review; claims coordination with insurance company; and policy issuance.

The compensation received by the Wholesale Insurance Broker/Managing General Agent for the services above is based upon commission. The commission for the services above is typically in the range of 8% - 10% of policy premium.

No Minimum earned disclosed on the quote

SUMMARY OF PROPOSED PREMIUMS AND RELATED INFORMATION

Premiums as Proposed: \$249,611.00

Payment Plan: Direct Bill

This proposal is based upon the exposures to loss made known to the Agency. Any changes in these exposures (i.e., new operations, new products, additional states of hire, etc.) need to be promptly reported to us in order that proper coverage(s) may be put into place.

Any "subject to" or "warranty" should also be mentioned here. These might be detailed loss information, signed applications, inspections, etc. Specific time schedules should be established for compliance with this needed data.

We appreciate the opportunity to assist your insurance needs. Information concerning additional compensation paid to other entities for this placement and related services appears below. Please do not hesitate to contact us if any additional information is required.

Our office is owned by Brown & Brown, Inc. Brown & Brown entities operate independently and are not required to utilize other companies owned by Brown & Brown, Inc., but routinely do so.

Financial Statements
and Other Financial Information

Florida Sheriffs' Workers' Compensation Self-Insurance Fund

*Years ended September 30, 2008 and 2007
with Report of Independent Auditors*

Thomas Howell
 Ferguson EA.

Florida Sheriffs' Workers' Compensation Self-Insurance Fund

Financial Statements
and Other Financial Information

Years ended September 30, 2008 and 2007

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Report of Independent Auditors

Board of Managers
Florida Sheriffs' Workers' Compensation Self-Insurance Fund

We have audited the accompanying statements of net assets of the Florida Sheriffs' Workers' Compensation Self-Insurance Fund (the Fund) as of September 30, 2008 and 2007, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Florida Sheriffs' Workers' Compensation Self-Insurance Fund as of September 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2009, on our consideration of the Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the Fund's basic financial statements taken as a whole. The schedule of claims development, earned membership contributions, and unallocated expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying schedule of revenues and expenses by fund year and schedule of investments are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Thomas Howell Ferguson P.A.

January 7, 2009

**Florida Sheriffs' Workers' Compensation Self-Insurance Fund
Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2008**

1. Objective and Background

This discussion provides an assessment by management of the current financial position, results of operations, cash flow and liquidity, and changes in financial position for the Florida Sheriffs' Workers' Compensation Self-Insurance Fund (FSWCSIF). Management contracts with an administrator, Hunt Insurance Group, LLC, to provide all necessary functions to administer this pool. Therefore, the administrator has prepared this discussion and analysis on behalf of management. Information presented in this discussion supplements the financial statements, schedules, and exhibits in the 2008 report of independent auditors.

FSWCSIF began operations on October 1, 2002 as the successor to the Florida Sheriffs' Association Workers' Compensation Program (FSAWCP), a large loss deductible workers' compensation program for participating sheriffs through September 30, 2002. FSWCSIF was established for the purpose of providing its members workers' compensation insurance and was formed pursuant to and in full compliance with the requirements of Section 624.4622, Florida Statutes. The following table provides information regarding the membership contribution allocation to the workers' compensation liability insurance.

LINE OF BUSINESS	%	AMOUNT
Workers' Compensation Liability	100	\$31,293,896

2. Financial Position

FSWCSIF's financial position at September 30 was as follows:

BALANCE SHEET	2008	2007
Assets		
Cash and cash equivalents	\$ 8,743,551	\$ 5,521,759
Investments	52,218,931	43,395,440
Advance to claims administrator	763,658	1,233,467
Other assets	1,382,697	1,445,954
Total assets	\$ 63,108,837	\$ 51,596,620
Liabilities and Fund Net Assets		
Reserve for claims	\$ 47,095,337	\$ 41,494,849
Unearned membership contributions	777,027	1,326,158
Other liabilities	1,531,999	1,298,206
Total liabilities	49,434,363	44,119,213
Fund net assets	13,674,474	7,477,407
Total liabilities and fund net assets	\$ 63,108,837	\$ 51,596,620

**Florida Sheriffs' Workers' Compensation Self-Insurance Fund
Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2008**

The net financial position of FSWCSIF improved in 2008. The net assets increased by 82.88%, from \$7,477,407 at September 30, 2007 to \$13,674,474 at September 30, 2008. The primary reasons for the increase in net assets were:

- ❖ Decrease in claim adjustment expenses of prior years of approximately \$4,500,000
- ❖ Decrease in claims administration expense of \$440,260
- ❖ Decrease in reinsurance premium of \$707,404

Assets

Cash flows from operations are invested primarily in U.S. government securities and agencies. The cash flows are invested by the administrator in accordance with the approved investment policy for FSWCSIF.

Accounts receivable for total reinsurance recoveries decreased from \$617,400 at September 30, 2007 to \$218,931 at September 30, 2008, a decrease of \$398,469. Total reinsurance recoveries in 2008 were \$1,767,935. The administrator monitors the ratings and payment performance of all reinsurers on a regular basis.

Liabilities

Reserves for claims and claims adjustment expenses are stated at the ultimate loss and have been evaluated by Godbold, Malpere & Company. The reserves are booked to 100% of our independent actuary's best estimate.

The administrator believes the established reserves are adequate based on historical trends; however, many factors, such as economic, social, judicial and legislative conditions can impact them. Establishing reserves is a judgmental and inherently uncertain process; therefore, it is possible that as conditions change and experience develops, additional reserves may be required in the future. Management contracts with a claims administrator who routinely monitors the reserves and adjusts them accordingly.

UNPAID CLAIMS LIABILITY	2008	2007
Unpaid claims and claim adjustment expenses	\$ 41,494,849	\$ 34,754,192
Incurring claims and claim adjustment expenses:		
For current year losses	20,785,867	21,294,236
For prior year losses	(4,496,400)	(2,326,859)
Total incurred claims and claim adjustment expenses	16,289,467	18,967,377
Claims and claim adjustment expenses paid:		
For current year losses	3,982,194	4,575,238
For prior year losses	6,706,785	7,651,482
Total claims and claim adjustment expenses paid	10,688,979	12,226,720
Unpaid claims and claim adjustment expenses	\$ 47,095,337	\$ 41,494,849

**Florida Sheriffs' Workers' Compensation Self-Insurance Fund
Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2008**

Fund Net Assets

The fund increased its net assets for fiscal year ended September 30, 2008. The improvement in net assets is primarily due to the favorable development of prior year claims.

3. Results of Operations

FSWCSIF's operating results for 2008 and 2007 and certain key financial ratios are presented in the following table.

