Louisiana Hurricane Catastrophe Fund Analysis

Prepared for the

Louisiana Recovery Authority Support Foundation

March 12, 2007
(Revised March 29, 2007)

PARAGON

Paragon Strategic Solutions Inc.

3600 American Boulevard West
Minneapolis, MN 55431

A Benfield Company

Table of Contents

Statement of Work

Paragon Strategic Solutions Inc. ("Paragon") was contracted by the Louisiana Recovery Authority Support Foundation ("LRA-SF") to perform consulting services for the LRA-SF which are intended to assist the LRA-SF in analyzing the cost and design of a hurricane catastrophe fund.

The LRA-SF requested Paragon to produce an updated analysis report, using the 2003 catastrophe fund analysis report (prepared by Paragon for the Louisiana Department of Insurance) as a base, updating modeling procedures and techniques, and enhancing the model to study a fund that covers residential, commercial-residential, and/or commercial non-residential risks, including a brief reference to the impact of removing commercial properties from the fund's covered exposure. The requested analysis was defined as:

- Analysis of covered exposure;

- Execution and interpretation of catastrophe models;

- Evaluation of fund design options, including attachment point, annual limits, and the cost of allocated funds for mitigation efforts;

- Evaluation of the impact of mitigation program funding on the cost and stability of the fund;

- Analysis of cost impact to the state, insurers, and policyholders; and

- Analysis of other tasks necessary to estimate the cost of, and to customize, a catastrophe fund for Louisiana.

Paragon worked with the LRA-SF to define a Louisiana Hurricane Catastrophe Fund (LHCF) base case structure ("LRA-SF base case"). This structure was designed using the 2003 analysis, what has been observed to be effective for the Florida Hurricane Catastrophe Fund (FHCF) over the past 13 years, and what the LRA-SF felt was reasonable today for Louisiana. The resulting LRA-SF base case is:

1) Covered peril is hurricane and tropical storm.
2) Analysis of losses and estimation of pure premiums used the RMS RiskLink v6.0 hurricane model using the long-term (i.e., based on the full historical record) stochastic event set, with loss amplification included and storm surge excluded.
3) Covered exposures are residential policies within Louisiana.
4) LHCF provides a single layer of excess of loss reinsurance.
5) Industry layer attaches at $1.25 billion and exhausts at $2.5 billion.
6) Coverage provided is 90% (the FHCF provides 3 options, but the weighted average coverage is currently over 89.5%).
7) LHCF expenses are projected as $3 million annually (compared to approximately $6.5 million per year in Florida).
8) Initial capital contribution of $100 million.
9) Mitigation expenses were set to $5 million annually (vs. $10 million in Florida).
10) Assessable lines of business: Fire, Allied Lines, Homeowners Multiple Peril, and Commercial Multiple Peril (non-liability).
11) Assessment base: $1.434 billion (based on premium data provided by LRA-SF/DOI).

To provide the LRA-SF with fund design options, Paragon analyzed numerous structural alternatives so as to provide a range of options for consideration.

Section I. Executive Summary

As directed by the Louisiana Recovery Authority Support Foundation ("LRA-SF"), Paragon Strategic Solutions Inc. ("Paragon") has prepared this report with the goal of providing an objective analysis to assist the LRA-SF in structuring and evaluating the cost and effectiveness of a potential state hurricane catastrophe fund ("Louisiana Hurricane Catastrophe Fund" or "LHCF"). We have avoided advocating either for or against the establishment of such a fund, as we believe ultimately the decision is one of public policy. We trust that this report will provide interested parties with the information required to make an informed decision regarding these matters.

The LRA-SF requested Paragon to use the 2003 catastrophe fund analysis report (prepared by Paragon for the Louisiana Department of Insurance) as a base, from which we updated modeling procedures and techniques, modeled a "base case" of structural features (as defined by the LRA-SF and outlined in the preceding Statement of Work), and modeled 11 variations from the base case to measure the sensitivity of results to various components of the structure.

Basic Considerations

There are four basic considerations that drive the feasibility and structure of a hurricane catastrophe fund:

1. What is the maximum dollars of capacity that can be economically supported?
2. What is the size and likelihood of potential hurricane losses to the state?
3. What is the cost (that is, annual premium and potential assessments) of the fund?
4. What is a fair way to allocate the costs of the fund to the policyholders and the citizens of the state?

Maximum Capacity

If funded similar to the Florida Hurricane Catastrophe Fund (FHCF), the majority of the financial capacity of the LHCF would be funded through post-event borrowing, the cost of which could be passed on to policyholders via assessments on direct written premiums for specified lines of insurance. A smaller portion of capacity can be initially funded by direct state capital contributions, and over time, by the accumulation of annual premiums and investment income thereon. Using the modeled base case, Paragon estimates the LHCF could provide $1.25 billion in capacity based on an annual assessment of $86 million using the following assumptions:

- Maximum assessment for a given contract year: 6%;
- Maximum assessment period: 30 years.

Modeled Loss Scenarios

We have used the Risk Management Solutions (RMS) Risklink v6.0 model to estimate the size and likelihood of potential LHCF losses, running 8 versions of the model to cover the following combinations:

- Residential property only vs. residential plus commercial property;
- Long-term vs. near-term annual hurricane frequency; and
- With and without loss amplification (demand surge).

If the LHCF is created, in place of a single hurricane model we recommend that multiple catastrophe models from different vendors be used to support evaluation of risk and the ratemaking process.

Based on the available capacity of $1.25 billion we considered two different layers of coverage:

- Between industry losses of $1.25 billion and $2.5 billion, which represents losses between 11 and 20 year return times; and

- Between industry losses of $3.75 billion and $5.0 billion, which represents losses between 33 and 51 year return times.

The first provides a low layer of coverage that would be of immediate benefit to Louisiana Citizens Property Insurance Corporation, as it would provide coverage comparable to what they currently purchase, but at a lower cost. However, it is more likely to expose policyholders in Louisiana to assessments to fund losses to the LHCF. The second layer is better protected from loss and would replace private reinsurance that is sold at a higher margin, but unloaded premiums would require more than 30 years to fully fund one limit. Hence, we also analyzed a third option – providing reinsurance coverage at the higher layer, but with a premium that includes a risk load.

Finally, it would be prudent to note that neither of these layers would have made a material impact on the insurance industry's experience with Hurricane Katrina. The latest Property Claims Service (PCS) estimate of residential losses from Katrina is $10.875 billion, which would have left over 88% of the personal lines losses uncovered by the fund.

Annual Premium

Annual premiums for the LHCF are based on expected loss costs within the provided coverage layer plus expenses. Additional adjustments may recognize potential investment income, risk loads, and additional capital contributions. The estimated annual premium based on coverage between the $1.25 billion and $2.5 billion industry loss levels is $98.7 million. This would enable the LHCF to become fully funded without assessments in 12.7 years assuming no losses occur during that period. Alternatively, the $3.75 billion xs $1.25 billion layer could be self-funded in that same period if a risk-loaded premium were charged.

Allocation of Costs of the LHCF to the State, Insurers, and Policyholders

Insured hurricane risk in Louisiana varies by geography, type of construction, insurance coverage, etc. The northern parishes have a significantly lower exposure to hurricane losses than do the coastal parishes. Hence, both premiums and assessments should reflect this risk differential. Based on the LRA-SF base case and modeled results in this preliminary study, the average LHCF premium per policy could range from about $175 in Territory 1 to about $1 in Territory 5 [estimated costs revised March 29, 2007 due to policy count correction]. (Territories are defined by groups of parishes within this report.) This is a magnitude difference of 150:1 from the highest to the lowest rated areas. Post-event assessments could also vary by territory. To generate an overall 6% assessment needed to produce $1.25 billion in capacity, a multi-tiered assessment that varies by territory could be designed so as to more equitably allocate costs.

Conclusion

Whether or not to establish a state hurricane fund for Louisiana is ultimately a public policy decision. While the state faces many policy issues regarding this decision, this report is focused on providing very detailed illustrations of the potential financial structure of such a fund. Paragon hopes that the LRA-SF will find this report useful within its intended scope.

Section II. Financial Structure

In this section we describe possible funding sources and cash flow for a Louisiana state catastrophe fund.

1. Claims Paying Capacity

The claims paying capacity of the LHCF could be derived from the following sources:

- An initial and perhaps subsequent, cash contribution(s) from the state;

- Reimbursement premiums collected annually from companies;

- Investment income on the fund's surplus;

- Post-event funding through the issuance of bonds; and

- Risk transfer purchased by the LHCF.

Initial Cash Contribution

When Florida created the FHCF in 1993 the state contributed $50 million. This analysis assumed that Louisiana would contribute $100 million of capital. We also looked at the impact of changing this amount to $150 million and $200 million. Furthermore, we also considered the impact of an initial $100 million contribution plus an ongoing annual contribution of $10 million.

Reimbursement Premiums/Investment Income

The derivation of the amount of premium to be collected annually from insurers and investment income on retained earnings is discussed in Section IV.

Post-Event Funding

The issuance of revenue bonds would be the main source of capacity for the LHCF, especially in the fund's early years before surplus can accumulate. Revenue from such bonds would be utilized only when claims against the LHCF exceeded its accumulated capital. The level of bonding available is dependent on the source of funds used to retire the debt, the interest rate, and the terms of the bonds. For the FHCF, bond issuance is supported by revenue generated from assessments levied by the Office of Insurance Regulation on insurers for all Florida property and casualty business (excluding Workers' Compensation, Accident and Health, Federal Flood, and Medical Malpractice). For the LHCF we have considered a similar source of revenue to be used to retire the debt: assessments on direct written premium for specific lines of insurance. Based on conversations with the LRA-SF and Department of Insurance, we have treated the following property lines of business as assessable for the base case of this analysis: Fire, Allied Lines, Homeowners Multi-Peril, Commercial Multi-Peril (non-liability). Additionally, we have provided sensitivity analyses that expand this base to include:

- LRA-SF base case property lines plus same Surplus Lines;

- All lines except Workers' Compensation, Accident and Health, Federal Flood, Medical Malpractice, and Surplus Lines; and

- All lines except Workers' Compensation, Accident and Health, Federal Flood, and Medical Malpractice, but including Surplus Lines.

For this analysis we have assumed a maximum single season assessment rate of 6% of direct written premium for assessable lines, and 10% in the aggregate (the same maximums in place for the FHCF). Hence, if in one year it is necessary to assess the full 6% to pay claims against the

LHCF, then only 4% additional assessment could be made against assessable policies for future LHCF liabilities until the original 6% was paid off. As a side note, insurers subject to assessments in Florida are allowed to recoup such assessments from their policyholders.

In Exhibit 2, we forecast the LHCF capacity that may be generated from the issuance of bonds. Our forecast is based on the October 2006 bonding capacity estimates of the FHCF, which has been scaled down to adjust for the smaller assessment base in Louisiana. The 2005 Louisiana direct written premium base for the LRA-SF base case is $1.4 billion compared to $35 billion in Florida. (See the assessment base discussion under Cash Flow Assumptions later in this section and Exhibit 2 for how the LRA-SF base was determined.) Assuming the LHCF could borrow at the same rate as the FHCF, a 6% assessment on the LRA-SF base case direct written premium base would enable the LHCF to borrow $2.2 billion (compared to $53 billion for the FHCF from its full assessment base) based on FHCF bonding rates as of October 2006 and an identical term for the bonds (30 years).

The financing options discussed above determine the available capacity, or limit, for reinsurance that the LHCF could offer. The process of determining LHCF premium for that layer is discussed in Section IV.

Reinsurance and Other Risk Transfer Mechanisms

Catastrophe risk transfer is most commonly achieved through the purchase of reinsurance, catastrophe bonds, or an industry loss warranty. The creation of a hurricane fund in Louisiana would result in the state actually acting as a reinsurer. While it is common practice for reinsurers to cede a portion of their contingent liabilities through the purchase of their own reinsurance (called retrocessional reinsurance), in this analysis we did not consider any means to increase capacity in the fund through the purchase of reinsurance or other risk transfer products. We do note, however, that if the state were to become uncomfortable with the hurricane exposure it had assumed in the form of potential assessments against the policyholders in the state, these risk transfer alternatives could be explored by the LHCF.

2. Cash Flow

The basic cash flow of the LHCF, as illustrated in Figure 1, is as follows:

- LHCF premium revenues are received (plus potential initial capital contribution;

- Some premiums are used to pay for LHCF operating expenses and for mitigation funding;

- Remaining accumulated assets are invested in low-risk, short-term investments;

- Accumulated assets continue to earn investment income until needed to reimburse covered losses;

- Covered losses are reimbursed first from accumulated assets, and then from the issuance of revenue bonds (up to the LHCF annual aggregate coverage limit); and

- Assessments are levied on Louisiana direct written premium in specified lines of business to retire revenue bonds.

Figure 1 – LHCF Cash Flow
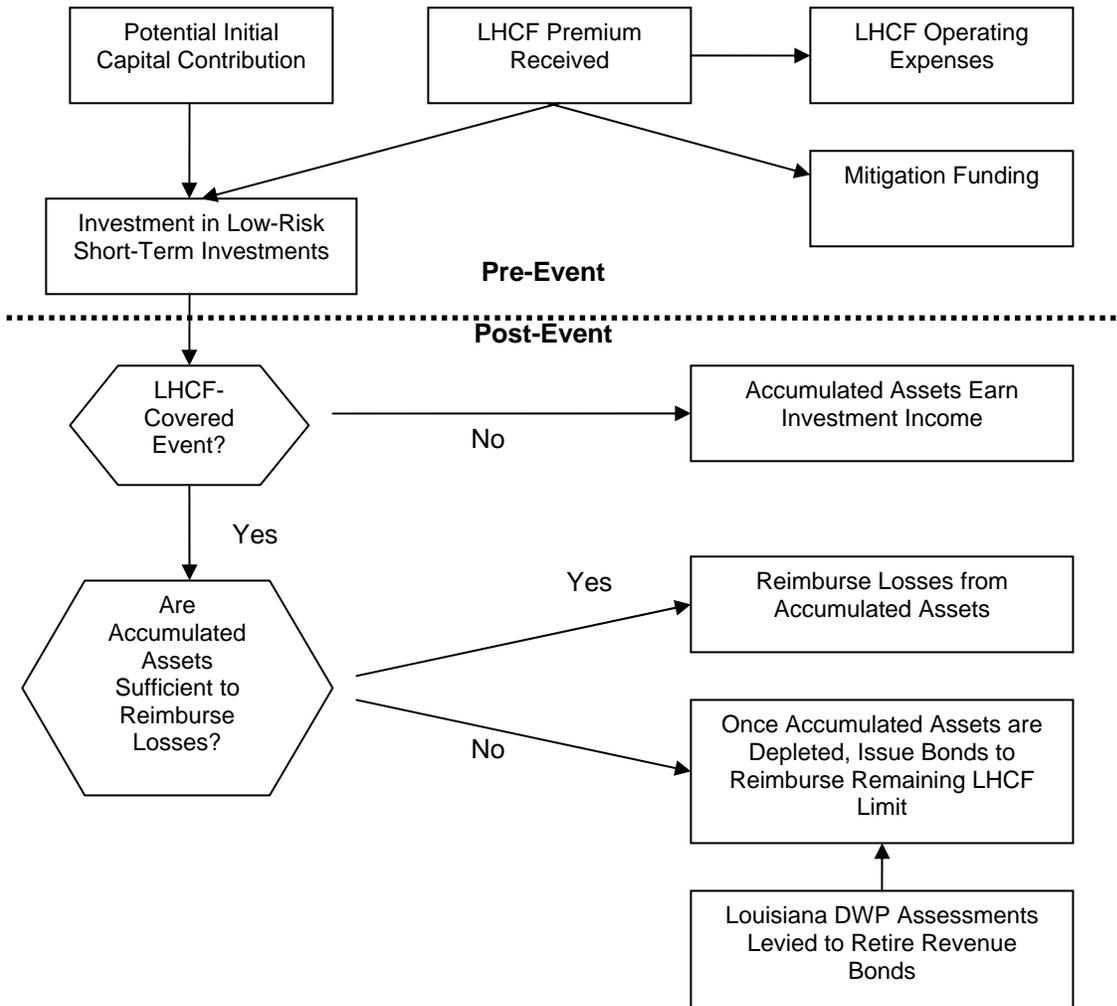
Cash Flow Assumptions

Assumptions used in the cash flow analysis are discussed below.

1) Mitigation Funding. Mitigation funding was a requirement of the FHCF in order for it to gain tax exempt status. By statute, each year the Florida Legislature must appropriate from the investment income of the FHCF an amount no less than $10 million and no more than 35% of the investment income from the prior fiscal year for the purpose of providing funding to a variety of governmental and public programs designed to improve hurricane education and preparedness, and to mitigate future losses (providing actuarial soundness of the FHCF is not jeopardized). For our analysis we have set mitigation funding at $5 million. Should legislation be drafted to enact a LHCF, the appropriate minimum and maximum amounts for mitigation funding will need to be determined.

2) Operating Expenses. We have set the operating expenses to $3 million. As a comparison, the FHCF's annual operating budget is approximately $6.5 million. Once the operating parameters of a LHCF are agreed upon, including the enacting legislation, operating expenses could be more accurately projected. Given the relatively small cost of operations, even if it was determined that operating expenses would be more similar to the FHCF, the impact of this change on the overall pricing of the LHCF would be minimal.