STATEMENT OF INCOME AND RATIOS	2008	2007
Membership contributions earned	\$ 31,293,896	\$ 31,552,088
Miscellaneous income	5,110	3,959
Claims and claims adjustment expenses	(16,289,467)	(18,967,377)
Reinsurance expense	(5,177,060)	(5,884,464)
Supporting services	(5,314,963)	(5,666,845)
Gain from program services	4,517,516	1,037,361
Net investment income gain	1,679,551	2,722,168
Increase in fund net assets	\$ 6,197,067	\$ 3,759,529
Loss ratio	52.05%	60.11%
Reinsurance ratio	16.54%	18.65%
Supporting services ratio	16.98%	17.96%
Combined ratio	85.58%	96.72%

The combined ratio expresses the sum of the costs of claim losses, reinsurance and operating expenses as a percentage of premiums.

**Florida Sheriffs' Workers' Compensation Self-Insurance Fund
Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2008**

4. Cash Flow and Liquidity

Primary sources of cash include cash flow from operations, cash provided from the sale or maturity of investment assets. Primary uses of net cash flows include the purchase of investments. The cash flows of FSWCSIF for 2008 and 2007 are summarized as follows:

CASH FLOW STATEMENT	2008	2007
Operations		
Cash from members	\$ 30,744,765	\$ 31,898,763
Other cash receipts	104,991	(276,354)
Payments for claims expenses	(10,688,979)	(12,226,720)
Payments for reinsurance	(5,177,060)	(5,884,464)
Other cash payments	(4,581,361)	(6,814,372)
Cash provided by operations	\$ 10,402,356	\$ 6,696,853
Investing		
Investment income	\$ 3,142,616	\$ 2,145,989
Cost of investments acquired	(49,311,411)	(19,809,890)
Sales and Maturities of investments	38,988,231	12,146,512
Cash used in investment activities	\$ (7,180,564)	\$ (5,517,389)
Change in Cash		
Net increase in cash and cash equivalents	\$ 3,221,792	\$ 1,179,464

Liquidity

Since FSWCSIF conservatively reports the claims reserves at 100% of the actuary's best estimate and on an undiscounted basis, management believes that FSWCSIF has sufficient cash resources coming available to meet its balance sheet liabilities as they become due.

**Florida Sheriffs' Workers' Compensation Self-Insurance Fund
Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2008**

Future Plans

The issue as to whether FSWCSIF is subject to Workers' Compensation Administrative Trust Fund and Special Disability Trust Fund assessments is on-going. The Department of Financial Services (DFS), in its letter dated January 29, 2004, advised FSWCSIF that it is subject to the assessments and fees. DFS, in its letter dated February 25, 2005, notified FSWCSIF that it recognized its establishment date to be October 1, 2002.

Since it is FSWCSIF's position that it is not subject to the assessments and fees, the Board directed its general counsel to file for a refund for the assessments and fees that had been made. In its letter dated April 28, 2005, DFS acknowledged receipt of the application for refund. Whereas no refund or notification of any further action was forthcoming from DFS, at the Board's direction, its general counsel filed a complaint in July 2005 regarding the refund of these payments as it continues to be FSWCSIF's position that it is not subject to these assessments and fees.

In order to avoid any penalties and interest, and on advice from its general counsel, FSWCSIF has submitted payments in the amount of \$1,525,457 for the fiscal year ended September 30, 2008 and a total of \$8,843,897 since program inception. All payments continue to be made through FSWCSIF's general counsel and paid under protest to protect FSWCSIF's position pending final legal determination.

This litigation is on-going; however, the court recently dismissed the suit and directed the issue to the Florida Department of Administrative Hearings (FDAH). A hearing before the FDAH hearing office should be held within the year.

Management is directly addressing the impact of Florida's presumption laws which have led to substantial claims and reserves for exposures that essentially did not exist for Sheriff's Office employees before 2003. At the Board's direction, a legislative bill to more narrowly restrict the potential presumption impact of heart and circulatory diseases to FSWCSIF was developed and introduced during the 2005 and 2006 legislative sessions. The bill did not pass during the 2005 or 2006 legislative sessions, but the Legislature did adopt this bill in 2007. Additional legislative relief was sought unsuccessfully in 2008 and will be sought again in the 2009 legislative session. With regard to the overall cost containment of workers' compensation claims, management continues to aggressively step up efforts via risk management/loss control to deal with increasing claim trends.

While the impact of this presumption is just beginning to be felt, aggressive efforts from management and members to further effect legislation should help curb the negative and uncontrollable aspects of the law. It is hoped such efforts will gain universal support and streamline and tighten the law so as to only provide for compensation in those cases which the FSWCSIF believes should be covered and eliminate compensation in instances where the claimant has control, such as lifestyle factors.

The program sustained its largest estimated ultimate incurred claim to date on a heart and hypertension presumption claim for a certified officer. This has caused the FSWCSIF to develop more involved internal review procedures and protocol review of heart and hypertension claims and underscores the need for an overhaul of the Presumption Law for lifestyle issues.

**Florida Sheriffs' Workers' Compensation Self-Insurance Fund
Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2008**

For the 2007-2008 fiscal year, the program elected a larger self-insured retention of \$500,000 for each claim (up from \$350,000) in an effort to gain more control of the working layer claims and to achieve a better pricing level of reinsurance. Reinsurance overall was greatly improved and, as a result, the program purchased a larger amount of catastrophic coverage as well as coverage for Nuclear, Biological, Chemical, and Radiological terrorism protection. The overall reinsurance pricing was lower and the additional coverage was achieved without increasing the costs on a percentage basis over the prior year's reinsurance pricing.

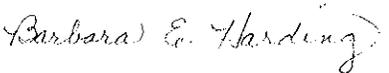
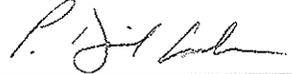
North American Risk Services (NARS), claims handling adjudicator for the fund, continues to enhance its automation systems and has claims available online for members of FSWCSIF to view and track their own claims.

Management continues to monitor serious claims and the new First Responder Law which took effect July 1, 2007 which now brings under the program treatment for mental anguish and psychological trauma for first responders, identified as law enforcement officers, emergency medical technicians and firefighters. This again creates an "unfunded mandate" for new coverages without addressing increased costs associated with heretofore uncovered claims for psychological trauma without accompanying physical injury. It remains to be seen what impact this may have but management is working with the Board and NARS to develop new review and protocol measures to monitor these claims.

All members of FSWCSIF were retained during 2007-2008. Management will continue its marketing efforts to attract additional members to the fund.

Management will continue its commitment of monitoring the performance for the current program structure. There are no additional plans to make any structural changes in the near future, unless requested by the reinsurer(s) and/or determined to be advantageous to the program, until the effect of the most current year's changes have matured.

Submitted By:

 _____ Scott P. Hunt	Administrator's President	<u>1/7/2009</u> Date
 _____ Barbara E. Harding	Administrator's Treasurer	<u>1/7/2009</u> Date
 _____ P. Daniel Condon	Administrator's Vice President / General Counsel	<u>1/7/2009</u> Date

Florida Sheriffs' Workers' Compensation Self-Insurance Fund

Statements of Net Assets

	September 30,	
	<u>2008</u>	<u>2007</u>
Assets		
Cash and cash equivalents	\$ 8,743,551	\$ 5,521,759
Investments	52,218,931	43,395,440
Accounts receivable	952,761	1,052,642
Advance to Service Company	763,658	1,233,467
Accrued investment income	<u>429,936</u>	<u>393,312</u>
Total assets	<u>\$ 63,108,837</u>	<u>\$ 51,596,620</u>
Liabilities and net assets		
Liabilities:		
Reserve for unpaid claims and claim adjustment expenses	\$ 47,095,337	\$ 41,494,849
Accounts payable and accrued expenses	1,205,369	1,298,206
Unearned member contributions	777,027	1,326,158
Due to related parties	<u>356,630</u>	<u>-</u>
Total liabilities	49,434,363	44,119,213
Net assets:		
Unrestricted	<u>13,674,474</u>	<u>7,477,407</u>
Total liabilities and net assets	<u>\$ 63,108,837</u>	<u>\$ 51,596,620</u>

See accompanying notes.

Florida Sheriffs' Workers' Compensation Self-Insurance Fund

Statements of Revenues, Expenses, and Changes in Net Assets

	Years ended September 30,	
	2008	2007
Operating revenues:		
Program support:		
Earned member contributions	\$ 31,293,896	\$ 31,552,088
Reinsurance premiums	(5,177,060)	(5,884,464)
Miscellaneous income	<u>5,110</u>	<u>3,959</u>
Total operating revenues	<u>26,121,946</u>	<u>25,671,583</u>
Operating expenses:		
Program services:		
Claims and claim adjustment expenses paid	10,688,979	12,226,720
Change in reserve for unpaid claims and claim adjustment expenses	<u>5,600,488</u>	<u>6,740,657</u>
Total program services	<u>16,289,467</u>	<u>18,967,377</u>
Supporting services:		
Accounting	49,069	26,546
Actuarial analysis	52,323	24,499
Administrator's fees	2,490,573	2,366,407
Claims administration expense	778,120	1,218,380
Florida Sheriff's Association fees	312,939	315,521
Managers' travel	25,279	5,161
Miscellaneous legal expense	64,219	71,129
Licenses and taxes	1,519,326	1,595,682
Other	<u>23,115</u>	<u>43,520</u>
Total supporting services	<u>5,314,963</u>	<u>5,666,845</u>
Total operating expenses	<u>21,604,430</u>	<u>24,634,222</u>
Operating income	4,517,516	1,037,361
Nonoperating revenues:		
Investment income, net	2,526,992	2,235,859
Change in fair value of investments	<u>(847,441)</u>	<u>486,309</u>
Total nonoperating revenues	<u>1,679,551</u>	<u>2,722,168</u>
Increase in net assets	6,197,067	3,759,529
Net assets at beginning of year	<u>7,477,407</u>	<u>3,717,878</u>
Net assets at end of year	<u>\$ 13,674,474</u>	<u>\$ 7,477,407</u>

See accompanying notes.

Florida Sheriffs' Workers' Compensation Self-Insurance Fund

Statements of Cash Flows

	Years ended September 30,	
	2008	2007
Operating activities		
Receipts from members	\$ 30,744,765	\$ 31,898,763
Other operating cash receipts	104,991	(276,354)
Cash payments for claims	(10,688,979)	(12,226,720)
Cash payments for reinsurance	(5,177,060)	(5,884,464)
Other operating cash payments	<u>(4,581,361)</u>	<u>(6,814,372)</u>
Net cash provided by operating activities	<u>10,402,356</u>	<u>6,696,853</u>
Investing activities		
Investment income received	3,142,616	2,145,989
Purchases of investments	(49,311,411)	(19,809,890)
Sales and maturities of investments	<u>38,988,231</u>	<u>12,146,512</u>
Net cash used in investing activities	<u>(7,180,564)</u>	<u>(5,517,389)</u>
Net increase in cash and cash equivalents	3,221,792	1,179,464
Cash and cash equivalents at beginning of year	<u>5,521,759</u>	<u>4,342,295</u>
Cash and cash equivalents at end of year	<u>\$ 8,743,551</u>	<u>\$ 5,521,759</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 4,517,516	\$ 1,037,361
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable	99,881	(280,313)
Advance to Service Company	469,809	(716,570)
Reserve for unpaid claims and claim adjustment expenses	5,600,488	6,740,657
Accounts payable and accrued expenses	(92,837)	(430,956)
Unearned member contributions	(549,131)	346,674
Due to related parties	<u>356,630</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 10,402,356</u>	<u>\$ 6,696,853</u>
Noncash investing activities		
(Decrease) increase in fair value of investments	<u>\$ (847,441)</u>	<u>\$ 486,309</u>

See accompanying notes.

Florida Sheriffs' Workers' Compensation Self-Insurance Fund

Notes to Financial Statements

Years ended September 30, 2008 and 2007

1. Summary of Significant Accounting Policies

Organization and Program Description

The Florida Sheriffs' Workers' Compensation Self-Insurance Fund (the Fund) was organized in October 2002 for the purpose of establishing a public entity risk pool permitting Florida Sheriffs to pool their liabilities for workers' compensation benefits. The Fund began underwriting workers' compensation risks effective October 1, 2002 under the direction of a board of managers. The Fund is a successor to the Florida Sheriffs' Association Workers' Compensation Program (the Program) which operated a large loss deductible workers' compensation program for participating Florida Sheriffs through September 30, 2002. The Program is currently in run-off and issues separate financial statements on its activities. All of the current 25 members of the Fund are State of Florida Constitutional Officers elected to serve a public purpose. The Fund provides its members workers' compensation coverages to Florida statutory limits.

Effective May 9, 2008, the Fund's Board of Managers approved a motion to allow members of the Florida Association of Counties (FAC) to join the Fund. As of the September 30, 2008, no members of FAC have elected to insure their workers' compensation exposure with the Fund.

Basis of Accounting

The Fund follows financial reporting requirements for enterprise funds, which uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recognized when they are incurred.

Revenue Recognition

Fund support and operating revenues - Fund revenues consist of member contributions for insurance coverage. Member contributions are recognized over the life of the related policies that have an October 1 common anniversary date. Contributions written for policies with inception dates after October 1 are pro-rated for the number of days remaining in the policy period.

Operating revenues and expenses generally result from providing workers' compensation insurance coverage in connection with ongoing operations. Operating revenues of the Fund consist of member contributions for insurance coverage. Operating expenses include claims and claim adjustment expenses, and administrative expenses incurred in servicing the program.