3) Maximum Assessments (Bond Repayment). To limit the liability of the state's policyholders for hurricane loss, limits on the amount of the assessments will most likely be outlined in the legislation. We have assumed a maximum assessment of 6% for any one year and a maximum aggregate assessment of 10%. These are the limits placed on the assessments in the Florida Legislation. To project the assessment base, we relied on 2005 Louisiana State Page data provided by the LRA-SF through the Louisiana Department of Insurance (DOI). The data included a Schedule T designation on which the DOI relies upon a response of "YES" as to whether an insurer is authorized in Louisiana or not; any response other than "YES" is treated as "surplus". We employed the same decision rule in determining the potential direct written premium assessment base.

We have modeled projected cash flows for the LHCF over a 20-year period in an effort to answer the following questions:

1. How often will the LHCF experience a loss to the layer?
2. How often will the LHCF experience a loss that exceeds its cash holdings?
3. How often will the LHCF experience a loss in excess of the proposed limit to the layer?
4. What is the likelihood that the LHCF will have to make an assessment of X.X% or more over various time periods (1 year, 2 years, 3 years, 5 years, 10 years, 15 years, and 20 years)?

The results of these analyses are presented in Exhibits 3B and 3C.

PARAGON

Section III. Reinsurance Structure

In this section we describe the base case reinsurance structure and various alternative structures.

1. Base Reinsurance Structure

Paragon worked with the LRA-SF to define a base case LHCF structure. Throughout our exhibits this is designated as "LRA-SF Base Case". This structure was designed using the original report Paragon produced for the Louisiana Department of Insurance in July 2003, what has been observed to be effective for the Florida Hurricane Catastrophe Fund over its 13 years of existence, and what seemed reasonable today for the state of Louisiana. This structure is described by the following points:

1. Covered peril is hurricane and tropical storm.
2. Analysis of losses and estimation of pure premiums used the RMS RiskLink v6.0 hurricane model using the long-term (i.e., based on the full historical record) stochastic event set, with loss amplification included and storm surge excluded.
3. Covered exposures are residential policies within Louisiana.
4. LHCF provides a single layer of excess of loss reinsurance.
5. Industry layer attaches at $1.25 billion and exhausts at $2.5 billion.
6. Coverage provided is 90% (the FHCF provides 3 options, but the weighted average coverage is currently over 89.5%).
7. LHCF expenses are projected as $3 million annually (compared to approximately $6.5 million per year in Florida).
8. Initial capital contribution of $100 million.
9. Mitigation expenses were set to $5 million annually (vs. $10 million in Florida).
10. Assessable lines of business: Fire, Allied Lines, Homeowners Multiple Peril, and Commercial Multiple Peril (non-liability);
11. Assessment base: $1.434 billion (based on premium data provided by LRA-SF/DOI).

2. Alternative Reinsurance Structures

Additionally, there were some aspects of the basic reinsurance structure that Paragon varied to provide sensitivity analyses so that one could assess the impact of some of these structural assumptions. The results of the following sensitivity analyses are summarized and presented in Exhibits 3B and 3C, respectively.

Table III.1 – Sensitivity Analyses

Sensitivity Analysis	Base Structure	Alternative Structures
Covered Exposures	Residential	Residential + Commercial
Modeled Demand Surge	Included	Excluded
Stochastic Event Set	Long-term	Near-term
Reinsurance Layer	$1.25 B xs $1.25 B (from 11 to 20 yrs)	$1.25 B xs $3.75 B (from 33 to 51 yrs)

3. LHCF Industry Retention Level

We set the industry retention at $1.25 billion (11.2 year return time using the long-term model, and 8.7 year return time using the short-term model). This number was selected to parallel the early structure of the FHCF.

Attaching below the 10-year return time level would generate too high a frequency of LHCF loss payments. Attaching near the 10-year return time would provide a layer of coverage that would be of immediate benefit to Louisiana Citizens Property Insurance Corporation, as it would provide coverage comparable to what they currently purchase, but at a lower cost. However, it is more likely to expose policyholders in Louisiana to assessments to fund losses to the LHCF. Attaching higher would protect the LHCF from losses, but would lower premiums to the fund to the point it would require a much longer time period to fully fund one limit.

One approach to achieve both better protection for the LHCF and to fully fund a limit over a reasonable period of time would be to attach higher and charge a risk load in the reimbursement premium calculation. In our analysis of the $3.75 billion alternative retention we have increased premiums to achieve this balance (see Exhibit 1, Sheet 2).

4. LHCF Industry Limit

A catastrophe fund should be able to fund the full limit that is promised under its reinsurance contracts. Based on the amount that was estimated to be available through bonding (four-line LRA-SF base case assessment base; see Exhibit 2), we judged a reasonable single season limit to be $1.25 billion. Hence, our base case analyzes a layer of $1.25 billion excess of $1.25 billion.

Additionally, such a fund should be able to provide the same or nearly the same level of capacity for the subsequent year. If Louisiana were to incur a total loss to the LHCF one year, then the insurance market would rely heavily on the offer of similar reinsurance coverage for a similar price for the subsequent season. Without "back-up" coverage in the year following a loss, there is a significant chance that insurers, and hence eventually policyholders, would have to pay significantly more for reinsurance than what a catastrophe fund has made them accustomed to paying. The consequence of this concern is the need to reserve some capacity to fund a second season of coverage. This is provided for through setting the maximum aggregate assessment to be made on direct written premium to be larger than the maximum single season assessment rate. For this analysis we have set the maximum single season rate to 6% and the maximum aggregate rate at 10% (same maximums as for the FHCF).

5. Company vs. Industry Retentions and Limits

It is assumed that actual coverage provided to insurers by the LHCF would be based on individual company retentions and limits, such that the sum of all company retentions is the industry retention, and the sum of all company limits is the industry limit. Because the exposure data used in this study was an estimate of aggregated data, the analysis of all options was performed at the industry level. Hence, it did not consider the impact of the difference between company and industry retentions and limits. We note, however, that the impact of considering individual company layers versus a single industry layer has two opposite effects:

- losses would actually be reimbursed by the LHCF prior to the industry attachment point being achieved as individual companies exceed their retentions; but

- the LHCF would not exhaust its full limit once industry losses exceed the top of the industry layer of reinsurance, due to the fact that every company would not have exceeded its individual limit.

6. Company Share of LHCF Layer

The LRA-SF base case LHCF structure we have presented assumes that 90% of losses in the $1.25 billion layer are paid by the LHCF and the remaining 10% of layer losses are paid by the ceding company (either directly or through other private market reinsurance). By sharing the layer, the ceding company continues to bear some risk and thus continues to have motivation for loss control. The structure of the FHCF allows companies to buy different levels of coverage (45%, 75% or 90%). Today the average coverage percentage is over 89.5% for the FHCF. To simplify our discussion, we have selected a 90% coverage level for the LHCF, but other options could be made available to insurers.

7. Catastrophe Modeling Used in the Analysis

For this analysis the RMS hurricane simulation model RiskLink v.6.0 was employed. We simulated insured property wind damage against estimates of both residential only (including commercial-habitational) and residential plus commercial Louisiana exposure data.

The analyses were run including loss amplification (also know as demand surge) but not including storm surge. The effect of increased demand with the largest hurricanes has been evident in Hurricane Katrina, as well as after Hurricanes Charlie, Frances, Ivan, Jeanne and Wilma which caused billions of dollars of damage in Florida in 2004 and 2005. Storm surge was not included in the analysis because it is generally excluded from residential insurance policies.

Flood was not modeled, principally because (1) there is no commercially available portfolio flood model, and (2) residential policies other than those written by the National Flood Insurance Program generally exclude flood.

Loss adjustment expenses (LAE) were not modeled, but were included as a post-model adjustment where an additional 5% of reimbursable loss was assumed to be covered by the fund. The sum of the reimbursable loss plus the allowance for LAE was capped by the layer of reinsurance. This is identical to how Florida treats LAE.

We note that RiskLink is not the only model that the LHCF could use to estimate risk and set reimbursement premiums. Indeed, the FHCF uses four different models – AIR Worldwide (AIR), EQECat (EQE), Applied Research Associates (ARA) and RMS. For the FHCF these results are blended together in a manner that gives more weight to the models in the middle and less to outliers.

We also understand that there is some sensitivity in the public to the recent controversy between using a long-term view of risk or a near-term view. RMS and EQE recommend using the near-term perspective as they believe it more accurately reflects the experience the industry will have over the next five to ten years. Though they produce a near-term perspective, AIR recommends using the simulated storm set based on the long-term model. ARA has not produced a near-term hurricane model. For this analysis we used the RMS model, but did not adopt their recommendation to use the near-term event set. Instead, we used the long-term perspective, which treats the last 100+ years of historical experience equally.

Within the insurance and reinsurance industry, AIR and RMS are the two models most frequently used. In Louisiana, we make the following observations about these two models:

- RMS shows more loss in coastal areas, while AIR shows more loss in the northern half of the state;

- In New Orleans and the middle third of the state the models are fairly similar;

- AIR industry PMLs are about 60% to 75% of the RMS PMLs;

- AIR annual expected loss (also called average annual loss, or AAL) is about 60% of the RMS annual expected loss to the state; and

If Louisiana creates a state hurricane fund, we recommend that instead of a single model, multiple models be used to design the final structure of the fund and to set premiums.

In the choice of which hurricane model to use, or if all of them are to be employed, it may be instructive to compare the risk profile coming out of each versus recent experience from Hurricane Katrina, in spite of the fact that in many ways Katrina was a unique event. Per Property Claims Service (PCS), Hurricane Katrina caused $10.875 billion of personal lines loss in Louisiana. In the RMS long-term model including demand surge, a loss this size has a return time of 290 years. In AIR's long-term model including demand surge this is in excess of a 500-year event.

8. Other Structural Features

An important structural aspect of the LHCF is how the fund works from an insurer's perspective. Questions such as how is a participating insurer's LHCF premium calculated, how is LHCF coverage allocated to specific insurers, what insurer data reporting requirements will be necessary, and how will the loss reporting and claims payment processes work are all questions that require careful thought and consideration. In maintaining the scope of this initial phase of LHCF development, we have not discussed in detail all the intricacies of daily fund operations. However, to help in understanding how the processes above might work with the LHCF, and to aid in visualizing how various aspects of our analysis fit into the over picture of how the LHCF might operate, we have included an overview of the FHCF as Appendix 1.

Additionally, we have provided here a comparison of the more significant characteristics of Florida and the FHCF versus Louisiana and the LHCF.

Table III.2 – FHCF vs. LHCF Comparison

Feature	FHCF	LHCF
Population of State	17.4 M (2005)	4.5 M (2005)
Residential Exposure (including Commercial-Residential)	$1,790 B	$354 B
Projected Exposure Growth (2006-2007)	10% to 15%	4.15% (revised March 29, 2007)
State Exposure to Risk	100% of the state	Southern half of the state
Assessment Base (2005 DWP)	$35.0 B	$1.4B (FHCF equivalent base: $6.7B)
Single Year / Aggregate Max. Assessment Rate (Amount)	6% ($31.8 B) single yr 10% ($53.0 B) aggregate	6% ($6.1 B) single yr 10% ($10.2 B) aggregate
Projected Single Season Capacity	$16 B	$1.25 B
Reinsurance Layer	89 % of $18.0 B xs $6.1 B	90% of $1.25 B xs $1.25 B
Gross Annual Expected Hurricane Loss	$2.8 B	$430 M
Projected Fund Premium	$1,000 M	$98.7 M
Rate On Line	6.7%	7.9%
"Citizens" Homeowners Market Share (2005)	22%	8%

Section IV. Actuarial Ratemaking and Cost Estimates

In this section we describe the approach taken within this study to estimate actuarial rates to be used to calculate reinsurance premiums.

1. Calculation of Total Premium Required

The approach taken for projecting premium requirements for the LHCF was to tailor the FHCF ratemaking methodology to Louisiana conditions. The following steps and assumptions highlight the approach:

1) Using a hurricane model and industry data base for Louisiana, simulate the distribution of potential insured hurricane losses for Residential insurance policies. Include coverages for property, contents, appurtenant structures and additional living expense. Table IV.1 below shows the probability of exceeding various loss levels based on RiskLink v.6.0 using the long-term event set and including loss amplification.

Table IV.1 – Probability of Exceedance

Return Time (years)	Probability	Estimated Loss ($B)
1000	0.10%	$17.347
900	0.11%	$16.671
800	0.13%	$15.941
700	0.14%	$15.151
600	0.17%	$14.290
500	0.20%	$13.339
400	0.25%	$12.269
300	0.33%	$11.016
250	0.40%	$10.283
200	0.50%	$9.438
150	0.67%	$8.415
100	1.00%	$7.066
50	2.00%	$4.947
35	2.86%	$3.946
25	4.00%	$3.067
20	5.00%	$2.522
10	10.00%	$1.030
5	20.00%	$0.130

2) Calculate the expected losses (pure premium) for the selected layer or reinsurance.

3) Adjust the pure premium for various loadings to get final premium:
   a. Miscellaneous post model adjustments;
   b. Coverage level (i.e. exclude company participation);
   c. Investment income : No adjustment
   d. Operating expenses; and
   e. Mitigation expenses.

4) Divide final premium by estimated Louisiana risk counts to get average cost per risk.

The adjustments to pure premium in 3) above are based on the following:

a. Miscellaneous post model adjustments: Recognize special features of insured Louisiana hurricane losses not in simulation models.
b. Coverage level: Assumes companies will keep 10% of losses in LHCF layer (parallels FHCF).
c. Investment Income: We recommend no adjustment for investment income. In our 2003 analysis we assumed the LHCF could earn investment income on the balance of its funds at 3% for an average of 7 years and that an average annual credit produces stable rates over the long term; This assumption assumes that the industry retention will have a stable return time. In Florida, the return time of the industry FHCF retention was changed several times as a result of legislative changes to the FHCF. This makes the ratemaking assumption regarding duration of held funds difficult to estimate.
d. Operating expenses: Covers all internal and external administrative and operating expenses; set arbitrarily at $3 million (FHCF, in comparison, has a $6.5 million annual operating budget, completely funded by premiums).
e. Mitigation: Each year the FHCF collects funds which are used for legislatively selected projects to mitigate future hurricane losses. This appropriation was set up to fulfill IRS requirements for tax exempt status. The $5 million assumption is one half of the minimum level of $10 million provided by the FHCF.

The results of this approach are illustrated in Exhibit 1. In this exhibit we have also calculated the average cost per risk for the LHCF**.** Based on the LRA-SF base case, we estimate that the overall average premium per risk will be $50.89. The various alternatives presented in Exhibit 1 (Sheets 2-6) range from an average of $14.42 per risk to $81.78 per risk. [Per risk cost estimates revised March 29, 2007 due to corrected risk counts.]   For comparison purposes, the overall average premium per risk for the FHCF is $157.47.

It is important to note that several factors will lead to variability in the average LHCF premiums above, such as type of business (e.g. single-family house versus a mobile home), construction, deductibles, and geographic location. For this analysis, we have focused on the most significant rating factor in the FHCF: geographic location. The figures above represent the average premium across all risks regardless of their location in the state. Southern coastal parishes have a larger hurricane exposure than those parishes which border Arkansas. In order to take the varied hurricane exposure throughout the state into account, we have allocated parishes to several territories according to their loss cost. The next section describes the territory allocation procedure.

2. Territory Allocations

For this analysis, we have used a simplified method that creates territories based on parishes to illustrate the potential range of LHCF rates by geographic location. We recommend using a more detailed allocation procedure in the actual ratemaking process based on ZIP Code. To allocate parishes to territories (Exhibit 6, Sheet 1), we allocated the expected loss to the reinsurance layer back to each parish based on their contribution to storms which produced losses in that excess layer. We ranked the parishes from highest to lowest loss cost and then divided the parishes into five territories using percentiles of exposure. We wanted each territory to have approximately the same amount of exposure and wanted to maximize the variance between rating regions. Thus, parishes which made up approximately 20% of the exposure and had loss costs significantly higher than those of the other parishes were assigned to territory 1. The remaining territories had the parishes allocated to them in a similar manner with the parishes allocated to territory 5 making up the exposures with the lowest loss costs. We also assigned parishes to ten territories using a similar approach (Exhibit 6, Sheet 2).

Exhibit 6, Sheets 3 and 4, show the calculation of the territory relativities for each of the two territory scenarios. Based on simulated residential hurricane losses, we have calculated the expected losses of the LHCF for each territory [Column (7)]. Using these losses, we have determined the loss cost per $1,000 of exposure in Column (8). LHCF premiums per $1,000 of exposure [Column (11)] were calculated by adjusting the loss costs per $1,000 of exposure to account for operating expenses, mitigation funding, post model adjustments, coverage level, and investment income [Column (10)]. The relativities in Column (12) are based on the territorial premiums in Column (11). Exhibit 6 [Sheets 5 & 6] is maps of Louisiana with the parishes within each territory color-coded. Sheet 5 displays the 5-territory scenario, whereas Sheet 6 displays the 10-territory scenario. The maps illustrate the territory boundaries and the more hurricane-prone parishes.

3. Acceptable Level of Rate Differential

From the territorial relativities in Table 1 of Exhibit 6 (Sheet 3), we can see that there is a large difference in the losses (and associated premiums) across territories. For instance, territory 1 has a relativity of 2.91433 whereas territory 5 has a relativity of 0.01956. This means that the rate paid for exposures in territory 1 parishes would be approximately 150 times larger that the rate paid for exposures in territory 5 parishes. If ten territories were used, this ratio increases to 660. These large ratios point to the very different exposure to risk found in the northern and southern parishes of the state.