Florida Sheriffs' Workers' Compensation Self-Insurance Fund

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Fund considers demand deposits, cash with fiscal agents, and investments with original maturities of three months or less to be cash and cash equivalents. Demand deposits are insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC). At September 30, 2008, the Fund did have material balances in excess of FDIC coverage. As of October 3, 2008, FDIC coverage increased from \$100,000 to \$250,000 until December 31, 2009.

The Fund has certain cash deposit accounts that are swept nightly into United States Treasury instruments for interest earning purposes. These overnight investments are not covered by federal insurance or collateralized by any other securities.

Accounts Receivable

Accounts receivable consists primarily of amounts due from members for contributions and reinsurance recoveries receivable. Uncollectible accounts receivable are charged to bad debt expense in the period determined uncollectible. Recoveries received on amounts previously charged-off are credited to bad debt expense in the period received. There were no amounts charged or credited to bad debt expense for the years ended September 30, 2008 and 2007.

Income Taxes

The Fund operates as a cooperative group of governmental entities joining together to finance a liability, and as such, the excess of member contributions and investment income over expenses is considered public monies and, therefore, exempt from state and federal income taxes. Accordingly, the financial statements do not include a provision for state and federal income taxes.

Investments

Investments held by the Fund are recorded at quoted fair value.

Reinsurance

The accompanying financial statements reflect operating revenues and claims and claim adjustment expenses net of reinsurance ceded (see Note 4). Those reinsurance arrangements allow the Fund to control exposure to potential losses arising from large risks. Amounts recoverable from reinsurers are estimated in a manner consistent with the claims and claim adjustment expense reserves associated with the reinsured policies. Similarly, reinsurance premiums, claims and claims adjustment expenses are accounted for on bases consistent with those used in accounting for the related original policies issued and the specific terms of the reinsurance contracts.

Florida Sheriffs' Workers' Compensation Self-Insurance Fund

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Reserve for Unpaid Claims and Claim Adjustment Expenses

The liability for unpaid claims and claim adjustment expenses is based on an actuarial determination and represents estimates for the gross ultimate cost of claims that are unpaid at the statement of net assets date. These liabilities are necessarily subject to the impact of future changes in claim severity and other factors. The unpaid claims and claim adjustment expense estimates are continually reviewed and, as adjustments become necessary, such adjustments are reflected in current operations. There is an absence of a significant amount of historical experience as to whether the Fund's actual incurred claims and claim adjustment expenses will conform to the actuarial assumptions inherent in the determination of the liability. Accordingly, the ultimate settlement of claims and claim adjustment expenses may vary significantly from the actuarial estimates.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Election to Apply FASB Statements

The Fund has elected to apply all FASB Statements and interpretations issued after November 30, 1989, except for those that conflict with GASB pronouncements, as permitted by GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*.

2. Investments

Investments at fair value consist of the following:

	September 30,	
	<u>2008</u>	<u>2007</u>
U.S. Government corporation and agency obligations	\$ 50,260,112	\$ 40,945,392
Equities	<u>1,958,819</u>	<u>2,450,048</u>
	<u>\$ 52,218,931</u>	<u>43,395,440</u>

Florida Sheriffs' Workers' Compensation Self-Insurance Fund

Notes to Financial Statements

2. Investments (continued)

Interest rate risk. The Fund's investment policy limits the average weighted life of the investment portfolio, without consideration to equities or operating funds, to be between two and seven years as means to managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. The Fund's investment policy limits its investments to federally insured certificates of deposit, direct obligations of the U.S. Government, mortgage-backed securities, and collateralized mortgage obligations of U.S. Government agencies and instrumentalities. In addition, the Fund may invest in corporate bonds rated Aa3 or higher by Moody's and A+ or higher by Standard and Poor's (S&P) with a final maturity of five years or less. Equity investments are limited to S&P 500 Index Funds, the Janus Fund, and the T. Rowe Price International Fund. As of September 30, 2008 and 2007, the Fund's investments in U.S. Government corporate obligations, mortgage-backed securities, and collateralized mortgage obligations of U.S. Government agencies and instrumentalities were rated Aaa by Moody's Investors Service and AAA by S&P. The Fund's investments in corporate bonds were rated Aa3 and higher by Moody's and A+ and higher by S&P. The Fund's mutual fund equity investments were rated 3 star and higher by Morningstar.

Custodial credit risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2008, of the Fund's \$52.2 million in investments, \$1.4 million of the Fund's investments in equities are held by the investment's counterparty, not in the name of the Fund. As of September 30, 2007, of the Fund's \$43.4 million in investments, \$1.9 million of the Fund's investments in equities are held by the investment's counterparty, not in the name of the Fund. The Fund's investment policy limits holding of equity securities to a maximum of 8% of the investment portfolio.

Mortgage-backed securities and collateralized mortgage obligations. As of September 30, 2008, the Fund is invested in mortgage-backed securities and collateralized mortgage obligations with a fair market value of \$15,954,200 and \$645,986, respectively. As of September 30, 2007, the Fund was invested in mortgage-backed securities with a fair market value of \$9,490,853. These securities are valued based on cash flows from payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates and defaults by mortgagees.

Florida Sheriffs' Workers' Compensation Self-Insurance Fund

Notes to Financial Statements

3. Unpaid Claims Liabilities

The changes in the reserve for unpaid claims and claim adjustment expenses for the years ended September 30, 2008 and 2007 are as follows:

	2008	2007
Unpaid claims and claim adjustment expenses at beginning of period	\$41,494,849	\$34,754,192
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	20,785,867	21,294,236
Change in provision for insured events of prior fiscal years	<u>(4,496,400)</u>	<u>(2,326,859)</u>
Total incurred claims and claim adjustment expenses	<u>16,289,467</u>	<u>18,967,377</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	3,982,194	4,575,238
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>6,706,785</u>	<u>7,651,482</u>
Total payments	<u>10,688,979</u>	<u>12,226,720</u>
Unpaid claims and claim adjustment expenses at end of the period	<u>\$47,095,337</u>	<u>\$41,494,849</u>

In 2008 and 2007, net incurred claims and claim adjustment expenses attributable to insured events of prior years has developed approximately \$(4,496,000) and \$(2,327,000), respectively, as a result of reestimation of unpaid claims and claim adjustment expenses. These adjustments are generally the result of ongoing analysis of recent claim development trends. Original estimates are decreased or increased as additional information becomes known regarding individual claims.

4. Reinsurance

The Fund insures certain risks with other insurance companies for the purpose of limiting maximum loss exposure and protecting against catastrophic losses. The Fund has entered into the following reinsurance agreements.

Effective October 1, 2002, the Fund entered into an excess of loss reinsurance agreement which generally reinsures specific losses on a per occurrence basis from \$350,000, continuously up to \$10 million. This coverage is provided through three layers as follows:

Layer	Coverage	Retention
1	\$ 650,000	\$ 350,000
2	4,000,000	1,000,000
3	5,000,000	5,000,000

The coverage described above is effective for claims arising during policy years beginning October 1, 2002 through September 30, 2007. Effective October 1, 2007, the Fund's retention under the first excess layer was increased to \$500,000, with the participating reinsurers then being liable for the next \$500,000 of net ultimate losses.

Florida Sheriffs' Workers' Compensation Self-Insurance Fund

Notes to Financial Statements

4. Reinsurance (continued)

Layers 2 and 3 require the payment of a reinstatement premium once the policy limits are exhausted. During the year ended September 30, 2008, the Fund incurred losses that exceeded the coverage provided under Layer 2 and, therefore, incurred \$323,377 of reinstatement premium expense. This amount was withheld by the reinsurer from balances due the Fund under Layer 2 of the excess agreement.

Additionally, the Fund maintained \$5 million of coverage for aggregate losses in excess of 125% of net premiums, as defined, for the years ended September 30, 2008 and 2007.

Effective October 1, 2007, the Fund entered into a catastrophe excess of loss reinsurance agreement which provides an additional \$10 million of excess coverage for all losses in excess of the Fund's retention of \$10 million which is provided under the layers of coverage noted above. In the event the coverage provided under this agreement is exhausted, the Fund is subject to additional reinstatement premiums to continue coverage.

Effective October 1, 2007, the Fund entered into an excess of loss reinsurance agreement which provides coverage for losses resulting from events determined to meet the definition of terrorism provided within the agreement. The Fund is liable for the first \$500,000 of the resulting losses. The participating reinsurer is then liable for the amount by which such losses exceed the Fund's retention, but not to exceed \$9,500,000 within Layer 1. Layer 2 of the agreement then provides an additional \$10 million of coverage in excess of the \$10 million of losses covered within Layer 1.

The Fund's reinsured risks are treated, to the extent of the reinsurance, as though they are risks for which the Fund is not liable. However, the Fund remains contingently liable in the event the reinsuring companies do not meet their obligations under these reinsurance contracts. Given the quality of the reinsuring companies, management believes this possibility to be remote. At September 30, 2008 and 2007, anticipated recoverables due from reinsurers relating to unpaid losses under these treaties were approximately \$1,128,000 and \$7,277,000, respectively. At September 30, 2008 and 2007, reinsurance recoveries receivable on paid losses were \$218,931 and \$617,400, respectively.

Florida Sheriffs' Workers' Compensation Self-Insurance Fund

Notes to Financial Statements

5. Administrative and Service Company Agreements

The Board of Managers retains Hunt Insurance Group, LLC (Hunt) as Administrator for the Fund in accordance with an administrative services agreement (the Agreement) between the two parties. Under the Agreement, Hunt provides contributions billing and collecting, sales and marketing, accounting, data processing, and other general administrative services. As consideration for the services provided, the Agreement provides that the Fund will pay Hunt an administrative fee calculated on a sliding scale using contributions revenue as follows:

<u>Gross Contributions</u>	<u>Rate</u>
\$0 - \$30,000,000	8.0 %
\$30,000,001 - \$45,000,000	7.0 %
\$45,000,001 - \$60,000,000	6.0 %
All amounts equal to or greater than \$60,000,001	5.0 %

The Board of Managers retains North American Risk Services (NARS) to provide claims handling and adjudication services. Compensation under the claims servicing agreement is \$410 and \$1,475 for each medical and indemnity claim, respectively, for the years ended September 30, 2008 and 2007.

6. Concentration of Economic Dependence

For the year ended September 30, 2008, the Fund has 25 active members, of which two comprised approximately 25% of the Fund's total contributions.

7. Assessments

During 2004, the Fund received notice from the Florida Department of Financial Services, Division of Workers' Compensation that it is subject to Special Disability Trust Fund and Workers' Compensation Administration Trust Fund assessments pursuant to Section 440.49 and 440.50, Florida Statutes. The Fund has concluded that it is exempt from these assessments, and has filed a protest of the State's determination seeking appropriate remedies. However, in order to preserve its rights and to not be subject to penalties and interest on unpaid amounts, the Fund began filing quarterly assessment reports and paying the assessments effective January 29, 2004. During the years ended September 30, 2008 and 2007, assessments totaled \$1,519,326 and \$1,595,682, respectively. These assessments are reported as licenses and taxes on the accompanying statement of revenues, expenses and changes in net assets.

Legal counsel has advised the Fund that it is reasonably possible that the state of Florida may prevail in this matter.

Supplementary Information

Florida Sheriffs' Workers' Compensation Self-Insurance Fund

Schedule of Claims Development, Earned Membership Contributions,
and Unallocated Expenses

	Years ended September 30,					
	2003	2004	2005	2006	2007	2008
Earned membership contributions and investment income	\$ 16,601,032	\$ 20,841,761	\$ 28,533,229	\$ 35,980,451	\$ 34,278,215	\$ 32,978,557
Excess liability insurance	3,433,452	4,640,872	5,474,539	6,529,657	5,884,464	5,177,060
Net earned membership contributions and investment income	13,167,580	16,200,889	23,058,690	29,450,794	28,393,751	27,801,497
Unallocated expenses	2,747,679	4,282,573	7,506,863	6,300,405	5,666,845	5,314,963
Estimated incurred claims and expenses, end of policy year						
Incurred	13,040,929	17,661,000	18,086,282	21,806,000	23,523,654	20,785,867
Ceded	1,985,381	3,170,150	3,368,544	3,179,315	2,229,418	-
Net incurred	11,055,548	14,490,850	14,717,738	18,626,685	21,294,236	20,785,867
Cumulative net paid claims as of:						
End of policy year	2,631,353	2,954,193	4,033,832	4,003,003	4,575,239	3,982,194
One year later	5,586,654	5,457,463	6,979,096	7,897,468	7,786,695	-
Two years later	7,520,127	6,491,790	8,480,662	9,412,023	-	-
Three years later	9,094,475	7,289,255	9,838,953	-	-	-
Four years later	10,552,460	7,676,960	-	-	-	-
Five Years Later	10,787,237	-	-	-	-	-
Reestimated ceded claims and expenses	3,526,776	1,163,087	1,908,092	726,628	4,324,887	1,128,133
Reestimated incurred claims and expenses:						
End of policy year	13,040,929	14,490,850	17,645,456	18,626,685	21,294,236	20,785,867
One year later	13,565,819	12,404,856	16,760,017	18,241,660	18,558,113	-
Two years later	14,252,196	11,888,414	15,377,547	16,330,372	-	-
Three years later	14,047,440	11,181,158	15,079,908	-	-	-
Four years later	14,195,332	11,539,913	-	-	-	-
Five Years Later	14,285,224	-	-	-	-	-
Increase (decrease) in estimated net incurred claims and expense from end of the policy year	\$ 3,229,676	\$ (2,950,937)	\$ 362,170	\$ (2,296,313)	\$ (2,736,123)	\$ -

See report of independent auditors.