One possible method of handling such an issue would be to limit the rate differential between territories. To illustrate a simple example of a possible adjustment, we set the premium for territory 5 to be 50 times smaller than that of territory 1, and then we rebalance territorial premiums to maintain the required overall premium and calculate the new relativities (Exhibit 6, Sheet 4).

Note that a more sophisticated method of imposing such a relationship should be applied in the actual ratemaking process. An example of an enhancement is to assign ZIP Codes or parishes to territories by setting an overall relationship of lowest to highest cost territory (i.e., 1:50 as above), but then minimize the differences between premiums or loss costs within a territory (i.e., territories become more homogenous). In this way, all of the territorial loss costs and premiums are adjusted rather than just the highest cost and lowest cost territories. During this process, a minimum rate could also be considered. In other words, rather than creating some northern parish rates that may be a fraction of a cent per $1,000 of exposure, a minimum rate of some modest level could be set. This could be justified based on minimal fixed expenses per exposure.

Another way to reduce this differential would be to expand the size of the lowest rated territory so that it includes more risks closer to the coast. The FHCF territories, for example, are not defined on a percentile basis, and the lowest rated territories cover a much larger geographical area than do the highest rated territories.

Finally, one could decide that the risk in the northernmost parishes is sufficiently small so that they need not participate in the LHCF.

4. Summary of Cost Estimates

As discussed earlier under this Section, we estimate the overall average LHCF premium per risk under the base case would be $50.89. Tables IV.2 and IV.3 provide a recap of how the per risk premium might vary based on the limited relativity approach illustrated in Exhibit 6. Table IV.2 shows the average indicated premiums in select parishes, whereas Table IV.3 shows average premiums capped at a maximum rate differential of 50:1.

Table IV.2 – Sample LHCF Premiums (indicated)

[Revised March 29, 2007 due to corrected risk counts.]

City	Parish	Territory	Avg. Parish Risk Size	Avg. LHCF Rate* per $1,000	Premium
New Iberia	Iberia	1	206,442	$ 0.843	$ 174.06
New Orleans	Orleans	2	161,733	$ 0.481	$ 77.80
Lake Charles	Calcasieu	3	197,864	$ 0.278	$ 54.98
Baton Rouge	East Baton Rouge	4	182,382	$ 0.097	$ 17.61
Shreveport	Caddo	5	178,670	$ 0.006	$ 1.01

*Rates from Exhibit 6, Sheet 3

Table IV.3 – Sample LHCF Premiums (adjusted to cap rate differential at 50:1)

[Revised March 29, 2007 due to corrected risk counts.]

City	Parish	Territory	Avg. Parish Risk Size	Avg. LHCF Rate* per $1,000	Premium
New Iberia	Iberia	1	206,442	$ 0.835	$ 172.32
New Orleans	Orleans	2	161,733	$ 0.476	$ 77.02
Lake Charles	Calcasieu	3	197,864	$ 0.275	$ 54.43
Baton Rouge	East Baton Rouge	4	182,382	$ 0.096	$ 17.43
Shreveport	Caddo	5	178,670	$ 0.017	$ 2.98

*Rates from Exhibit 6, Sheet 4

As a comparison, Table IV.4 shows the 2006 FHCF premium (based on 90% coverage level, frame construction and a 2% hurricane deductible) for a $100,000 risk located in various cities.

Table IV.4 – Sample FHCF Premiums

City	ZIP Code	Territory*	FHCF Rate per $1,000	Premium
Miami	33156	19	$ 2.056	$ 419
Palm Beach	33480	16	$ 1.539	$ 314
Tampa	33630	6	$ 0.357	$ 73
Jacksonville	32211	1	$ 0.080	$ 16

*Note: FHCF territories are 1-25, with 1 representing the lowest risk areas, and 25 the highest risk areas. Also note that the 2006 FHCF limit was $15 billion, or 12 times the modeled LHCF limit of $1.25 billion.

Section V. Analysis and Results

Two types of analyses, deterministic and stochastic, were conducted to measure the performance of the different models for a LHCF. Both of these were analyzed over a 20-year period.

1. Trend and Growth Assumptions

The following trend and growth assumptions were made.

1) Risk Premium Growth Rate. In Exhibit 4 we derive our exposure trend and population trend assumptions. These two elements are combined to yield a risk premium growth rate or trend. Sheets 3 through 5 list Boeckh Construction Index Changes (an index that indicates how home construction costs have changed over time) by major city in Louisiana for the last 7 years. Sheet 6 summarizes the trends calculated in Sheets 3 through 5. Based on the averages listed in Sheet 6 we select an annual exposure trend of 3.75%. On Sheet 2 we display historical and projected population figures for Louisiana. Sheet 1 pulls the data from Sheet 2 and calculates population trends. We have selected a population trend of 0.40%. The population trend and the construction trend yield an overall LHCF exposure trend and thus risk premium growth rate of 4.15%.

2) Limit and Retention Growth Rates. In order to preserve the same level of protection provided by the LHCF over time, we have set the growth rates for both the limit and the retention to be the same as the exposure/premium growth rates of 4.15%.

3) Mitigation Funding Growth Rate. As we do not know the structure that may be developed for mitigation funding (i.e., a flat dollar amount or a percentage of premium), we have assumed that there will be no growth in mitigation funding.

4) Operating Expense Growth Rate. We felt that there is more opportunity to control the level of operating expenses incurred by the LHCF relative to exposure/premium growth, and thus have set the trend in operating expenses at 3.15%, or 1% less than our premium growth rate assumption.

5) Bonding Capacity Growth Rate. Due to the fact that the assessments (bond financing) are set as a percentage of direct written premium, which should track closely to population trends and construction cost trends, we have set the Bonding Capacity Growth Rate to be the same as the Risk Premium Growth Rate (i.e., 4.15%).

6) Investment Returns. Exhibit 5 displays the historical monthly investment returns for the FHCF. They range from a minimum of 1.93% to a maximum of 6.93%. We felt that a balance needed to be struck between making a conservative assumption and taking a slightly longer term view. In this context, we selected 3.5% for our investment return.

2. Losses for the Deterministic Analyses

The deterministic analyses followed cash flows of each LHCF model through twenty years and compared the impact of different loss scenarios on the fund balance and necessity to issue bonds. Loss scenarios were run against both layers of reinsurance, assuming losses in excess of the LHCF projected attachments. The primary purpose of these exhibits is to illustrate cash flows under various loss scenarios. The loss assumptions used are described in Table V.1.

Table V.1 - Loss Scenarios

Scenario	Limit	Attachment	Loss Assumption
1	$1.25 B	$1.25 B	No Losses in 20-year period
2	$1.25 B	$1.25 B	$5 B LHCF loss in 2007
3	$1.25 B	$1.25 B	$7 B LHCF loss in 2011 & $2 B LHCF loss in 2012
4	$1.25 B	$1.25 B	$5 B LHCF loss in each of 2009, 2012, 2015, 2018, 2021, 2024
5	$1.25 B	$3.75 B	No Losses in 20 year period
6	$1.25 B	$3.75 B	$5 B LHCF loss in 2007
7	$1.25 B	$3.75 B	$7 B LHCF loss in 2011 & $2 B LHCF loss in 2012
8	$1.25 B	$3.75 B	$5 B LHCF loss in each of 2009, 2012, 2015, 2018, 2021, 2024

Actual results from the deterministic analyses are presented in Exhibit 3A, Scenarios 1-8.

3. Stochastic Analyses

The second type of analysis is stochastic. Performance of each LHCF structure is tracked against storms that are randomly chosen according to the probabilities of loss that come from the catastrophe model. Each structural model for the LHCF was run 25,000 times over the same 20-year period to create a probability distribution for each variable that is tracked.

The results from these analyses, including the scenarios listed in Table V.2, are presented in Exhibit 3C, Scenarios 1 through 12. They are designed to answer the following questions under the variety of assumptions used for each scenario:

1. *How often will the LHCF experience a loss to the layer?*
2. *How often will the LHCF experience a loss that exceeds its cash holdings?*
3. *How likely is it that the LHCF will experience a loss that exhausts its bonding capacity?*
4. *How frequently will the LHCF experience a loss in excess of its reinsurance limit?*
5. *What is the likelihood that the LHCF will have to make an assessment of X% or more over various time periods (1 year, 2 years, 3 years, 5 years, 10 years, 15 years, and 20 years)?*

Note: Stocahstic analyses, by their nature, employ random numbers so as to consider the full range of possible outcomes (25,000 in this case). Because simulations use the same loss probability distributions, they all provide comparable results. However, each stochastic analysis in this study was run independently. The impact of this independence is that results between analyses which in theory should be identical, will be close but will not match exactly. The extent to which they are close provides a indication of how well the simulation converged to the theoretically accurate result.

Table V.2 – Sensitivity Analyses

Scenario	What Changed	New Alternative
1	LRA Base Case	None
2	Assessment base	Surplus lines added
3	Assessment base	All lines except WC, A&H, Flood, Med Mal & Surplus
4	Assessment base	All lines except WC, A&H, Flood, & Med Mal
5	Capitalization	$150 M
6	Capitalization	$200 M
7	Capitalization	$100 M, with additional $10 million annually
8	Layer	$1.25 B xs $3.75 B
9	Hurricane model	Near-term instead of long-term event set
10	Hurricane model	No demand surge included
11	Hurricane model	Residential and commercial exposures covered
12	Premium + Layer	Risk loaded premium with $1.25B xs $3.75B layer

4. Comparisons of Sensitivity Analyses

In this section we review the results from modeling the different scenarios presented in this report.

1) Assessment Base

As structured in this analysis, the primary funding source for the LHCF in its initial years would be post-event bond issuance, which would be financed through assessments on direct written premium. Hence, the amount of capacity to be raised by the LHCF and the assessment levels required to do so depend upon the pool of policies identified as assessable.

The LRA-SF base case includes the four property lines that are assessable by Citizens: Fire, Allied Lines, Homeowners Multi-Peril, and Commercial Multi-Peril (non-liability).

Alternatively, we considered the impact of enlarging to assessment base to include the following:

- LRA-SF base case plus Surplus Lines;

- All lines except Workers' Compensation, Accident and Health, Federal Flood, Medical Malpractice, and Surplus Lines;

- All lines except Workers' Compensation, Accident and Health, Federal Flood, and Medical Malpractice.

In Exhibit 2 we estimate the amount of capacity that could be produced for each assessable lines option and maximum single season assessment level. For the LRA-SF base case this was $1.304 billion, which would require a 6% annual assessment on $1.434 billion of written premium (or $86 million annually) over 30 years. In the other extreme, the largest assessment base (all lines except Workers' Compensation, Accident and Health, Federal Flood, and Medical Malpractice) could produce reinsurance capacity amounting to $6.104 billion. This assumes a 6% assessment against $6.715 billion of written premium ($403 million per year).

The results of this sensitivity analysis are presented in Exhibit 3B, Summary 1. Here, Scenarios 1 through 4 are compared. These scenarios differ only by the assessment base used, that is, the level of direct written premium that may be assessed to support bonds. Scenario 1 has the smallest assessment base and Scenario 4 has the largest and is thus able to support a larger dollar issuance of bonds with a given percentage assessment.

The items that change when the assessment base changes are the likelihood of a loss event or a loss year exceeding bonding capacity and the probability of assessing at different levels. The results displays in Sheet 1 behave exactly as you would expect; as the assessment base increases bonding capacity increases and the chance that a loss year will exceed bonding capacity decreases. The likelihood of assessing at various levels also decreases with a larger assessment base [see Exhibit 3C, Scenarios 1 through 4, Columns (5) to (11)].

Because there is such a significant differential in modeled loss costs in Louisiana, we also estimated what a variable assessment could produce. For example, if the maximum assessment for a single season were 10% in Territory 1, 8% in Territory 2, 6% in Territory 3, 4% in Territory 4, and 2% in Territory 5, then approximately the same size bond issuance could be supported as in the LRA-SF base case.

Another financing method that deserves mention is the option of the LHCF to purchase reinsurance itself. The main purpose of such reinsurance would be to protect against the need to issue bonds to pay claims. The downside of purchasing reinsurance is that it would reduce the retained earnings of the LHCF, which also protects against the need to issue bonds. While this analysis has not contemplated using reinsurance as a source of LHCF capacity, any legislation creating the LHCF may want to leave such an option open.

The FHCF has, on multiple occasions, considered the purchase of reinsurance to enhance its capacity, but so far has not chosen to transfer risk in this manner.

2) **Capitalization**

The sensitivity of the LHCF performance to initial and subsequent capitalization was investigated through Scenarios 5, 6 and 7. These scenarios differ by the amount of capital provided by the state on a start up or annual basis. Start up and annual capital contributions affect the likelihood of a LHCF loss year exceeding the cash accumulated. Exhibit 3B, Summary 2, quantifies the decrease in the likelihood of exceeding cash and issuing bonds by either increasing initial capital or providing annual capital contributions.

3) **Reinsurance Layer**

Given the reality of a capacity of about $1.25 billion, we looked at two different layers of reinsurance. For this comparison all modeling was done with the LRA-SF base assumptions (residential only, long-term model, including loss amplification).

Table V.3 – Reinsurance Layers Analyzed

Metric	Base (Scen. 1)	Alternative (Scen. 8)	Alternative (Scen. 12)
Attachment	$1.25 B	$3.75 B	$3.75 B
Limit	$1.25 B	$1.25 B	$1.25 B
Return time to attach (years)	11 years	33 years	33 years
Return time to exhaust (years)	20 years	50 years	50 years
Pure premium to layer	$87.6 M	$28.2 M	$28.2 M
Standard deviation of loss to layer	$299.4 M	$178.8 M	$178.8 M
Total reinsurance premium	$98.7 M	$37.2 M	$98.7 M
Years to fund one full limit (w/o investment income)	12.7 years	33.6 years	12.7 years

Summaries 3 & 4 of Exhibit 3B compare the experience of the LHCF under these two different attachment points of the reinsurance layer. Scenario 8 with the higher attachment point ($3.75B) decreases the likelihood of hitting the LHCF from roughly 9.9% to 2.8% in year 1 (Summary 3). It also decreases the likelihood of a hurricane's losses exceeding the LHCF from roughly 4.9% to 1.7% in year 1 (Summary 4).

Due to the slow rate at which premiums accumulate for the higher layer of reinsurance, we considered the possibility of adding a "risk charge" to this layer so that the premium would be equivalent to that of the base case. For this example we increased the premium to equal that of the lower layer ($98.7 million), which is 2.65x the unloaded premium. We believe this would be an effective approach to making this alternative more feasible. If the risk charge were below that of the private reinsurance market, the LHCF would still have a dampening effect on the cost of reinsurance for insurers, which should still help to industry to control costs of primary insurance. The analysis of this alternative can be found in Exhibit 3C (Scenario 12).

The additional accumulation of cash derived from the risk loaded premium starts to meaningfully decrease the probability of a loss in excess of cash about 8 years into the future. It also does a good job of dampening the likelihood of larger assessments (4.5% or more) two years into the future.

4) **Catastrophe Model**

The risk perspective chosen through the selection of a catastrophe model and the "switches" that are turned on or off when it is run is critical to understanding the exposure of the fund to loss and the establishment of fair, adequate and not excessive premiums to be charged insurers for their participation in the fund.

Exhibit 7 illustrates the differences in risk depending on whether one uses a long-term or near-term perspective of risk, includes or excludes loss amplification (demand surge), and covers residential (Sheet 1) or residential + commercial properties (Sheet 2). We summarize some of those values below.

Table V.4 – Selected Return Time Losses ($ millions)

Risk Perspective	10-Year	20-year	50-year	100-year
Residential, LT, incl. LA (LRA-SF base case)	$1,030	$2,521	$4,947	$7,066
Residential, LT, excl. LA	$874	$2,569	$4,086	$5,758
Residential, NT, incl. LA	$1,536	$3,210	$5,866	$8,144
Residential, NT, excl. LA	$1,302	$2,690	$4,830	$6,636
Residential + commercial, LT, incl. LA	$1,599	$4,088	$8,321	$12,104
Residential + commercial, LT, excl. LA	$1,354	$3,430	$6,855	$9,836
Residential + commercial, NT, incl. LA	$2,409	$5,233	$9,878	$13,933
Residential + commercial, NT, excl. LA	$2,037	$4,376	$8,113	$11,315

The frequency and loss amplification differences in these models do not affect the actual losses to be incurred by the LHCF. They do, however, affect the assumptions that drive the premiums to be charged insurers (and eventually policyholders) and the ability of the fund to collect sufficient premiums to avoid assessments.

The results of the stochastic analyses in Exhibit 3C (Scenarios 9, 10, and 11) illustrate the performance of the LHCF using these different loss curves. The results are recapped in Summary 5 of this Exhibit. These scenarios differ by the modeling curve (assumption) used. Shifting the base assumption (Scenario 1) from a long term modeling viewpoint to a near-term viewpoint (Scenario 9) increases the probabilities of catastrophe events and thus increases the likelihood that the LHCF will experience a loss from around 9.9% to 12.6% in year 1.

Changing from the base assumption of including Loss Amplification (Scenario 1) to excluding Loss Amplification (Scenario 10) decreases the loss severity of CAT events and thus decreases the probability of a loss in the LHCF layer from 9.9% to 8.8% in year 1.

The unanswered question is which of these curves will most accurately reflect the experience of Louisiana over the lifetime of the LHCF. Hence, the variability in results between these sensitivity analyses illustrate different outcomes which the LHCF could experience.

5) Inclusion of Commercial Property

While the LRA-SF base case included coverage for residential property only, we also looked at the implications of adding commercial properties. The impact on loss return times of providing coverage for commercial risks are summarized above in Table V.4.

Summary 5 also contains results of the impact of adding commercial exposures to the fund. Including commercial exposures (Scenario 11) as the exposure base rather than just residential (Scenario 1) increases the number of structures that are subject to loss in any catastrophe event and thus the likelihood that the LHCF will experience a loss from 9.9% to 12.1% in year 1.

In addition to the performance metrics of a fund that covers all property, there are several practical issues that would have to be dealt with if commercial properties were to be included.

a. Commercial risks are usually not captured as well as personal lines risks for catastrophe modeling. Residential dwellings are more homogeneous in nature, whereas commercial buildings have much more variability with respects construction, type of contents included, and occupancy. Because of all of these reasons, and because commercial exposure data is generally not captured as well as residential data, catastrophe models have more difficulty modeling commercial lines. We note that discrepancies between modeled and actual results for Hurricane Katrina were much larger for commercial than for personal properties. Consequently, it is more difficult to understand the exposure being assumed and the adequacy and fairness of the premium being charged for commercial risks.

b. The most difficult standard coverage to model accurately is business interruption (BI), yet BI losses can be very significant after a major hurricane.

c. While hurricane models can include estimations of coastal storm surge losses, they do not estimate losses for inland flooding. As there is no credible portfolio inland flood model available, and as commercial properties often have some flood coverage, one would need to create some method of estimating the flood risk.

d. If commercial is to be included, one still needs to draw a line somewhere with regard to exclusions. Would bridges and highways be covered? Industrial facilities? Power plants? Offshore properties?

When the FHCF was established in late 1993, commercial non-habitational exposures were included in its coverage. During the FHCF's first year of operations in 1994, reviews of the Florida insurance and reinsurance markets revealed that there was not a lack of reinsurance capacity for commercial non-habitational risks, and as a result, commercial non-habitational risks were exempted from FHCF coverage. While commercial habitational (e.g., apartment buildings and condominium complexes) are still covered by the FHCF today, there seems to be mixed feelings in the industry as to whether this coverage should have been eliminated from the FHCF as well. One argument is that many of these large risks are privately reinsured under multi-state reinsurance treaties that often don't coordinate with FHCF coverage, and in some cases, do not even provide insurers with credit for the level of FHCF coverage provided. From an insurer reporting requirements perspective, the often complicated nature of commercial policy coverages creates reporting challenges that even today insurers still struggle with.

Nonetheless, should the specifics of the Louisiana market suggest that including commercial non-habitational exposures would be beneficial to Louisiana consumers, this

coverage could be incorporated into the LHCF structure. The cost of this additional coverage could be directly borne by those benefiting from the coverage.

Full detail on each of the Scenarios may be found in Exhibit 3C Scenarios 1 through 12.

5. Conclusion

As requested by the LRA-SF, Paragon has prepared this report with the goal of providing an objective analysis to assist the LRA-SF in evaluating alternative structures for a potential state hurricane catastrophe fund in Louisiana. We have addressed basic considerations such as:

- What is the maximum dollars of capacity that can be economically supported?
- What is the size and likelihood of potential hurricane losses to the state?
- What is the cost (that is, annual premium and potential assessments) of the fund?
- What is a fair way to allocate the costs of the fund to the policyholders and the citizens of the state?

While Paragon worked with the LRA-SF to define a base case LHCF structure for our analysis, it must be recognized that with every potential structure there are advantages and disadvantages that must be placed in balance for the public good. To provide the LRA-SF with fund design options, Paragon reviewed numerous structural alternatives so as to provide a range of options for consideration, including, but not limited to:

- Various assessment bases (assessable lines of business) to support post-event financing (bond issuance);
- Assessment levels;
- Attachment levels and limits for reinsurance coverage;
- Initial and ongoing capital contributions to the fund to build assets;
- Long-term versus near-term event sets;
- Loss amplification (demand surge) versus no demand surge;
- The impact of including commercial non-habitational exposure; and
- Rating differentials between parishes used to allocate the cost of the LHCF in terms of both premium and assessments to pay debt.

Whether or not to establish a state hurricane fund for Louisiana is ultimately a public policy decision. While the state faces many policy issues regarding this decision, this report is focused on providing very detailed illustrations of the potential financial structure of such a fund. Paragon hopes that the LRA-SF will find this report useful within its intended scope.

Appendix I: Overview of the FHCF

The Florida Hurricane Catastrophe Fund (FHCF) was created by the Florida Legislature in November 1993 with the purpose of stabilizing the Florida insurance market and increasing insurance capacity in the aftermath of Hurricane Andrew the prior year.

The FHCF is structured as a state trust fund under the direction and control of the State Board of Administration of Florida (SBA), functioning as a state administered reinsurance program. The SBA is a department of the Florida state government responsible for providing a variety of investment services to various governmental entities. Its three-member Board of Trustees, comprising of the Governor as Chairman, the state's Chief Financial Officer as Treasurer, and Attorney General as Secretary, oversee the operations of the SBA, including the FHCF.

Participation in the FHCF is mandatory for all authorized insurers writing habitational property insurance in the state of Florida.

<u>Operations</u>

The SBA is responsible for all operations of the FHCF. In addition to a full time nine-person FHCF Staff, the SBA relies upon several other parties to operate the FHCF:

1. A nine-member Advisory Council established by the Legislature to provide the SBA with advice and information. The council consists of an actuary, a meteorologist, an engineer, three consumer representatives, an insurers' representative, an insurer agents' representative, and a reinsurers' representative, ensuring that all parties affected by the FHCF have a voice in the operations of the FHCF.

2. Administrative and actuarial services are provided under contract by Paragon Strategic Solutions Inc. Services include, but are not limited to:
   - Advisement on FHCF structure, operations, and procedures;
   - Collection and analysis of exposure data;
   - Coordination of catastrophe modeling;
   - Annual development of actuarially indicated rates;
   - Calculation and collection of FHCF premiums;
   - Processing of loss reports and issuance of claims payments;
   - Loss reserving;
   - Insurer examination support; and
   - Preparation of monthly financial statements.

3. Audit services are provided under contract by several individuals and firms to perform exposure and claims examinations of insurers. The SBA also contracts with Ernst & Young LLP to perform annual audits of the FHCF's financial statements.

4. Financial services are provided under contract with Raymond James & Associates. Services include, but are not limited to:
   - Projection of estimated claims-paying capacity;
   - Analysis of interest rate volatility; and
   - Sensitivity analysis.

5. Legal services are provided through a combination of SBA in-house legal staff and under contract with law firms for specific areas such as bond documentation and issuance.

FHCF Participation

FHCF coverage is on a per occurrence basis (subject to an annual aggregate limit) and applies to any storm declared to be a hurricane by the National Hurricane Center which causes insured losses in Florida. Coverage begins when a storm becomes classified as a hurricane and continues throughout any subsequent downgrades regardless of whether the hurricane makes landfall. Tropical storms which do not become hurricanes are not covered.

Covered policies are those policies issued by authorized insurers which provide wind/hurricane coverage for residential properties (including commercial-habitational) located in the State of Florida. All authorized insurers in Florida which write FHCF covered policies are required to enter into an annual reimbursement contract with, and pay a reimbursement premium to, the FHCF. The annual FHCF contract is effective from June 1st through May 31st, and includes an option for companies to select a coverage level of 45%, 75%, or 90%.

A company's annual reimbursement premium is based on an actuarial formula specifying the amount of premium to be paid for each $1,000 of insured value for covered policies based on geographic location, type of business, construction, and deductible group. Credits are applied for policies that receive Building Code Effectiveness Grading (BCEG) credits from their direct insurance writers, and the FHCF is considering credits for certain windstorm mitigation features (e.g., roof type, structure opening protection).

In order to calculate FHCF premium, each company must report its total covered property exposure in force under covered policies as of June 30th to the FHCF no later than September 1st.

FHCF Capacity and Funding

Statutory capacity for the 2006/2007 contract year is limited to $15.0 billion. Capacity is comprised of "cash" balance (retained premiums and investment income thereon) of the FHCF as of 12/31 of the contract year, plus the amount the FHCF is able to raise through the issuance of revenue bonds, the purchase of reinsurance, or other financial mechanisms. The FHCF's projected capacity for the 2006/2007 contract year is as follows:

12/31/2006 Projected Fund Balance		Estimated Bonding Required		Estimated Claims Paying Capacity
$980,000,000	+	$14,020,000,000	=	$15,000,000,000

The FHCF has capped payouts in such a manner so as to reserve capacity for subsequent contract years. Assuming a $15.0 billion loss had occurred to the FHCF during the 2006/2007contract year, it is anticipated that a full $15 billion of capacity would have still been available for the 2007/2008 contract year.

If revenue bonds are issued to pay claims, the Office of Insurance Regulation within the Florida Department of Financial Services levies an emergency assessment to be paid by policyholders. The maximum assessment for any single contract year is 6% of direct premiums for future premium collections for property and casualty business in Florida, up to a cumulative assessment of 10%. The FHCF assessment base excludes Workers' Compensation, Accident & Health, Federal Flood, and for losses occurring before June 1, 2007, Medical Malpractice. Surplus lines are included in the emergency assessment base given the excluded lines as noted above. An assessment for a specific contract year may be levied for up to 30 years.

FHCF Coverage

A reimbursement premium formula is developed for each contract year, setting the actuarial indicated rates (applied to each $1,000 of insurance in force) and establishing a retention multiple for each coverage level. A company's full retention is calculated by multiplying its reimbursement premium by the multiple corresponding to the selected coverage level.

Based on the 2006/2007 FHCF coverage structure of $15 billion xs $5.3 billion, individual company retentions were calculated as follows.

Coverage Level	Retention Multiple	Premium	Full Retention (Premium x Retention Multiple)
90%	5.27224	$1,000,000	$5,272,240
75%	6.32669	$833,333	$5,272,240
45%	10.54449	$500,000	$5,272,240

While the retention remains the same regardless of the coverage level selected, the portion of subject losses reimbursed by the FHCF depends upon the coverage option selected.

As FHCF coverage is on a per occurrence basis, a company must exceed its full retention for each event before recoveries from the FHCF are triggered. However, the FHCF added a provision in 2005 for a drop-down retention. A company's full FHCF retention applies to each its two largest covered events, and then the retention is adjusted to 1/3 for any other hurricanes occurring during the same contract year.

Individual company limits are determined using a projected payout multiple, which equals the statutory single-season maximum capacity ($15 billion) divided by the total FHCF reimbursement premium billed as of December 31st of the contract year. This multiple, when applied to a company's FHCF reimbursement premium, determines the company's market share of the FHCF's claims-paying capacity. The projected payout multiple for the 2006/2007 contract year is calculated as follows:

Estimated Claims Paying Capacity		Premium Billed as of 12/31/2007		Projected Payout Multiple
$15,000,000,000	÷	$1,064,400,000	=	14.0924

Loss Reimbursements

While the FHCF requires that companies report their losses from covered events for the contract year no later than December 31st and quarterly thereafter, companies may file loss reports and request reimbursement as early and as frequent as they deem appropriate. The FHCF issues reimbursements based on reported paid losses in excess of a company's retention, including an additional 5% of reimbursable losses for loss adjustment expense. FHCF reimbursement amounts are not reduced by reinsurance paid or payable to the insurer from other sources.

Prior to reimbursement, a company's loss reports are examined and tested for reasonableness. As soon as practicable after receiving loss reports, the FHCF determines and pays reimbursement amounts due to the company. The SBA has implemented a detailed exam program in order to test the accuracy of loss reimbursement data reported to the FHCF, mainly

on a post-reimbursement basis. Adjustments to prior reimbursement may be made at any time an error is discovered, as well as following the conclusion of an examination.

Under the 2006/2007 contract year, for a company participating at the 90% coverage level and having a $1 million FHCF premium, a ground-up subject loss of approximately $20.93 million could result in a maximum FHCF reimbursement of $14.09 million as illustrated below:

$20,930,462

90%

Estimated Maximum Recovery: $14,092,400

$5,272,240 Retention

Retained Losses: $6,838,062

	Retained Losses (Retention & Co-Participation)		Estimated Maximum FHCF Recovery

The FHCF contract calls for the commutation of FHCF losses not less than three years or more than five years after the end of the Contract Year in which losses occurred. Any remaining claims and losses which are not finally settled and which may be reimbursable losses under the Contract will be reported to the FHCF and a final reimbursement will be determined and issued.

The FHCF also provides for advances in the interim for insurers that may otherwise become insolvent, Citizens Property Insurance Corporation, and limited apportionment companies which meet certain criteria.

2004 and 2005 Hurricane Seasons In Review

From its inception in 1993 through 2003, the FHCF experienced minimal losses (approximately $13 million during the 1995 hurricane season. In contrast, Hurricanes Charley, Frances, Ivan, Jeanne in 2004, and Hurricanes Dennis, Katrina, Rita, and Wilma in 2005 resulted in projected losses to the FHCF of $3.95 billion and $4.50 billion, respectively. As a result of the 2005 hurricanes, the FHCF experienced a shortfall of accumulated assets and issued $1.35 billion of revenue bonds in June 2006. Debt service on the bonds will be paid from a 1% emergency assessment on all assessable lines for six years beginning January 2007.

As of the FHCF's last Advisory Council Meeting in January 2007, the FHCF had paid $3.7 billion (94%) of its expected 2004 reimbursements $3.8 billion (84%) of its expected 2005 reimbursements. Unless compliance issues existed, insurer reimbursement requests were generally processed and payments issued within two to seven days upon the FHCF receiving the request. Due to certain liquidation requirements on invested bond proceeds, recent requests have taken on average a week longer for payment issuance.

Additional FHCF Coverages

Additional Coverage for Limited Apportionment Companies

2006 legislation enacted an additional coverage option for limited apportionment companies (an insurer with surplus of $25 million or less writing 25 percent or more of its total countrywide property insurance premiums in Florida) of up to $10 million of additional coverage underneath the mandatory FHCF coverage. The retention level for this additional coverage is 30 percent of the limited apportionment company's surplus as of March 31, 2006 as reported to the Florida Office of Insurance Regulation. The premium for this coverage is 50 percent of the additional reimbursement coverage selected, which includes one prepaid full reinstatement. This optional coverage is in addition to the regular claims-paying capacity of the FHCF. Florida's 2007 special legislative session extended this optional coverage for the upcoming 2007/2008 contract year.

Temporary Emergency Additional Coverage Option (TEACO)

Florida's 2007 special legislative session enacted TEACO beginning with the upcoming 2007/2008 contract year. TEACO creates three options for insurers to lower their FHCF retention level (projected at approximately $6.1 billion) to:

- $5 billion industry retention

- $4 billion industry retention

- $3 billion industry retention

This coverage creates a maximum capacity increase of about $6 billion ($3 billion times 2 due to a reinstatement provision), which would be funded by premiums for this coverage and the FHCF's current 6%/10% emergency assessment authority. The price for the coverage will be a rate on line of 75%, 80%, and 85%, respectively.

Temporary Increase in Coverage Limit (TICL)

Florida's 2007 special legislative session also enacted TICL beginning with the upcoming 2007/2008 contract year. TICL creates twelve options for insurers to increase their FHCF coverage above the regular FHCF coverage. The options consist of an insurer's regular FHCF market share of $12 billion, $11 billion, $10 billion, $9 billion, $8 billion, $7 billion, $6 billion, $5 billion, $4 billion, $3 billion, $2 billion, or $1 billion above the top of the regular FHCF layer limit.

As with TEACO, this additional coverage would be funded by premiums for this coverage and the FHCF's current 6%/10% emergency assessment authority The price for the coverage will be an actuarially indicated rate. The estimated rate on line for the $12 billion layer is between 2% and 2.5%.

The SBA has the discretion to expand TICL coverage by increasing the additional limit from $12 billion to $16 billion.