Florida Sheriffs' Workers' Compensation Self-Insurance Fund

Schedule of Revenues and Expenses by Fund Year

Years ended September 30, 2003 through 2008

	Total All Periods	2008	2007	2006	2005	2004	2003
Membership contributions	\$ 162,456,413	\$ 31,293,896	\$ 31,552,088	\$ 34,457,292	\$ 28,074,558	\$ 20,568,571	\$ 16,510,008
Distribution from FSAWCP	4,000,000	-	-	-	-	-	4,000,000
Miscellaneous income	9,069	5,110	3,959	-	-	-	-
Investment income	7,484,353	2,526,992	2,235,859	1,553,010	750,384	327,669	90,439
Change in fair value (beginning October 1, 2002)	(736,590)	(847,441)	486,309	(29,851)	(291,713)	(54,479)	585
Total revenue	173,213,245	32,978,557	34,278,215	35,980,451	28,533,229	20,841,761	20,601,032
Reinsurance expense	31,140,044	5,177,060	5,884,464	6,529,657	5,474,539	4,640,872	3,433,452
Taxes and assessments	8,843,995	1,519,326	1,595,682	1,771,287	3,140,194	817,506	-
Other operating expenses	22,975,332	3,795,637	4,071,163	4,529,118	4,366,669	3,465,066	2,747,679
Total operating expenses	62,959,371	10,492,023	11,551,309	12,830,062	12,981,402	8,923,444	6,181,131
Funds available to pay claims	110,253,874	22,486,534	22,726,906	23,150,389	15,551,827	11,918,317	14,419,901
Claims paid-indemnity	12,934,146	615,336	1,494,753	2,154,746	2,662,133	2,162,840	3,844,338
Claims paid-medical	37,044,614	2,990,271	7,863,202	6,784,024	6,956,018	5,455,706	6,995,393
Claims paid-allocated loss expense	4,087,615	383,961	658,878	682,866	778,864	587,104	995,942
Recoveries	(1,138,915)	(7,373)	(123,101)	(209,613)	(308,996)	(261,637)	(228,195)
Claims paid-excess loss	(3,443,397)	-	(2,107,037)	-	(249,066)	(267,053)	(820,241)
Total claims paid	49,484,063	3,982,195	7,786,695	9,412,023	9,838,953	7,676,960	10,787,987
Claims reserves-indemnity	6,827,279	1,120,959	1,518,960	1,053,945	1,209,617	656,502	1,267,296
Claims reserves-medical	16,245,782	4,528,008	3,117,231	2,202,960	2,236,915	1,872,333	2,288,335
Claims reserves-allocated loss expenses	1,540,919	551,189	356,668	245,588	205,888	86,353	95,233
Claims reserves-excess loss	(4,767,794)	-	(1,124,217)	(340,823)	(1,022,517)	(566,498)	(1,713,739)
Total claims reserves-reported claims	19,846,186	6,200,156	3,868,642	3,161,670	2,629,905	2,048,690	1,937,125
Claims reserves-actuarial adjustment-direct	31,815,563	11,731,652	7,996,409	4,142,484	3,247,561	2,143,799	2,553,658
Claims reserves-actuarial adjustment excess loss	(4,566,412)	(1,128,133)	(1,093,633)	(385,805)	(636,509)	(329,536)	(992,796)
Total claims reserves	47,095,337	16,803,675	10,771,418	6,918,349	5,240,955	3,862,953	3,497,987
Total claims expenses and reserves	96,579,400	20,785,870	18,558,113	16,330,372	15,079,908	11,539,913	14,285,224
Net assets	13,674,474	1,700,664	4,168,793	6,820,017	471,919	378,404	134,677
Ratio of total claims paid, claim expenses paid, and claim reserves to membership contributions	59.45%	66.42%	58.82%	47.39%	53.71%	56.10%	86.52%
Ratio of total claims paid, claim expenses paid, and claim reserves to total revenues	55.76%	63.03%	54.14%	45.39%	52.85%	55.37%	69.34%
Ratio of total expenses and claims reserves to total revenue	92.11%	94.84%	87.84%	81.05%	98.35%	98.18%	99.35%
Ratio of total expenses to total revenue (excluding distribution from FSAWCP)	94.28%	94.84%	87.84%	81.05%	98.35%	98.18%	123.28%

The internal allocation between General Operating and Claims Fund has been discontinued as of fiscal year ended 9/30/2007

See report of independent auditors.

Other Financial Information

Florida Sheriffs' Workers' Compensation Self-Insurance Fund

Schedule of Investments

Year ended September 30, 2008

Bank	Type	Market Value	Yield to Maturity (unaudited)	Maturity Date (unaudited)
First Tennessee Bank	CORP NT	\$ 500,000	2.7501%	10/1/2008
First Tennessee Bank	TVA NOTE	501,095	3.2050%	11/13/2008
SunTrust	CORP NT	349,089	3.0060%	11/24/2008
SunTrust	CORP NT	494,832	4.6500%	12/1/2008
SunTrust	T-BILL	249,848	1.7020%	12/18/2008
SunTrust	T-BILL	249,848	0.5080%	12/18/2008
SunTrust	T-NOTE	328,758	4.5190%	2/15/2009
SunTrust	T-BILL	248,483	0.9990%	3/19/2009
First Tennessee Bank	CORP NT	248,330	3.6100%	4/1/2009
Total short-term		<u>3,170,283</u>		
First Tennessee Bank	FHLB	500,000	3.9180%	6/29/2009
First Tennessee Bank	T-NOTE	253,495	2.1200%	7/15/2009
First Tennessee Bank	CORP NT	484,660	4.0200%	1/15/2010
First Tennessee Bank	T-NOTE	255,585	2.3300%	2/15/2010
SunTrust	T-NOTE	335,613	4.4200%	4/15/2010
SunTrust	T-NOTE	341,961	4.4000%	1/15/2011
First Tennessee Bank	CORP NT	252,025	5.2000%	1/21/2011
Morgan Keegan	FHLB	371,652	3.3750%	5/27/2011
SunTrust	FHLB	502,813	4.2500%	7/14/2011
SunTrust	FHLMC	345,989	3.5000%	4/10/2012
SunTrust	T-NOTE	665,640	3.3750%	11/30/2012
First Tennessee Bank	CORP NT	431,110	5.4100%	7/15/2013
First Tennessee Bank	FHLB	494,065	4.1846%	8/13/2013
Morgan Keegan	FHLB	185,225	4.9480%	12/30/2015
Total medium-term		<u>5,419,833</u>		
First Tennessee Bank	FFCB	500,155	5.0555%	10/3/2012
First Tennessee Bank	FFCB	501,405	5.2500%	11/7/2012
Morgan Keegan	FNMA NOTE	495,126	4.2830%	1/14/2013
First Tennessee Bank	FHLB	495,940	4.4440%	3/19/2013
First Tennessee Bank	FHLMC	425,999	4.6273%	7/16/2013
Morgan Keegan	FHLB	502,470	5.0000%	7/30/2013
First Tennessee Bank	TVA NOTE	243,998	5.4600%	10/15/2013
Morgan Keegan	FFCB	246,382	4.5000%	4/22/2014
First Tennessee Bank	FNMA NOTE	687,092	4.2707%	2/19/2015
Morgan Keegan	FFCB	387,213	4.5000%	2/19/2015
First Tennessee Bank	FHLB	312,007	4.6510%	2/25/2015
First Tennessee Bank	FHLMC	298,644	5.0800%	3/23/2015
First Tennessee Bank	TVA NOTE	295,893	5.0000%	4/15/2015
First Tennessee Bank	FHLB	492,345	4.7673%	5/14/2015