Louisiana Hurricane Catastrophe Fund

Exhibit 1

LRA-SF Base Case Assumptions

Modeled Loss	Residential Exposures Only Covered Long Term Annual Hurricane Frequency Loss Amplification Included
LHCF Layer	Limit $ 1,250,000,000 Retention $ 1,250,000,000 Coverage 90% LAE Load 5%
Assessment Percent	1 Year Maximum 6% Subsequent Years 4% Maximum in the Aggregate 10%
Assessment Base	Louisiana Citizens Base: Fire, Allied Lines, Homeowners Multi Peril, CMP (non-liab)
Capital Contribution	Initial $100,000,000 Annual Thereafter $0

Louisiana Hurricane Catastrophe Fund

Summary Premium Results

Exhibit 1
Sheet 2

Updated March 29, 2007

Long Term Model

Layer $1,250,000,000 xs of $1,250,000,000		
Covered Exposures	Premium	Implied Average Cost Per Risk
Residential Exposures Only	$98,705,676	$50.89
Residential + Commercial Exposures	$135,653,172	$64.24

Layer	$1,250,000,000 xs of $3,750,000,000			
Covered Exposures	Premium	Implied Average Cost Per Risk	Risk Loaded Premium	Implied Average Cost Per Risk
Residential Exposures Only	$37,220,144	$19.19	$98,705,676	$50.89
Residential + Commercial Exposures	$67,581,746	$32.00	$135,653,172	$64.24

Near Term Model

Layer $1,250,000,000 xs of $1,250,000,000		
Covered Exposures	Premium	Implied Average Cost Per Risk
Residential Exposures Only	$125,494,373	$64.71
Residential + Commercial Exposures	$172,419,560	$81.65

Layer	$1,250,000,000 xs of $3,750,000,000			
Covered Exposures	Premium	Implied Average Cost Per Risk	Risk Loaded Premium	Implied Average Cost Per Risk
Residential Exposures Only	$47,285,649	$24.38	$125,398,817	$64.66
Residential + Commercial Exposures	$86,036,234	$40.74	$172,695,864	$81.78

	Risk Counts
Residential	1,939,437
Residential + Commercial	2,111,753

Louisiana Hurricane Catastrophe Fund

Premium Indications

Comparison of Simulated Hurricane & Tropical Storm Results

Exhibit 1

Sheet 3

Updated March 29, 2007

Residential Exposures Only Covered
Layer: $1,250,000,000 xs of $1,250,000,000

		LRA-SF Base Case		
(1) **Modeled Losses**	Long Term	Long Term	Near Term	Near Term
(2) **Loss Amplification**	Excluded	Included	Excluded	Included
(3) **Attachment (11 yr Return Time)**	$1,250,000,000	$1,250,000,000	$1,250,000,000	$1,250,000,000
(4) **Limit (100% Coverage)**	$1,250,000,000	$1,250,000,000	$1,250,000,000	$1,250,000,000
(5) **Attachment + Limit (20 yr Return Time)**	$2,500,000,000	$2,500,000,000	$2,500,000,000	$2,500,000,000
(6) **Pure Premium (100% Coverage)**	$74,190,682	$87,638,334	$95,755,680	$113,521,134
(7) **Misc. Post Model Adjustments & 5% LAE Load (15%)**	$11,128,602	$13,145,750	$14,363,352	$17,028,170
(8) **Adjusted Pure Premium (100% Coverage)**	$85,319,285	$100,784,084	$110,119,032	$130,549,304
(9) **Coverage Level**	90%	90.0%	90.0%	90.0%
(10) **Adj. Pure Premium at Coverage Level**	$76,787,356	$90,705,676	$99,107,129	$117,494,373
(11) **Operating Expense**	$3,000,000	$3,000,000	$3,000,000	$3,000,000
(12) **Mitigation**	$5,000,000	$5,000,000	$5,000,000	$5,000,000
(13) **Final Premium (No Risk Load)**	$84,787,356	$98,705,676	$107,107,129	$125,494,373
(14) **Risk Count**	1,939,437	1,939,437	1,939,437	1,939,437
(15) **Implied Average Cost per Risk (No Risk Load)**	$43.72	$50.89	$55.23	$64.71

Notes:

(1) CAT Modeling basis: Long Term Modeling View versus Near Term

(2) Loss Amplification (AKA demand surge); defined as a temporary rise in construction materials after a CAT event.

(3) Attachment and limit return times are the assumptions varied to generate the structure scenarios presented.

(4) Attachment and limit return times are the assumptions varied to generate the structure scenarios presented.

(5) = (3) + (4)

(6) Based on the RMS CAT curves and the CAT Fund structure defined in rows (3) & (4).

(7) = (6) * (10% + 5%); 10% is the post model adjustment factor, 5% is the load for LAE.

(8) = (6) + (7)

(9) Assumes 90% coverage selected by all participants in the LHCF

(10) = (8)*(9)

(11) LHCF Operating Expense

(12) Amount collected to fund loss mitigation research.

(13) = (10) +(11) +(12)

(14) Risk Counts from RMS Industry Data Base

(15) = (13)/(14)

Updated March 29, 2007

Residential Exposures Only Covered

Layer: $1,250,000,000 xs of $3,750,000,000

	Long Term	Long Term	Near Term	Near Term
(1) Modeled Losses				
(2) Loss Amplification	Excluded	Included	Excluded	Included
(3) Attachment (33 yr Return Time)	$3,750,000,000	$3,750,000,000	$3,750,000,000	$3,750,000,000
(4) Limit (100% Coverage)	$1,250,000,000	$1,250,000,000	$1,250,000,000	$1,250,000,000
(5) Attachment + Limit (50 yr Return Time)	$5,000,000,000	$5,000,000,000	$5,000,000,000	$5,000,000,000
(6) Pure Premium (100% Coverage)	$19,283,535	$28,232,023	$27,017,265	$37,957,149
(7) Misc. Post Model Adjustments & 5% LAE Load (15%)	$2,892,530	$4,234,803	$4,052,590	$5,693,572
(8) Adjusted Pure Premium (100% Coverage)	$22,176,065	$32,466,826	$31,069,854	$43,650,722
(9) Coverage Level	90.0%	90.0%	90.0%	90.0%
(10) Adj. Pure Premium at Coverage Level	$19,958,458	$29,220,144	$27,962,869	$39,285,649
(11) Operating Expense	$3,000,000	$3,000,000	$3,000,000	$3,000,000
(12) Mitigation	$5,000,000	$5,000,000	$5,000,000	$5,000,000
(13) Final Premium (No Risk Load)	$27,958,458	$37,220,144	$35,962,869	$47,285,649
(14) Risk Count	1,939,437	1,939,437	1,939,437	1,939,437
(15) Implied Average Cost per Risk (No Risk Load)	$14.42	$19.19	$18.54	$24.38

Risk Loaded Results				
Final Premium (with 2.65x Risk Load)	$74,144,220	$98,705,676	$95,371,455	$125,398,817
Implied Average Cost per Risk (with 2.65x Risk Load)	$38.23	$50.89	$49.17	$64.66

Notes:

(1) CAT Modeling basis: Long Term Modeling View versus Near Term

(2) Loss Amplification (AKA demand surge); defined as a temporary rise in construction materials after a CAT event.

(3) Attachment and limit return times are the assumptions varied to generate the structure scenarios presented.

(4) Attachment and limit return times are the assumptions varied to generate the structure scenarios presented.

(5) = (3) + (4)

(6) Based on the RMS CAT curves and the CAT Fund structure defined in rows (3) & (4).

(7) = (6) * (10% + 5%); 10% is the post model adjustment factor, 5% is the load for LAE.

(8) = (6) + (7)

(9) Assumes 90% coverage selected by all participants in the LHCF

(10) = (8)*(9)

(11) LHCF Operating Expense

(12) Amount collected to fund loss mitigation research.

(13) = (10) +(11) +(12)

(14) Risk Counts from RMS Industry Data Base

(15) = (13)/(14)

Exhibit 1
Sheet 5

Louisiana Hurricane Catastrophe Fund

Premium Indications

Comparison of Simulated Hurricane & Tropical Storm Results

Updated March 29, 2007

Residential and Commercial Exposures Covered

Layer: $1,250,000,000 xs of $1,250,000,000

	Long Term	Long Term	Near Term	Near Term
(1) Modeled Losses	Long Term	Long Term	Near Term	Near Term
(2) Loss Amplification	Excluded	Included	Excluded	Included
(3) Attachment (11 yr Return Time)	$1,250,000,000	$1,250,000,000	$1,250,000,000	$1,250,000,000
(4) Limit (100% Coverage)	$1,250,000,000	$1,250,000,000	$1,250,000,000	$1,250,000,000
(5) Attachment + Limit (20 yr Return Time)	$2,500,000,000	$2,500,000,000	$2,500,000,000	$2,500,000,000
(6) Pure Premium (100% Coverage)	$110,926,360	$123,336,398	$142,707,290	$158,859,479
(7) Misc. Post Model Adjustments & 5% LAE Load (15%)	$16,638,954	$18,500,460	$21,406,093	$23,828,922
(8) Adjusted Pure Premium (100% Coverage)	$127,565,314	$141,836,858	$164,113,383	$182,688,401
(9) Coverage Level	90%	90.0%	90.0%	90.0%
(10) Adj. Pure Premium at Coverage Level	$114,808,783	$127,653,172	$147,702,045	$164,419,560
(11) Operating Expense	$3,000,000	$3,000,000	$3,000,000	$3,000,000
(12) Mitigation	$5,000,000	$5,000,000	$5,000,000	$5,000,000
(13) Final Premium (No Risk Load)	$122,808,783	$135,653,172	$155,702,045	$172,419,560
(14) Risk Count	2,111,753	2,111,753	2,111,753	2,111,753
(15) Implied Average Cost per Risk (No Risk Load)	$58.15	$64.24	$73.73	$81.65

Notes:

(1) CAT Modeling basis: Long Term Modeling View versus Near Term

(2) Loss Amplification (AKA demand surge); defined as a temporary rise in construction materials after a CAT event.

(3) Attachment and limit return times are the assumptions varied to generate the structure scenarios presented.

(4) Attachment and limit return times are the assumptions varied to generate the structure scenarios presented.

(5) = (3) + (4)

(6) Based on the RMS CAT curves and the CAT Fund structure defined in rows (3) & (4).

(7) = (6) * (10% + 5%); 10% is the post model adjustment factor, 5% is the load for LAE.

(8) = (6) + (7)

(9) Assumes 90% coverage selected by all participants in the LHCF

(10) = (8)*(9)

(11) LHCF Operating Expense

(12) Amount collected to fund loss mitigation research.

(13) = (10) +(11) +(12)

(14) Risk Counts from RMS Industry Data Base

(15) = (13)/(14)

Premium Indications
Comparison of Simulated Hurricane & Tropical Storm Results

Updated March 29, 2007

Residential and Commercial Exposures Covered

Layer: $1,250,000,000 xs of $3,750,000,000

	Long Term	Long Term	Near Term	Near Term
(1) Modeled Losses	Long Term	Long Term	Near Term	Near Term
(2) Loss Amplification	Excluded	Included	Excluded	Included
(3) Attachment (33 yr Return Time)	$3,750,000,000	$3,750,000,000	$3,750,000,000	$3,750,000,000
(4) Limit (100% Coverage)	$1,250,000,000	$1,250,000,000	$1,250,000,000	$1,250,000,000
(5) Attachment + Limit (50 yr Return Time)	$5,000,000,000	$5,000,000,000	$5,000,000,000	$5,000,000,000
(6) Pure Premium (100% Coverage)	$45,358,658	$57,566,904	$59,385,757	$75,397,328
(7) Misc. Post Model Adjustments & 5% LAE Load (15%)	$6,803,799	$8,635,036	$8,907,864	$11,309,599
(8) Adjusted Pure Premium (100% Coverage)	$52,162,457	$66,201,940	$68,293,621	$86,706,927
(9) Coverage Level	90%	90.0%	90.0%	90.0%
(10) Adj. Pure Premium at Coverage Level	$46,946,211	$59,581,746	$61,464,258	$78,036,234
(11) Operating Expense	$3,000,000	$3,000,000	$3,000,000	$3,000,000
(12) Mitigation	$5,000,000	$5,000,000	$5,000,000	$5,000,000
(13) Final Premium (No Risk Load)	$54,946,211	$67,581,746	$69,464,258	$86,036,234
(14) Risk Count	2,111,753	2,111,753	2,111,753	2,111,753
(15) Implied Average Cost per Risk (No Risk Load)	$26.02	$32.00	$32.89	$40.74

Risk Loaded Results				
Final Premium (with 2.65x Risk Load)	$110,290,549	$135,653,172	$139,431,837	$172,695,864
Implied Average Cost per Risk (with 2.65x Risk Load)	$52.23	$64.24	$66.03	$81.78

Notes:

(1) CAT Modeling basis: Long Term Modeling View versus Near Term

(2) Loss Amplification (AKA demand surge); defined as a temporary rise in construction materials after a CAT event.

(3) Attachment and limit return times are the assumptions varied to generate the structure scenarios presented.

(4) Attachment and limit return times are the assumptions varied to generate the structure scenarios presented.

(5) = (3) + (4)

(6) Based on the RMS CAT curves and the CAT Fund structure defined in rows (3) & (4).

(7) = (6) * (10% + 5%); 10% is the post model adjustment factor, 5% is the load for LAE.

(8) = (6) + (7)

(9) Assumes 90% coverage selected by all participants in the LHCF

(10) = (8)*(9)

(11) LHCF Operating Expense

(12) Amount collected to fund loss mitigation research.

(13) = (10) +(11) +(12)

(14) Risk Counts from RMS Industry Data Base

(15) = (13)/(14)

Louisiana Hurricane Catastrophe Fund

Bonding Capacity Estimation

($ millions)

Exhibit 2

Assessment Base Option	LRA-SF Base Case	Option 2	Option 3	Option 4	Florida
(1) 2005 Direct Written Premium (ie. Assessment base)	$1,434	$1,556	$6,002	$6,715	$34,989
(2) Bonding Capacity based on 6% Assessment of DWP	$1,304	$1,414	$5,456	$6,104	$31,806
(3) Bonding Capacity based on 4% Assessment of DWP	$869	$943	$3,637	$4,069	$21,204
(4) Maximum Bonding Capacity based on 10% Assessment of DWP	$2,173	$2,357	$9,093	$10,174	$ 53,010

Assessment Base Options
 Option 1: Louisiana Citizens Base: Fire, Allied Lines, Homeowners Multi Peril, CMP (non-liab)
 Option 2: Louisiana Citizens Base plus same lines under Surplus Lines
 Option 3: All Lines Except Federal Flood, Medical Malpractice, Workers' Compensation, A&H & Surplus Lines
 Option 4: All Lines Except Federal Flood, Medical Malpractice, Workers' Compensation, & A&H

Notes:
(1) From LRA-SF Through Louisiana Dept of Insurance and Florida Dept of Financial Services.
(2) = (1)* (2) Florida / (1) Florida
(3) = (1)* (3) Florida / (1) Florida
(4) = (2) + (3)

Scenario 1 Assumes (1) No Simulated LHCF Losses and (2) Bonding Interest Rates as of May 2006 (3) Initial Capital Contribution of $100M

Layer: $1,250,000,000 xs of $1,250,000,000

Assumptions

2007 Retention		$ 1,250
2007 Limit		$ 1,250
2006 Year end balance (unrestricted)		0
2007 Premium		$ 98.71
2007 Mitigation		$ (5.0)
2007 Expenses		$ (3.0)
2007 Capacity from first	6%	$ 1,304
2007 Capacity from next	4%	$ 869
Maximum assessment any one year		6.00%
Maximum total assessment		10.00%
LAE Load		1.05
Year 1		2007
Coverage %		90.00%

Growth Assumptions

Investment rate	3.50%
Bonding capacity growth rate	3.50%
Risk premium growth rate	4.15%
Mitigation growth rate	0.00%
Expense growth rate	3.15%
Limit & Retention Trend	4.15%

No Loss Scenario

		Contribution						Interest				Bonding Capacity Available						Total LHCF Capacity				Losses					
	Calendar Year	Start Up Capital	Annual Funding Capital	Initial Balance	Premium	Expenses	Mitigation	On Premium	On Cash Balance	Total Interest	Ending Balance	Cum. Total (10%)	One Yr Limit (6%)	Already Used	% Used	Cum. Available	Available this year	Trended Retention	Trended Limit	Cash + Bonding	Actual	Trended LHCF Losses@ coverage	Trended LHCF Loss + LAE	Capped, Trended LHCF Loss + LAE	Paid with Cash	Paid with Bonding	Unpaid
1	2007	100	0	100	98.7	(3.0)	(5.0)	0.8	4	4	195	2,173	1,304	0	0.00%	2,173	1,304	1,250	1,250	1,499	1,250	-	-	-	-	-	-
2	2008		0	195	102.6	(3.1)	(5.0)	0.9	7	8	297	2,249	1,349	0	0.00%	2,249	1,349	1,302	1,302	1,646	1,302	-	-	-	-	-	-
3	2009		0	297	106.6	(3.2)	(5.0)	0.9	10	11	407	2,327	1,396	0	0.00%	2,327	1,396	1,356	1,356	1,803	1,356	-	-	-	-	-	-
4	2010		0	407	110.8	(3.3)	(5.0)	0.9	14	15	525	2,409	1,445	0	0.00%	2,409	1,445	1,412	1,412	1,970	1,412	-	-	-	-	-	-
5	2011		0	525	115.1	(3.4)	(5.0)	1.0	18	19	651	2,493	1,496	0	0.00%	2,493	1,496	1,471	1,471	2,146	1,471	-	-	-	-	-	-
6	2012		0	651	119.7	(3.5)	(5.0)	1.0	23	24	786	2,580	1,548	0	0.00%	2,580	1,548	1,532	1,532	2,334	1,532	-	-	-	-	-	-
7	2013		0	786	124.4	(3.6)	(5.0)	1.1	27	29	930	2,671	1,602	0	0.00%	2,671	1,602	1,595	1,595	2,532	1,595	-	-	-	-	-	-
8	2014		0	930	129.3	(3.7)	(5.0)	1.1	33	34	1,084	2,764	1,658	0	0.00%	2,764	1,658	1,662	1,662	2,743	1,662	-	-	-	-	-	-
9	2015		0	1,084	134.4	(3.8)	(5.0)	1.1	38	39	1,249	2,861	1,717	0	0.00%	2,861	1,717	1,731	1,731	2,965	1,731	-	-	-	-	-	-
10	2016		0	1,249	139.8	(4.0)	(5.0)	1.2	44	45	1,424	2,961	1,777	0	0.00%	2,961	1,777	1,802	1,802	3,201	1,802	-	-	-	-	-	-
11	2017		0	1,424	145.3	(4.1)	(5.0)	1.2	50	51	1,612	3,065	1,839	0	0.00%	3,065	1,839	1,877	1,877	3,451	1,877	-	-	-	-	-	-
12	2018		0	1,612	151.1	(4.2)	(5.0)	1.3	56	58	1,811	3,172	1,903	0	0.00%	3,172	1,903	1,955	1,955	3,714	1,955	-	-	-	-	-	-
13	2019		0	1,811	157.1	(4.4)	(5.0)	1.3	63	65	2,024	3,283	1,970	0	0.00%	3,283	1,970	2,036	2,036	3,994	2,036	-	-	-	-	-	-
14	2020		0	2,024	163.4	(4.5)	(5.0)	1.4	71	72	2,250	3,398	2,039	0	0.00%	3,398	2,039	2,121	2,121	4,289	2,121	-	-	-	-	-	-
15	2021		0	2,250	169.9	(4.6)	(5.0)	1.4	79	80	2,490	3,517	2,110	0	0.00%	3,517	2,110	2,209	2,209	4,600	2,209	-	-	-	-	-	-
16	2022		0	2,490	176.7	(4.8)	(5.0)	1.5	87	89	2,746	3,640	2,184	0	0.00%	3,640	2,184	2,300	2,300	4,930	2,300	-	-	-	-	-	-
17	2023		0	2,746	183.8	(4.9)	(5.0)	1.6	96	98	3,018	3,767	2,260	0	0.00%	3,767	2,260	2,396	2,396	5,278	2,396	-	-	-	-	-	-
18	2024		0	3,018	191.2	(5.1)	(5.0)	1.6	106	107	3,306	3,899	2,339	0	0.00%	3,899	2,339	2,495	2,495	5,645	2,495	-	-	-	-	-	-
19	2025		0	3,306	198.8	(5.2)	(5.0)	1.7	116	117	3,612	4,036	2,421	0	0.00%	4,036	2,421	2,599	2,599	6,033	2,599	-	-	-	-	-	-
20	2026		0	3,612	206.8	(5.4)	(5.0)	1.8	126	128	3,936	4,177	2,506	0	0.00%	4,177	2,506	2,707	2,707	6,442	2,707	-	-	-	-	-	-

Louisiana Hurricane Catstrophe Fund

Growth of Fund Capacity Under 10% Assessment Plan (6% + 4%)

($ in Millions)

Scenario 2 Assumes (1) Simulated Large LHCF Loss in First Year and (2) Bonding Interest Rates as of May 2006 (3) Initial Capital Contribution of $100M
Layer: $1,250,000,000 xs of $1,250,000,000

Assumptions

2007 Retention		$	1,250
2007 First Season Capacity		$	1,250
2006 Year end balance (unrestricted)			0
2007 Premium		$	98.71
2007 Mitigation		$	(5.0)
2007 Expenses		$	(3.0)
2007 Capacity from first	6%	$	1,304
2007 Capacity from next	4%	$	869
Maximum assessment any one year			6.00%
Maximum total assessment			10.00%
LAE Load			1.05
Year 1			2007
Coverage %			90.00%

Growth Assumptions

Investment rate	3.50%
Bonding capacity growth rate	3.50%
Risk premium growth rate	4.15%
Mitigation growth rate	0.00%
Expense growth rate	3.15%
Limit & Retention Trend	4.15%

One Large Loss Scenario

			Contribution					Interest				Bonding Capacity Available						Total LHCF Capacity				Losses				
	Calendar Year	Start Up Capital	Annual Funding Capital	Initial Balance	Premium	Expenses	Mitigation	On Premium	On Cash Balance	Total Interest	Ending Balance	Cum. Total (10%)	One Yr Limit (6%)	Already Used	% Used	Cum. Available	Available this year	Trended Retention	Trended Limit	Cash + Bonding	Actual	Trended LHCF Losses@ coverage	Trended LHCF Loss + LAE	Capped, Trended LHCF Loss + LAE	Paid with Cash	Paid with Bonding	Unpaid
1	2007	100	0	100	98.7	(3.0)	(5.0)	0.8	4	4	195	2,173	1,304	0	4.86%	2,173	1,304	1,250	1,250	1,499	1,250	5,000	5,250	1,250	195	1,055	-
2	2008		0	-	102.6	(3.1)	(5.0)	0.9	-	1	95	2,249	1,349	1,055	4.69%	1,194	1,194	1,302	1,302	1,289	1,289	-	-	-	-	-	-
3	2009		0	95	106.6	(3.2)	(5.0)	0.9	3	4	198	2,327	1,396	1,055	4.53%	1,272	1,272	1,356	1,356	1,470	1,356	-	-	-	-	-	-
4	2010		0	198	110.8	(3.3)	(5.0)	0.9	7	8	308	2,409	1,445	1,055	4.38%	1,354	1,354	1,412	1,412	1,662	1,412	-	-	-	-	-	-
5	2011		0	308	115.1	(3.4)	(5.0)	1.0	11	12	427	2,493	1,496	1,055	4.23%	1,438	1,438	1,471	1,471	1,865	1,471	-	-	-	-	-	-
6	2012		0	427	119.7	(3.5)	(5.0)	1.0	15	16	554	2,580	1,548	1,055	4.09%	1,525	1,525	1,532	1,532	2,079	1,532	-	-	-	-	-	-
7	2013		0	554	124.4	(3.6)	(5.0)	1.1	19	20	690	2,671	1,602	1,055	3.95%	1,616	1,602	1,595	1,595	2,293	1,595	-	-	-	-	-	-
8	2014		0	690	129.3	(3.7)	(5.0)	1.1	24	25	836	2,764	1,658	1,055	3.82%	1,709	1,658	1,662	1,662	2,494	1,662	-	-	-	-	-	-
9	2015		0	836	134.4	(3.8)	(5.0)	1.1	29	30	992	2,861	1,717	1,055	3.69%	1,806	1,717	1,731	1,731	2,708	1,731	-	-	-	-	-	-
10	2016		0	992	139.8	(4.0)	(5.0)	1.2	35	36	1,159	2,961	1,777	1,055	3.56%	1,906	1,777	1,802	1,802	2,935	1,802	-	-	-	-	-	-
11	2017		0	1,159	145.3	(4.1)	(5.0)	1.2	41	42	1,337	3,065	1,839	1,055	3.44%	2,010	1,839	1,877	1,877	3,175	1,877	-	-	-	-	-	-
12	2018		0	1,337	151.1	(4.2)	(5.0)	1.3	47	48	1,527	3,172	1,903	1,055	3.33%	2,117	1,903	1,955	1,955	3,430	1,955	-	-	-	-	-	-
13	2019		0	1,527	157.1	(4.4)	(5.0)	1.3	53	55	1,729	3,283	1,970	1,055	3.21%	2,228	1,970	2,036	2,036	3,699	2,036	-	-	-	-	-	-
14	2020		0	1,729	163.4	(4.5)	(5.0)	1.4	61	62	1,945	3,398	2,039	1,055	3.10%	2,343	2,039	2,121	2,121	3,984	2,121	-	-	-	-	-	-
15	2021		0	1,945	169.9	(4.6)	(5.0)	1.4	68	70	2,175	3,517	2,110	1,055	3.00%	2,462	2,110	2,209	2,209	4,285	2,209	-	-	-	-	-	-
16	2022		0	2,175	176.7	(4.8)	(5.0)	1.5	76	78	2,419	3,640	2,184	1,055	2.90%	2,585	2,184	2,300	2,300	4,603	2,300	-	-	-	-	-	-
17	2023		0	2,419	183.8	(4.9)	(5.0)	1.6	85	86	2,679	3,767	2,260	1,055	2.80%	2,712	2,260	2,396	2,396	4,940	2,396	-	-	-	-	-	-
18	2024		0	2,679	191.2	(5.1)	(5.0)	1.6	94	95	2,956	3,899	2,339	1,055	2.71%	2,844	2,339	2,495	2,495	5,295	2,495	-	-	-	-	-	-
19	2025		0	2,956	198.8	(5.2)	(5.0)	1.7	103	105	3,250	4,036	2,421	1,055	2.61%	2,981	2,421	2,599	2,599	5,671	2,599	-	-	-	-	-	-
20	2026		0	3,250	206.8	(5.4)	(5.0)	1.8	114	115	3,561	4,177	2,506	1,055	2.53%	3,122	2,506	2,707	2,707	6,067	2,707	-	-	-	-	-	-

Louisiana Hurricane Catstrophe Fund

Growth of Fund Capacity Under 10% Assessment Plan (6% + 4%)

($ in Millions)

Scenario 3 Assumes (1) Two Back to Back Simulated LHCF Losses and (2) Bonding Interest Rates as of May 2006 (3) Initial Capital Contribution of $100M

Layer: $1,250,000,000 xs of $1,250,000,000

Assumptions

2007 Retention		$	1,250
2007 First Season Capacity		$	1,250
2006 Year end balance (unrestricted)			0
2007 Premium		$	98.71
2007 Mitigation		$	(5.0)
2007 Expenses		$	(3.0)
2007 Capacity from first	6%	$	1,304
2007 Capacity from next	4%	$	869
Maximum assessment any one year			6.00%
Maximum total assessment			10.00%
LAE Load			1.05
Year 1			2007
Coverage %			90.00%

Growth Assumptions

Investment rate	3.50%
Bonding capacity growth rate	3.50%
Risk premium growth rate	4.15%
Mitigation growth rate	0.00%
Expense growth rate	3.15%
Limit & Retention Trend	4.15%

Two Back to Back Loss Scenario

	Calendar Year	Start Up Capital	Annual Funding Capital	Initial Balance	Premium	Expenses	Mitigation	On Premium	On Cash Balance	Total Interest	Ending Balance	Cum. Total (10%)	One Yr Limit (6%)	Already Used	% Used	Cum. Available	Available this year	Trended Retention	Trended Limit	Cash + Bonding	Actual	Trended LHCF Losses @ coverage	Trended LHCF Loss + LAE	Capped, Trended LHCF Loss + LAE	Paid with Cash	Paid with Bonding	Unpaid
1	2007	100	0	100	98.7	(3.0)	(5.0)	0.8	4	4	195	2,173	1,304	0	0.00%	2,173	1,304	1,250	1,250	1,499	1,250	-	-	-	-	-	-
2	2008		0	195	102.6	(3.1)	(5.0)	0.9	7	8	297	2,249	1,349	0	0.00%	2,249	1,349	1,302	1,302	1,646	1,302	-	-	-	-	-	-
3	2009		0	297	106.6	(3.2)	(5.0)	0.9	10	11	407	2,327	1,396	0	0.00%	2,327	1,396	1,356	1,356	1,803	1,356	-	-	-	-	-	-
4	2010		0	407	110.8	(3.3)	(5.0)	0.9	14	15	525	2,409	1,445	0	0.00%	2,409	1,445	1,412	1,412	1,970	1,412	-	-	-	-	-	-
5	2011		0	525	115.1	(3.4)	(5.0)	1.0	18	19	651	2,493	1,496	0	3.29%	2,493	1,496	1,471	1,471	2,146	1,471	7,000	7,350	1,471	651	820	-
6	2012		0	-	119.7	(3.5)	(5.0)	1.0	-	1	112	2,580	1,548	820	8.68%	1,760	1,548	1,532	1,532	1,660	1,532	2,000	2,100	1,532	112	1,420	-
7	2013		0	-	124.4	(3.6)	(5.0)	1.1	-	1	117	2,671	1,602	2,240	8.39%	431	431	1,595	1,595	548	548	-	-	-	-	-	-
8	2014		0	117	129.3	(3.7)	(5.0)	1.1	4	5	243	2,764	1,658	2,240	8.10%	524	524	1,662	1,662	767	767	-	-	-	-	-	-
9	2015		0	243	134.4	(3.8)	(5.0)	1.1	8	10	378	2,861	1,717	2,240	7.83%	621	621	1,731	1,731	999	999	-	-	-	-	-	-
10	2016		0	378	139.8	(4.0)	(5.0)	1.2	13	14	523	2,961	1,777	2,240	7.56%	721	721	1,802	1,802	1,244	1,244	-	-	-	-	-	-
11	2017		0	523	145.3	(4.1)	(5.0)	1.2	18	20	679	3,065	1,839	2,240	7.31%	825	825	1,877	1,877	1,504	1,504	-	-	-	-	-	-
12	2018		0	679	151.1	(4.2)	(5.0)	1.3	24	25	846	3,172	1,903	2,240	7.06%	932	932	1,955	1,955	1,778	1,778	-	-	-	-	-	-
13	2019		0	846	157.1	(4.4)	(5.0)	1.3	30	31	1,024	3,283	1,970	2,240	6.82%	1,043	1,043	2,036	2,036	2,067	2,036	-	-	-	-	-	-
14	2020		0	1,024	163.4	(4.5)	(5.0)	1.4	36	37	1,215	3,398	2,039	2,240	6.59%	1,158	1,158	2,121	2,121	2,374	2,121	-	-	-	-	-	-
15	2021		0	1,215	169.9	(4.6)	(5.0)	1.4	43	44	1,420	3,517	2,110	2,240	6.37%	1,277	1,277	2,209	2,209	2,697	2,209	-	-	-	-	-	-
16	2022		0	1,420	176.7	(4.8)	(5.0)	1.5	50	51	1,638	3,640	2,184	2,240	6.15%	1,400	1,400	2,300	2,300	3,038	2,300	-	-	-	-	-	-
17	2023		0	1,638	183.8	(4.9)	(5.0)	1.6	57	59	1,871	3,767	2,260	2,240	5.95%	1,527	1,527	2,396	2,396	3,398	2,396	-	-	-	-	-	-
18	2024		0	1,871	191.2	(5.1)	(5.0)	1.6	65	67	2,119	3,899	2,339	2,240	5.74%	1,659	1,659	2,495	2,495	3,778	2,495	-	-	-	-	-	-
19	2025		0	2,119	198.8	(5.2)	(5.0)	1.7	74	76	2,383	4,036	2,421	2,240	5.55%	1,796	1,796	2,599	2,599	4,179	2,599	-	-	-	-	-	-
20	2026		0	2,383	206.8	(5.4)	(5.0)	1.8	83	85	2,665	4,177	2,506	2,240	5.36%	1,937	1,937	2,707	2,707	4,602	2,707	-	-	-	-	-	-

Column group headers: Contribution | Interest | Bonding Capacity Available | Total LHCF Capacity | Losses

Louisiana Hurricane Catstrophe Fund
Growth of Fund Capacity Under 10% Assessment Plan (6% + 4%)
($ in Millions)

Scenario 4 Assumes (1) Multiple Simulated LHCF Losses and (2) Bonding Interest Rates as of May 2006 (3) Initial Capital Contribution of $100M

Layer: $1,250,000,000 xs of $1,250,000,000

Assumptions

2007 Retention		$ 1,250
2007 First Season Capacity		$ 1,250
2006 Year end balance (unrestricted)		0
2007 Premium		$ 98.71
2007 Mitigation		$ (5.0)
2007 Expenses		$ (3.0)
2007 Capacity from first	6%	$ 1,304
2007 Capacity from next	4%	$ 869
Maximum assessment any one year		6.00%
Maximum total assessment		10.00%
LAE Load		1.05
Year 1		2007
Coverage %		90.00%

Growth Assumptions

Investment rate	3.50%
Bonding capacity growth rate	3.50%
Risk premium growth rate	4.15%
Mitigation growth rate	0.00%
Expense growth rate	3.15%
Limit & Retention Trend	4.15%

Multiple Large Loss Scenario

		Contribution						Interest				Bonding Capacity Available						Total LHCF Capacity				Losses					
	Calendar Year	Start Up Capital	Annual Funding Capital	Initial Balance	Premium	Expenses	Mitigation	On Premium	On Cash Balance	Total Interest	Ending Balance	Cum. Total (10%)	One Yr Limit (6%)	Already Used	% Used	Cum. Available	Available this year	Trended Retention	Trended Limit	Cash + Bonding	Actual	Trended LHCF Losses@ coverage	Trended LHCF Loss + LAE	Capped, Trended LHCF Loss + LAE	Paid with Cash	Paid with Bonding	Unpaid
1	2007	100	0	100	98.7	(3.0)	(5.0)	0.8	4	4	195	2,173	1,304	0	0.00%	2,173	1,304	1,250	1,250	1,499	1,250	-	-	-	-	-	-
2	2008		0	195	102.6	(3.1)	(5.0)	0.9	7	8	297	2,249	1,349	0	0.00%	2,249	1,349	1,302	1,302	1,646	1,302	-	-	-	-	-	-
3	2009		0	297	106.6	(3.2)	(5.0)	0.9	10	11	407	2,327	1,396	0	4.08%	2,327	1,396	1,356	1,356	1,803	1,356	5,000	5,250	1,356	407	949	-
4	2010		0	-	110.8	(3.3)	(5.0)	0.9	-	1	103	2,409	1,445	949	3.94%	1,460	1,445	1,412	1,412	1,549	1,445	-	-	-	-	-	-
5	2011		0	103	115.1	(3.4)	(5.0)	1.0	4	5	215	2,493	1,496	949	3.81%	1,544	1,496	1,471	1,471	1,711	1,471	-	-	-	-	-	-
6	2012		0	215	119.7	(3.5)	(5.0)	1.0	8	9	334	2,580	1,548	949	8.32%	1,631	1,548	1,532	1,532	1,883	1,532	5,000	5,250	1,532	334	1,197	-
7	2013		0	-	124.4	(3.6)	(5.0)	1.1	-	1	117	2,671	1,602	2,146	8.04%	524	524	1,595	1,595	641	641	-	-	-	-	-	-
8	2014		0	117	129.3	(3.7)	(5.0)	1.1	4	5	243	2,764	1,658	2,146	7.77%	618	618	1,662	1,662	860	860	-	-	-	-	-	-
9	2015		0	243	134.4	(3.8)	(5.0)	1.1	8	10	378	2,861	1,717	2,146	10.00%	714	714	1,731	1,731	1,092	1,092	5,000	5,250	1,731	378	714	638
10	2016		0	-	139.8	(4.0)	(5.0)	1.2	-	1	132	2,961	1,777	2,861	9.66%	100	100	1,802	1,802	232	232	-	-	-	-	-	-
11	2017		0	132	145.3	(4.1)	(5.0)	1.2	5	6	274	3,065	1,839	2,861	9.34%	204	204	1,877	1,877	478	478	-	-	-	-	-	-
12	2018		0	274	151.1	(4.2)	(5.0)	1.3	10	11	427	3,172	1,903	2,861	10.00%	311	311	1,955	1,955	738	738	5,000	5,250	1,955	427	311	1,217
13	2019		0	-	157.1	(4.4)	(5.0)	1.3	-	1	149	3,283	1,970	3,172	9.66%	111	111	2,036	2,036	260	260	-	-	-	-	-	-
14	2020		0	149	163.4	(4.5)	(5.0)	1.4	5	7	310	3,398	2,039	3,172	9.34%	226	226	2,121	2,121	536	536	-	-	-	-	-	-
15	2021		0	310	169.9	(4.6)	(5.0)	1.4	11	12	482	3,517	2,110	3,172	10.00%	345	345	2,209	2,209	827	827	5,000	5,250	2,209	482	345	1,382
16	2022		0	-	176.7	(4.8)	(5.0)	1.5	-	2	168	3,640	2,184	3,517	9.66%	123	123	2,300	2,300	292	292	-	-	-	-	-	-
17	2023		0	168	183.8	(4.9)	(5.0)	1.6	6	7	350	3,767	2,260	3,517	9.34%	250	250	2,396	2,396	600	600	-	-	-	-	-	-
18	2024		0	350	191.2	(5.1)	(5.0)	1.6	12	14	545	3,899	2,339	3,517	10.00%	382	382	2,495	2,495	927	927	5,000	5,250	2,495	545	382	1,568
19	2025		0	-	198.8	(5.2)	(5.0)	1.7	-	2	190	4,036	2,421	3,899	9.66%	136	136	2,599	2,599	327	327	-	-	-	-	-	-
20	2026		0	190	206.8	(5.4)	(5.0)	1.8	7	8	395	4,177	2,506	3,899	9.34%	278	278	2,707	2,707	673	673	-	-	-	-	-	-