(continued)

Florida Sheriffs' Workers' Compensation Self-Insurance Fund

Schedule of Investments

Year ended September 30, 2008

Bank	Type	Market Value	Yield to Maturity (unaudited)	Maturity Date (unaudited)
First Tennessee Bank	TVA NOTE	489,100	5.2500%	12/15/2015
First Tennessee Bank	FHLMC	496,525	5.0424%	12/15/2015
First Tennessee Bank	FHLMC	390,064	4.0000%	5/15/2016
First Tennessee Bank	FHLMC	396,120	5.0200%	7/15/2016
First Tennessee Bank	FHLMC	490,020	4.2488%	9/15/2016
First Tennessee Bank	FHLMC	492,995	5.0000%	3/3/2017
First Tennessee Bank	FNMA NOTE	500,000	5.5300%	3/7/2017
First Tennessee Bank	FNMA NOTE	488,750	5.1000%	4/26/2017
First Tennessee Bank	FHLMC	350,665	5.5823%	5/18/2017
First Tennessee Bank	FHLMC	506,705	6.0014%	6/15/2017
Morgan Keegan	FFCB	515,300	5.8979%	8/16/2017
Morgan Keegan	FHLB	496,732	5.1250%	12/13/2017
First Tennessee Bank	FHLMC	450,509	5.6678%	1/9/2018
First Tennessee Bank	FHLB	463,750	5.1211%	2/5/2018
Morgan Keegan	FHLB	444,331	5.3100%	2/28/2018
First Tennessee Bank	TVA NOTE	463,105	4.5669%	3/15/2018
First Tennessee Bank	FHLMC	494,125	5.2500%	4/10/2018
First Tennessee Bank	FNMA NOTE	294,657	5.3700%	6/24/2018
First Tennessee Bank	FHLMC	488,510	5.0500%	9/15/2018
First Tennessee Bank	FNMA NOTE	517,239	5.3300%	9/24/2018
First Tennessee Bank	FNMA NOTE	505,318	5.4300%	11/19/2018
First Tennessee Bank	FHLMC	396,252	5.3571%	3/5/2019
First Tennessee Bank	FHLMC	483,985	5.0126%	11/15/2019
First Tennessee Bank	FHLB	498,905	5.1000%	11/19/2019
First Tennessee Bank	FNMA NOTE	483,595	5.0800%	1/16/2020
Morgan Keegan	FNMA NOTE	493,707	5.0000%	1/30/2020
First Tennessee Bank	FNMA NOTE	494,845	6.0000%	2/28/2020
First Tennessee Bank	FHLMC	983,140	5.3750%	5/12/2020
First Tennessee Bank	FNMA NOTE	333,155	5.0000%	10/1/2020
First Tennessee Bank	FFCB	500,940	4.6000%	10/19/2020
First Tennessee Bank	FHLMC	479,205	5.0000%	2/4/2021
First Tennessee Bank	FFCB	498,905	4.6000%	4/4/2022
First Tennessee Bank	FNMA NOTE	498,905	4.4015%	4/11/2022
First Tennessee Bank	FHLMC	248,045	4.2566%	4/27/2022
First Tennessee Bank	FNMA NOTE	492,815	5.2500%	12/19/2022
First Tennessee Bank	FHLMC	369,623	5.5148%	1/9/2023
First Tennessee Bank	FHLB	337,642	5.0100%	1/18/2023
Morgan Keegan	FHLB	428,132	5.0390%	1/24/2023
First Tennessee Bank	FNMA NOTE	470,625	5.0000%	3/24/2023
First Tennessee Bank	FHLMC	495,700	6.0000%	9/10/2027
First Tennessee Bank	FHLMC	462,500	5.2000%	1/28/2028
Total long-term		<u>25,069,810</u>		

(continued)

Florida Sheriffs' Workers' Compensation Self-Insurance Fund

Schedule of Investments

Year ended September 30, 2008

Bank	Type	Market Value	Yield to Maturity (unaudited)	Maturity Date (unaudited)
First Tennessee Bank	FHLMC	413,938	3.8650%	6/1/2013
First Tennessee Bank	FHLMC	469,470	4.3130%	1/1/2015
First Tennessee Bank	FHLMC	475,135	3.8130%	5/1/2018
First Tennessee Bank	GNMA	350,181	4.7480%	5/15/2018
First Tennessee Bank	GNMA	486,937	4.7580%	8/15/2018
First Tennessee Bank	FNMA POOL	259,890	5.0000%	11/1/2018
SunTrust	GNMA	221,711	4.3410%	11/20/2018
First Tennessee Bank	GNMA	207,420	3.9020%	12/20/2018
First Tennessee Bank	GNMA	225,374	4.5000%	3/15/2019
SunTrust	GNMA	546,415	4.6790%	3/15/2019
First Tennessee Bank	FHLMC	452,946	4.5930%	5/1/2019
First Tennessee Bank	GNMA	191,962	4.6610%	8/20/2019
First Tennessee Bank	GNMA	745,038	4.6230%	12/20/2019
First Tennessee Bank	FNMA POOL	873,320	4.1810%	9/1/2020
First Tennessee Bank	FNMA POOL	448,158	4.1020%	11/1/2020
First Tennessee Bank	GNMA	299,874	5.4840%	4/15/2021
First Tennessee Bank	FNMA POOL	657,204	4.3170%	5/1/2021
First Tennessee Bank	FNMA POOL	325,905	4.0000%	3/25/2022
First Tennessee Bank	GNMA	335,223	5.6060%	5/20/2022
First Tennessee Bank	GNMA	621,552	5.4450%	6/15/2022
First Tennessee Bank	GNMA	484,272	4.4120%	4/15/2023
First Tennessee Bank	GNMA	589,376	4.7440%	7/15/2023
First Tennessee Bank	FHLMC	381,439	5.3780%	2/1/2027
First Tennessee Bank	FNMA POOL	457,138	5.2730%	7/1/2027
First Tennessee Bank	GNMA	402,480	5.0210%	4/20/2030
First Tennessee Bank	GNMA	503,120	5.1270%	7/20/2032
First Tennessee Bank	GNMA	660,028	5.6110%	7/15/2033
First Tennessee Bank	GNMA	437,637	5.3440%	7/15/2033
First Tennessee Bank	FNMA POOL	477,191	5.3910%	8/25/2033
First Tennessee Bank	GNMA	625,682	4.9660%	1/20/2034
First Tennessee Bank	GNMA	189,077	4.2130%	5/20/2034
First Tennessee Bank	GNMA	747,013	5.6870%	6/15/2034
First Tennessee Bank	GNMA	287,116	5.2140%	10/20/2034
First Tennessee Bank	GNMA	168,301	4.6200%	11/20/2034
Morgan Keegan	FNMA POOL	436,050	5.9340%	7/1/2037
First Tennessee Bank	GNMA	500,627	5.1770%	11/20/2037
Total mortgage-backed		<u>15,954,200</u>		
SunTrust	FNMA POOL	<u>645,986</u>	4.7920%	3/25/2031
Total collateralized mortgage obligations		<u>645,986</u>		
Capital City Trust Company	EQUITY	985,159	N/A	N/A
Capital City Trust Company	EQUITY	453,658	N/A	N/A
Vanguard Group	MUTUAL FUND	520,002	N/A	N/A
Total equity investments		<u>1,958,819</u>		
Total		<u>\$ 52,218,931</u>		

See report of independent auditors.

Other Reports

Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Board of Managers
Florida Sheriffs' Workers' Compensation Self-Insurance Fund

We have audited the financial statements of the Florida Sheriffs' Workers' Compensation Self-Insurance Fund as of and for the year ended September 30, 2008, and have issued our report thereon dated January 7, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Florida Sheriffs' Workers' Compensation Self-Insurance Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Florida Sheriffs' Workers' Compensation Self-Insurance Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Florida Sheriffs' Workers' Compensation Self-Insurance Fund's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Florida Sheriffs' Workers' Compensation Self-Insurance Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Managers and management and is not intended to be and should not be used by anyone other than those specified parties

Thomas Howell Ferguson P.A.

January 7, 2009

PREMIUM SUMMARY

Named Insured: Sumter County Board of County Commissioners

DESCRIPTION OF COVERAGE	PREMIUM
Workers Compensation	\$233,281.00
Fee	\$16,330.00
Total Estimated Indication	\$249,611.00

Brown & Brown insurance can not recommend this Self insurance fund at this time without Full knowledge and disclosure of the financial strenght and assets.

Statements to be added for non-admitted carriers:

Florida Sheriff's Workers Compensation Self Insurance Fund, an intermediary is not owned in whole or part by Brown & Brown, Inc., the parent company of Brown & Brown of Florida, Inc.. Brown & Brown entities operate independently and are not required to utilize other companies owned by Brown & Brown, Inc. but routinely do so. In addition to providing access to the insurance company, the Wholesale Insurance Broker/ Managing General Agent may provide additional services including, but not limited to: underwriting; loss control; risk placement; coverage review; claims coordination with insurance company; and policy issuance.

The compensation received by the Wholesale Insurance Broker/Managing General Agent for the services above is based upon commission. The commission for the services above is typically in the range of 8% - 10% of policy premium.

No Minimum earned disclosed on the quote

SUMMARY OF PROPOSED PREMIUMS AND RELATED INFORMATION

Premiums as Proposed: \$249,611.00

Payment Plan: Direct Bill

This proposal is based upon the exposures to loss made known to the Agency. Any changes in these exposures (i.e., new operations, new products, additional states of hire, etc.) need to be promptly reported to us in order that proper coverage(s) may be put into place.

Any "subject to" or "warranty" should also be mentioned here. These might be detailed loss information, signed applications, inspections, etc. Specific time schedules should be established for compliance with this needed data.

We appreciate the opportunity to assist your insurance needs. Information concerning additional compensation paid to other entities for this placement and related services appears below. Please do not hesitate to contact us if any additional information is required.

Our office is owned by Brown & Brown, Inc. Brown & Brown entities operate independently and are not required to utilize other companies owned by Brown & Brown, Inc., but routinely do so.

NOTICE OF CARRIER FINANCIAL STATUS

Brown & Brown, Inc., its subsidiaries and affiliates including Brown & Brown of Florida, Inc. (“Brown & Brown”) do not certify the financial stability of any insurance carrier or coverage provider. We were unable to obtain a quotation with a carrier with an “A-” or better rating. While Brown & Brown cannot predict whether the financial condition of a company might improve or deteriorate, we are hereby providing you with notice and disclosure of financial condition so that you can make an informed decision regarding the placement of coverage. Accordingly, we inform you of the following:

Information to Follow

* A.M. Best Rating Guide: Rating for Stability: A++ to D = Highest to lowest rating
 Rating for Assets/ Surplus: 15 to 1 - Largest to smallest rating

INSURED:

Sumter County Board of County Commissioners

	Exposure		Coverage Provided		Quoted			Exposure		Coverage Provided		Quoted	
	Yes	No	Yes	No	Yes	No		Yes	No	Yes	No	Yes	No
PROPERTY							INLAND MARINE						
Buildings							Mobile/Contractors Equipment						
Contents							Communication Equipment						
Boiler & Machinery							Miscellaneous Equipment						
Vacant property							Watercraft						
Flood (excess)							Rented, Borrowed, Leased Equip						
Flood (primary)							CRIME						
Earthquake							Faithful Performance						
Accounts Receivable							Employee Dishonesty						
Computers/EDP							Computer Fraud						
Extra Exp/Business Income							Electronic Funds Transfer						
Builders Risk							Money & Securities						
Valuable Papers							WORKERS' COMPENSATION						
GENERAL LIABILITY							USL&H						
Police Department							Pilots						
Fire Department							Labor from inmates						
EMT's							Volunteers						
Paramedics							POLLUTION						
Senior Services							Above ground storage tanks						
Housing Authority							Under ground storage tanks						
Jail or Prison							Water treatment facilities						
Golf Course							Wastewater treatment facilities						
Liquor Liability							Vehicle Maintenance Facilities						
Hospital/Medical Facilities							Chemical Spraying						
Airport							Aerial Spraying						
Special Events							Landfills						
Watercraft over 52'							Recycling Facilities						
Electric Utility							AUTOMOBILE						
Gas Utility							Automobile Liability						
Swimming Pool							Physical Damage Coverage						
Skate Park							Mass transit						
Play Grounds							Garagekeepers Liability						
Parks							Livery						
Professional Liability							Fiduciary Liability						
Public Officials Liability							Pension Plans						
Employment Pract Liab							Miscellaneous						
Educators Liability							Police or Fire Statutory AD&D						
							Student Accident						

This list of insurance coverage is for informational purposes only and is not meant to be a complete list for all your insurance needs.

This check list was reviewed this _____ day of _____, 2009

Agency Representative: Travis Lee Childers, CIC Client Contact: _____