Louisiana Hurricane Catstrophe Fund

Growth of Fund Capacity Under 10% Assessment Plan (6% + 4%)

($ in Millions)

Scenario 5 Assumes (1) No Simulated LHCF Losses and (2) Bonding Interest Rates as of May 2006 (3) Initial Capital Contribution of $100M

Layer: $1,250,000,000 xs of $3,750,000,000

Assumptions

2007 Retention		$	3,750
2007 First Season Capacity		$	1,250
2006 Year end balance (unrestricted)			0
2007 Premium		$	37.22
2007 Mitigation		$	(5.0)
2007 Expenses		$	(3.0)
2007 Capacity from first	6%	$	1,304
2007 Capacity from next	4%	$	869
Maximum assessment any one year			6.00%
Maximum total assessment			10.00%
LAE Load			1.05
Year 1			2007
Coverage %			90.00%

Growth Assumptions

Investment rate	3.50%
Bonding capacity growth rate	3.50%
Risk premium growth rate	4.15%
Mitigation growth rate	0.00%
Expense growth rate	3.15%
Limit & Retention Trend	4.15%

No Loss Scenario

	Calendar Year	Start Up Capital	Contribution: Annual Funding Capital	Initial Balance	Premium	Expenses	Mitigation	Interest: On Premium	On Cash Balance	Total Interest	Ending Balance	Bonding Capacity Available: Cum. Total (10%)	One Yr Limit (6%)	Already Used	% Used	Cum. Available	Available this year	Total LHCF Capacity: Trended Retention	Trended Limit	Cash + Bonding	Actual	Losses: Trended LHCF Losses@ coverage	Trended LHCF Loss + LAE	Capped, Trended LHCF Loss + LAE	Paid with Cash	Paid with Bonding	Unpaid
1	2007	100	0	100	37.2	(3.0)	(5.0)	0.3	4	4	133	2,173	1,304	0	0.00%	2,173	1,304	3,750	1,250	1,437	1,250	-	-	-	-	-	-
2	2008		0	133	38.5	(3.1)	(5.0)	0.3	5	5	168	2,249	1,349	0	0.00%	2,249	1,349	3,906	1,302	1,518	1,302	-	-	-	-	-	-
3	2009		0	168	39.9	(3.2)	(5.0)	0.3	6	6	206	2,327	1,396	0	0.00%	2,327	1,396	4,068	1,356	1,603	1,356	-	-	-	-	-	-
4	2010		0	206	41.3	(3.3)	(5.0)	0.3	7	8	247	2,409	1,445	0	0.00%	2,409	1,445	4,237	1,412	1,692	1,412	-	-	-	-	-	-
5	2011		0	247	42.8	(3.4)	(5.0)	0.3	9	9	290	2,493	1,496	0	0.00%	2,493	1,496	4,412	1,471	1,786	1,471	-	-	-	-	-	-
6	2012		0	290	44.3	(3.5)	(5.0)	0.4	10	11	337	2,580	1,548	0	0.00%	2,580	1,548	4,595	1,532	1,885	1,532	-	-	-	-	-	-
7	2013		0	337	45.9	(3.6)	(5.0)	0.4	12	12	386	2,671	1,602	0	0.00%	2,671	1,602	4,786	1,595	1,988	1,595	-	-	-	-	-	-
8	2014		0	386	47.6	(3.7)	(5.0)	0.4	14	14	439	2,764	1,658	0	0.00%	2,764	1,658	4,985	1,662	2,097	1,662	-	-	-	-	-	-
9	2015		0	439	49.3	(3.8)	(5.0)	0.4	15	16	495	2,861	1,717	0	0.00%	2,861	1,717	5,192	1,731	2,211	1,731	-	-	-	-	-	-
10	2016		0	495	51.1	(4.0)	(5.0)	0.4	17	18	555	2,961	1,777	0	0.00%	2,961	1,777	5,407	1,802	2,331	1,802	-	-	-	-	-	-
11	2017		0	555	53.0	(4.1)	(5.0)	0.4	19	20	619	3,065	1,839	0	0.00%	3,065	1,839	5,631	1,877	2,457	1,877	-	-	-	-	-	-
12	2018		0	619	54.9	(4.2)	(5.0)	0.4	22	22	686	3,172	1,903	0	0.00%	3,172	1,903	5,865	1,955	2,590	1,955	-	-	-	-	-	-
13	2019		0	686	57.0	(4.4)	(5.0)	0.5	24	24	758	3,283	1,970	0	0.00%	3,283	1,970	6,109	2,036	2,728	2,036	-	-	-	-	-	-
14	2020		0	758	59.1	(4.5)	(5.0)	0.5	27	27	835	3,398	2,039	0	0.00%	3,398	2,039	6,362	2,121	2,874	2,121	-	-	-	-	-	-
15	2021		0	835	61.3	(4.6)	(5.0)	0.5	29	30	916	3,517	2,110	0	0.00%	3,517	2,110	6,626	2,209	3,026	2,209	-	-	-	-	-	-
16	2022		0	916	63.6	(4.8)	(5.0)	0.5	32	33	1,003	3,640	2,184	0	0.00%	3,640	2,184	6,901	2,300	3,187	2,300	-	-	-	-	-	-
17	2023		0	1,003	65.9	(4.9)	(5.0)	0.5	35	36	1,094	3,767	2,260	0	0.00%	3,767	2,260	7,188	2,396	3,355	2,396	-	-	-	-	-	-
18	2024		0	1,094	68.4	(5.1)	(5.0)	0.6	38	39	1,192	3,899	2,339	0	0.00%	3,899	2,339	7,486	2,495	3,531	2,495	-	-	-	-	-	-
19	2025		0	1,192	71.0	(5.2)	(5.0)	0.6	42	42	1,295	4,036	2,421	0	0.00%	4,036	2,421	7,796	2,599	3,716	2,599	-	-	-	-	-	-
20	2026		0	1,295	73.7	(5.4)	(5.0)	0.6	45	46	1,404	4,177	2,506	0	0.00%	4,177	2,506	8,120	2,707	3,910	2,707	-	-	-	-	-	-

Louisiana Hurricane Catstrophe Fund
Growth of Fund Capacity Under 10% Assessment Plan (6% + 4%)
($ in Millions)

Scenario 6 Assumes (1) Simulated Large LHCF Loss in First Year and (2) Bonding Interest Rates as of May 2006 (3) Initial Capital Contribution of $100M

Layer: $1,250,000,000 xs of $3,750,000,000

Assumptions

2007 Retention		$ 3,750
2007 First Season Capacity		$ 1,250
2006 Year end balance (unrestricted)		0
2007 Premium		$ 37.22
2007 Mitigation		$ (5.0)
2007 Expenses		$ (3.0)
2007 Capacity from first	6%	$ 1,304
2007 Capacity from next	4%	$ 869
Maximum assessment any one year		6.00%
Maximum total assessment		10.00%
LAE Load		1.05
Year 1		2007
Coverage %		90.00%

Growth Assumptions

Investment rate	3.50%
Bonding capacity growth rate	3.50%
Risk premium growth rate	4.15%
Mitigation growth rate	0.00%
Expense growth rate	3.15%
Limit & Retention Trend	4.15%

One Large Loss Scenario

	Calendar Year	Start Up Capital	Annual Funding Capital	Initial Balance	Premium	Expenses	Mitigation	Interest On Premium	Interest On Cash Balance	Total Interest	Ending Balance	Cum. Total (10%)	One Yr Limit (6%)	Already Used	% Used	Cum. Available	Available this year	Trended Retention	Trended Limit	Cash + Bonding	Actual	Trended LHCF Losses @ coverage	Trended LHCF Loss + LAE	Capped, Trended LHCF Loss + LAE	Paid with Cash	Paid with Bonding	Unpaid
1	2007	100	0	100	37.2	(3.0)	(5.0)	0.3	4	4	133	2,173	1,304	0	5.14%	2,173	1,304	3,750	1,250	1,437	1,250	5,000	5,250	1,250	133	1,117	-
2	2008		0	-	38.5	(3.1)	(5.0)	0.3	-	0	31	2,249	1,349	1,117	4.97%	1,132	1,132	3,906	1,302	1,162	1,162	-	-	-	-	-	-
3	2009		0	31	39.9	(3.2)	(5.0)	0.3	1	1	64	2,327	1,396	1,117	4.80%	1,210	1,210	4,068	1,356	1,274	1,274	-	-	-	-	-	-
4	2010		0	64	41.3	(3.3)	(5.0)	0.3	2	3	99	2,409	1,445	1,117	4.64%	1,292	1,292	4,237	1,412	1,391	1,391	-	-	-	-	-	-
5	2011		0	99	42.8	(3.4)	(5.0)	0.3	3	4	138	2,493	1,496	1,117	4.48%	1,376	1,376	4,412	1,471	1,514	1,471	-	-	-	-	-	-
6	2012		0	138	44.3	(3.5)	(5.0)	0.4	5	5	179	2,580	1,548	1,117	4.33%	1,463	1,463	4,595	1,532	1,642	1,532	-	-	-	-	-	-
7	2013		0	179	45.9	(3.6)	(5.0)	0.4	6	7	223	2,671	1,602	1,117	4.18%	1,554	1,554	4,786	1,595	1,776	1,595	-	-	-	-	-	-
8	2014		0	223	47.6	(3.7)	(5.0)	0.4	8	8	270	2,764	1,658	1,117	4.04%	1,647	1,647	4,985	1,662	1,917	1,662	-	-	-	-	-	-
9	2015		0	270	49.3	(3.8)	(5.0)	0.4	9	10	320	2,861	1,717	1,117	3.90%	1,744	1,717	5,192	1,731	2,036	1,731	-	-	-	-	-	-
10	2016		0	320	51.1	(4.0)	(5.0)	0.4	11	12	374	2,961	1,777	1,117	3.77%	1,844	1,777	5,407	1,802	2,150	1,802	-	-	-	-	-	-
11	2017		0	374	53.0	(4.1)	(5.0)	0.4	13	14	431	3,065	1,839	1,117	3.64%	1,948	1,839	5,631	1,877	2,270	1,877	-	-	-	-	-	-
12	2018		0	431	54.9	(4.2)	(5.0)	0.4	15	16	492	3,172	1,903	1,117	3.52%	2,055	1,903	5,865	1,955	2,395	1,955	-	-	-	-	-	-
13	2019		0	492	57.0	(4.4)	(5.0)	0.5	17	18	557	3,283	1,970	1,117	3.40%	2,166	1,970	6,109	2,036	2,527	2,036	-	-	-	-	-	-
14	2020		0	557	59.1	(4.5)	(5.0)	0.5	20	20	627	3,398	2,039	1,117	3.29%	2,281	2,039	6,362	2,121	2,666	2,121	-	-	-	-	-	-
15	2021		0	627	61.3	(4.6)	(5.0)	0.5	22	22	701	3,517	2,110	1,117	3.18%	2,400	2,110	6,626	2,209	2,811	2,209	-	-	-	-	-	-
16	2022		0	701	63.6	(4.8)	(5.0)	0.5	25	25	780	3,640	2,184	1,117	3.07%	2,523	2,184	6,901	2,300	2,964	2,300	-	-	-	-	-	-
17	2023		0	780	65.9	(4.9)	(5.0)	0.5	27	28	864	3,767	2,260	1,117	2.97%	2,650	2,260	7,188	2,396	3,124	2,396	-	-	-	-	-	-
18	2024		0	864	68.4	(5.1)	(5.0)	0.6	30	31	953	3,899	2,339	1,117	2.86%	2,782	2,339	7,486	2,495	3,292	2,495	-	-	-	-	-	-
19	2025		0	953	71.0	(5.2)	(5.0)	0.6	33	34	1,048	4,036	2,421	1,117	2.77%	2,919	2,421	7,796	2,599	3,469	2,599	-	-	-	-	-	-
20	2026		0	1,048	73.7	(5.4)	(5.0)	0.6	37	37	1,148	4,177	2,506	1,117	2.67%	3,060	2,506	8,120	2,707	3,654	2,707	-	-	-	-	-	-

Louisiana Hurricane Catstrophe Fund

Growth of Fund Capacity Under 10% Assessment Plan (6% + 4%)
($ in Millions)

Scenario 7 Assumes (1) Two Back to Back Simulated LHCF Losses and (2) Bonding Interest Rates as of May 2006 (3) Initial Capital Contribution of $100M

Layer: $1,250,000,000 xs of $3,750,000,000

Assumptions

2007 Retention		$	3,750
2007 First Season Capacity		$	1,250
2006 Year end balance (unrestricted)			0
2007 Premium		$	37.22
2007 Mitigation		$	(5.0)
2007 Expenses		$	(3.0)
2007 Capacity from first	6%	$	1,304
2007 Capacity from next	4%	$	869
Maximum assessment any one year			6.00%
Maximum total assessment			10.00%
LAE Load			1.05
Year 1			2007
Coverage %			90.00%

Growth Assumptions

Investment rate	3.50%
Bonding capacity growth rate	3.50%
Risk premium growth rate	4.15%
Mitigation growth rate	0.00%
Expense growth rate	3.15%
Limit & Retention Trend	4.15%

Two Back to Back Loss Scenario

	Calendar Year	Start Up Capital	Annual Funding Capital	Initial Balance	Premium	Expenses	Mitigation	On Premium	On Cash Balance	Total Interest	Ending Balance	Cum. Total (10%)	One Yr Limit (6%)	Already Used	% Used	Cum. Available	Available this year	Trended Retention	Trended Limit	Cash + Bonding	Actual	Trended LHCF Losses@ coverage	Trended LHCF Loss + LAE	Capped, Trended LHCF Loss + LAE	Paid with Cash	Paid with Bonding	Unpaid
1	2007	100	0	100	37.2	(3.0)	(5.0)	0.3	4	4	133	2,173	1,304	0	0.00%	2,173	1,304	3,750	1,250	1,437	1,250	-	-	-	-	-	-
2	2008		0	133	38.5	(3.1)	(5.0)	0.3	5	5	168	2,249	1,349	0	0.00%	2,249	1,349	3,906	1,302	1,518	1,302	-	-	-	-	-	-
3	2009		0	168	39.9	(3.2)	(5.0)	0.3	6	6	206	2,327	1,396	0	0.00%	2,327	1,396	4,068	1,356	1,603	1,356	-	-	-	-	-	-
4	2010		0	206	41.3	(3.3)	(5.0)	0.3	7	8	247	2,409	1,445	0	0.00%	2,409	1,445	4,237	1,412	1,692	1,412	-	-	-	-	-	-
5	2011		0	247	42.8	(3.4)	(5.0)	0.3	9	9	290	2,493	1,496	0	4.74%	2,493	1,496	4,412	1,471	1,786	1,471	7,000	7,350	1,471	290	1,181	-
6	2012		0	-	44.3	(3.5)	(5.0)	0.4	-	0	36	2,580	1,548	1,181	10.00%	1,400	1,400	4,595	1,532	1,436	1,436	2,000	2,100	1,532	36	1,400	96
7	2013		0	-	45.9	(3.6)	(5.0)	0.4	-	0	38	2,671	1,602	2,580	9.66%	90	90	4,786	1,595	128	128	-	-	-	-	-	-
8	2014		0	38	47.6	(3.7)	(5.0)	0.4	1	2	78	2,764	1,658	2,580	9.34%	184	184	4,985	1,662	262	262	-	-	-	-	-	-
9	2015		0	78	49.3	(3.8)	(5.0)	0.4	3	3	122	2,861	1,717	2,580	9.02%	281	281	5,192	1,731	402	402	-	-	-	-	-	-
10	2016		0	122	51.1	(4.0)	(5.0)	0.4	4	5	169	2,961	1,777	2,580	8.71%	381	381	5,407	1,802	549	549	-	-	-	-	-	-
11	2017		0	169	53.0	(4.1)	(5.0)	0.4	6	6	219	3,065	1,839	2,580	8.42%	484	484	5,631	1,877	703	703	-	-	-	-	-	-
12	2018		0	219	54.9	(4.2)	(5.0)	0.4	8	8	273	3,172	1,903	2,580	8.14%	592	592	5,865	1,955	864	864	-	-	-	-	-	-
13	2019		0	273	57.0	(4.4)	(5.0)	0.5	10	10	330	3,283	1,970	2,580	7.86%	703	703	6,109	2,036	1,033	1,033	-	-	-	-	-	-
14	2020		0	330	59.1	(4.5)	(5.0)	0.5	12	12	392	3,398	2,039	2,580	7.59%	817	817	6,362	2,121	1,209	1,209	-	-	-	-	-	-
15	2021		0	392	61.3	(4.6)	(5.0)	0.5	14	14	458	3,517	2,110	2,580	7.34%	936	936	6,626	2,209	1,394	1,394	-	-	-	-	-	-
16	2022		0	458	63.6	(4.8)	(5.0)	0.5	16	17	528	3,640	2,184	2,580	7.09%	1,059	1,059	6,901	2,300	1,587	1,587	-	-	-	-	-	-
17	2023		0	528	65.9	(4.9)	(5.0)	0.5	18	19	603	3,767	2,260	2,580	6.85%	1,187	1,187	7,188	2,396	1,790	1,790	-	-	-	-	-	-
18	2024		0	603	68.4	(5.1)	(5.0)	0.6	21	22	683	3,899	2,339	2,580	6.62%	1,319	1,319	7,486	2,495	2,002	2,002	-	-	-	-	-	-
19	2025		0	683	71.0	(5.2)	(5.0)	0.6	24	24	768	4,036	2,421	2,580	6.39%	1,455	1,455	7,796	2,599	2,223	2,223	-	-	-	-	-	-
20	2026		0	768	73.7	(5.4)	(5.0)	0.6	27	27	859	4,177	2,506	2,580	6.18%	1,596	1,596	8,120	2,707	2,455	2,455	-	-	-	-	-	-

Louisiana Hurricane Catstrophe Fund

Growth of Fund Capacity Under 10% Assessment Plan (6% + 4%)

($ in Millions)

Scenario 8 Assumes (1) Multiple Simulated LHCF Losses and (2) Bonding Interest Rates as of May 2006 (3) Initial Capital Contribution of $100M

Layer: $1,250,000,000 xs of $3,750,000,000

Assumptions

2007 Retention		$	3,750
2007 First Season Capacity		$	1,250
2006 Year end balance (unrestricted)			0
2007 Premium		$	37.22
2007 Mitigation		$	(5.0)
2007 Expenses		$	(3.0)
2007 Capacity from first	6%	$	1,304
2007 Capacity from next	4%	$	869
Maximum assessment any one year			6.00%
Maximum total assessment			10.00%
LAE Load			1.05
Year 1			2007
Coverage %			90.00%

Growth Assumptions

Investment rate	3.50%
Bonding capacity growth rate	3.50%
Risk premium growth rate	4.15%
Mitigation growth rate	0.00%
Expense growth rate	3.15%
Limit & Retention Trend	4.15%

Multiple Large Loss Scenario

		Contribution						Interest					Bonding Capacity Available						Total LHCF Capacity				Losses					
	Calendar Year	Start Up Capital	Annual Funding Capital	Initial Balance	Premium	Expenses	Mitigation	On Premium	On Cash Balance	Total Interest	Ending Balance	Cum. Total (10%)	One Yr Limit (6%)	Already Used	% Used	Cum. Available	Available this year	Trended Retention	Trended Limit	Cash + Bonding	Actual	Trended LHCF Losses@ coverage	Trended LHCF Loss + LAE	Capped, Trended LHCF Loss + LAE	Paid with Cash	Paid with Bonding	Unpaid
1	2007	100	0	100	37.2	(3.0)	(5.0)	0.3	4	4	133	2,173	1,304	0	0.00%	2,173	1,304	3,750	1,250	1,437	1,250	-	-	-	-	-	-
2	2008		0	133	38.5	(3.1)	(5.0)	0.3	5	5	168	2,249	1,349	0	0.00%	2,249	1,349	3,906	1,302	1,518	1,302	-	-	-	-	-	-
3	2009		0	168	39.9	(3.2)	(5.0)	0.3	6	6	206	2,327	1,396	0	4.94%	2,327	1,396	4,068	1,356	1,603	1,356	5,000	5,250	1,356	206	1,150	-
4	2010		0	-	41.3	(3.3)	(5.0)	0.3	-	0	33	2,409	1,445	1,150	4.77%	1,259	1,259	4,237	1,412	1,293	1,293	-	-	-	-	-	-
5	2011		0	33	42.8	(3.4)	(5.0)	0.3	1	2	69	2,493	1,496	1,150	4.61%	1,344	1,344	4,412	1,471	1,413	1,413	-	-	-	-	-	-
6	2012		0	69	44.3	(3.5)	(5.0)	0.4	2	3	108	2,580	1,548	1,150	9.97%	1,431	1,431	4,595	1,532	1,539	1,532	5,000	5,250	1,532	108	1,424	-
7	2013		0	-	45.9	(3.6)	(5.0)	0.4	-	0	38	2,671	1,602	2,574	9.64%	97	97	4,786	1,595	135	135	-	-	-	-	-	-
8	2014		0	38	47.6	(3.7)	(5.0)	0.4	1	2	78	2,764	1,658	2,574	9.31%	191	191	4,985	1,662	269	269	-	-	-	-	-	-
9	2015		0	78	49.3	(3.8)	(5.0)	0.4	3	3	122	2,861	1,717	2,574	10.00%	287	287	5,192	1,731	409	409	5,000	5,250	1,731	122	287	1,321
10	2016		0	-	51.1	(4.0)	(5.0)	0.4	-	0	43	2,961	1,777	2,861	9.66%	100	100	5,407	1,802	143	143	-	-	-	-	-	-
11	2017		0	43	53.0	(4.1)	(5.0)	0.4	1	2	88	3,065	1,839	2,861	9.34%	204	204	5,631	1,877	292	292	-	-	-	-	-	-
12	2018		0	88	54.9	(4.2)	(5.0)	0.4	3	4	138	3,172	1,903	2,861	10.00%	311	311	5,865	1,955	449	449	5,000	5,250	1,955	138	311	1,506
13	2019		0	-	57.0	(4.4)	(5.0)	0.5	-	0	48	3,283	1,970	3,172	9.66%	111	111	6,109	2,036	159	159	-	-	-	-	-	-
14	2020		0	48	59.1	(4.5)	(5.0)	0.5	2	2	100	3,398	2,039	3,172	9.34%	226	226	6,362	2,121	326	326	-	-	-	-	-	-
15	2021		0	100	61.3	(4.6)	(5.0)	0.5	3	4	155	3,517	2,110	3,172	10.00%	345	345	6,626	2,209	500	500	5,000	5,250	2,209	155	345	1,708
16	2022		0	-	63.6	(4.8)	(5.0)	0.5	-	1	54	3,640	2,184	3,517	9.66%	123	123	6,901	2,300	177	177	-	-	-	-	-	-
17	2023		0	54	65.9	(4.9)	(5.0)	0.5	2	2	113	3,767	2,260	3,517	9.34%	250	250	7,188	2,396	363	363	-	-	-	-	-	-
18	2024		0	113	68.4	(5.1)	(5.0)	0.6	4	4	176	3,899	2,339	3,517	10.00%	382	382	7,486	2,495	558	558	5,000	5,250	2,495	176	382	1,937
19	2025		0	-	71.0	(5.2)	(5.0)	0.6	-	1	61	4,036	2,421	3,899	9.66%	136	136	7,796	2,599	198	198	-	-	-	-	-	-
20	2026		0	61	73.7	(5.4)	(5.0)	0.6	2	3	127	4,177	2,506	3,899	9.34%	278	278	8,120	2,707	405	405	-	-	-	-	-	-

Louisiana Hurricane Catstrophe Fund

Assessment Base Sensitivity Results
Probability of Loss in Excess of Bonding Capacity by Year

Assessment Base	LRA-SF Base Case Option 1	Option 2	Option 3	Option 4
First Season Capacity ($M)	$1,303.5	$1,414.4	$5,456.0	$6,104.1
Second Season Capacity ($M)	$869.0	$943.0	$3,637.3	$4,069.4
2007	0.00%	0.00%	0.00%	0.00%
2008	0.00%	0.00%	0.00%	0.00%
2009	0.02%	0.05%	0.00%	0.00%
2010	0.13%	0.10%	0.00%	0.00%
2011	0.30%	0.15%	0.00%	0.00%
2012	0.31%	0.27%	0.00%	0.00%
2013	0.33%	0.32%	0.00%	0.00%
2014	0.43%	0.37%	0.00%	0.00%
2015	0.45%	0.37%	0.00%	0.00%
2016	0.58%	0.43%	0.00%	0.00%
2017	0.64%	0.40%	0.00%	0.00%
2018	0.56%	0.33%	0.00%	0.00%
2019	0.45%	0.42%	0.00%	0.00%
2020	0.53%	0.38%	0.00%	0.00%
2021	0.56%	0.44%	0.00%	0.00%
2022	0.53%	0.36%	0.00%	0.00%
2023	0.43%	0.43%	0.00%	0.00%
2024	0.46%	0.39%	0.00%	0.00%
2025	0.51%	0.44%	0.00%	0.00%
2026	0.47%	0.38%	0.00%	0.00%

Assessment Base Options

1: Louisianna Citizens Base: Fire, Allied Lines, Homeowners Multi Peril, CMP (non-liab)
2: Louisianna Citizens Base plus same lines under Surplus Lines
3: All Lines Except Federal Flood, Medical Malpractice, Workers' Compensation, A&H & Surplus Lines
4: All Lines Except Federal Flood, Medical Malpractice, Workers' Compensation, & A&H

Assumptions

Start Up Capital Contribution ($M)	$100.0
Annual Capital Contribution ($M)	$0.0
2007 Premium ($M)	$98.7
FHCF Initial Limit ($M)	$1,250.0
FHCF Initial Retention ($M)	$1,250.0
Long or Near Term Curve?	Long Term
Loss Amplification (Included/Excluded)	Included
Exposure Base	Residential

Louisiana Hurricane Catstrophe Fund

Capital Contribution Sensitivity Results

Probability of Loss in Excess of Cash by Year

Capital Contribution	LRA-SF Base Case $100 M	$150 M	$200 M	$100 M/$10M
Initial Capital ($M)	$100.0	$150.0	$200.0	$100.0
Annual Capital ($M)	$0.0	$0.0	$0.0	$10.0
2007	8.94%	8.24%	8.01%	8.84%
2008	8.18%	8.05%	7.83%	7.80%
2009	8.01%	7.81%	7.90%	7.70%
2010	7.78%	7.56%	7.03%	7.08%
2011	7.38%	7.19%	7.18%	7.46%
2012	6.88%	6.98%	6.98%	7.09%
2013	6.74%	6.98%	7.07%	6.77%
2014	6.72%	6.70%	6.76%	6.83%
2015	6.74%	6.64%	6.46%	6.30%
2016	6.82%	6.68%	6.66%	6.40%
2017	6.53%	6.63%	6.02%	6.48%
2018	6.42%	6.07%	4.81%	4.69%
2019	4.89%	5.18%	4.75%	4.68%
2020	5.02%	4.99%	4.74%	4.39%
2021	5.00%	4.70%	4.77%	4.44%
2022	4.70%	4.63%	4.49%	4.48%
2023	4.44%	4.65%	4.42%	4.24%
2024	4.68%	4.62%	4.52%	3.97%
2025	4.51%	4.18%	4.43%	4.16%
2026	4.35%	4.31%	4.06%	4.10%

<u>Assumptions</u>

First Season Bonding Capacity ($M)	$1,303.5
Second Season Bonding Capacity ($M)	$869.0
2007 Premium ($M)	$98.7
FHCF Initial Limit ($M)	$1,250.0
FHCF Initial Retention ($M)	$1,250.0
Long or Near Term Curve	Long Term
Loss Amplification (Included/Excluded)	Included
Exposure Base	Residential

Louisiana Hurricane Catstrophe Fund

LHCF Layer Sensitivity Results

Probability of Loss in LHCF Layer by Year

	LRA-SF Base Case	
LHCF Layer	**$1.25 B x $1.25 B**	**$1.25 B x $3.75 B**
Retention ($M)	$1,250.0	$1,250.0
Limit ($M)	$1,250.0	$3,750.0
Premium ($M)	$98.7	$37.2
2007	9.88%	2.76%
2008	9.57%	2.88%
2009	9.74%	2.83%
2010	9.67%	2.61%
2011	9.37%	2.69%
2012	9.44%	2.85%
2013	9.27%	2.80%
2014	9.38%	2.91%
2015	9.74%	2.94%
2016	9.95%	2.74%
2017	9.72%	2.86%
2018	9.60%	3.03%
2019	9.48%	2.56%
2020	9.70%	2.56%
2021	9.62%	2.92%
2022	9.54%	2.69%
2023	9.40%	2.84%
2024	9.65%	2.75%
2025	9.86%	2.72%
2026	9.75%	2.68%

Assumptions

Start Up Capital Contribution ($M)	$100.0
Annual Capital Contribution ($M)	$0.0
Long or Near Term Curve	Long Term
Loss Amplification (Included/Excluded)	Included
Exposure Base	Residential

Louisiana Hurricane Catstrophe Fund

LHCF Layer Sensitivity Results
Probability of Loss in Excess of LHCF Limit by Year

LHCF Layer	LRA-SF Base Case	
	$1.25 B x $1.25 B	$1.25 B x $3.75 B
Retention ($M)	$1,250.0	$1,250.0
Limit ($M)	$1,250.0	$3,750.0
Premium	$98.7	$37.2
2007	4.91%	1.74%
2008	4.84%	1.76%
2009	4.76%	1.68%
2010	4.78%	1.58%
2011	4.74%	1.61%
2012	4.50%	1.68%
2013	4.50%	1.73%
2014	4.58%	1.75%
2015	4.70%	1.70%
2016	4.91%	1.65%
2017	4.83%	1.76%
2018	4.75%	1.87%
2019	4.78%	1.66%
2020	4.84%	1.59%
2021	4.80%	1.76%
2022	4.80%	1.59%
2023	4.81%	1.71%
2024	4.77%	1.69%
2025	4.93%	1.67%
2026	4.74%	1.55%

Assumptions
Start Up Capital Contribution ($M)	$100.0
Annual Capital Contribution ($M)	$0.0
Long or Near Term Curve	Long Term
Loss Amplification (Included/Excluded)	Included
Exposure Base	Residential

Louisiana Hurricane Catstrophe Fund

Exhibit 3B

Modeled Loss Sensitivity Results Across Curve Assumptions

Summary 5

Probability of Loss in LHCF Layer by Year

Exposure Base Loss Amplification Long or Near Term	LRA-SF Base Case Residential Included Long Term	Residential Included Near Term	Residential Excluded Long Term	Residential & Commercial Included Long Term
2007	9.88%	12.64%	8.75%	12.14%
2008	9.57%	12.38%	8.87%	12.14%
2009	9.74%	12.36%	8.78%	11.78%
2010	9.67%	12.25%	8.66%	11.96%
2011	9.37%	12.37%	8.48%	12.00%
2012	9.44%	12.38%	8.65%	12.27%
2013	9.27%	12.62%	8.79%	11.93%
2014	9.38%	12.57%	8.64%	11.67%
2015	9.74%	12.23%	8.77%	12.31%
2016	9.95%	12.20%	8.80%	12.19%
2017	9.72%	12.21%	8.58%	11.70%
2018	9.60%	12.26%	8.83%	11.99%
2019	9.48%	12.43%	8.91%	12.19%
2020	9.70%	12.36%	8.20%	11.63%
2021	9.62%	12.33%	8.71%	11.90%
2022	9.54%	12.45%	8.68%	12.15%
2023	9.40%	12.55%	8.86%	12.40%
2024	9.65%	12.08%	8.56%	12.10%
2025	9.86%	12.06%	8.82%	11.99%
2026	9.75%	12.19%	8.66%	12.12%

Assumptions
Start Up Capital Contribution ($M)	$1,303.5
Annual Capital Contribution ($M)	$869.0
2007 Premium ($M)	$98.7
FHCF Initial Limit ($M)	$1,250.0
FHCF Initial Retention ($M)	$1,250.0

Louisiana Hurricane Catstrophe Fund

Probabilties of LHCF Loss, Loss in Excess of LHCF Cash, Loss in Excess of Bonding Capacity and Loss in Excess of Limit

Layer = $1.25 Billion xs $1.25 Billion

Base Scenario Assumptions	

LRA-SF BASE CASE

Start Up Capital Contribution ($M)	$100.0
Annual Capital Contribution ($M)	$0.0
2007 Premium ($M)	$98.7
FHCF Initial Limit ($M)	$1,250.0
FHCF Initial Retention ($M)	$1,250.0
2007 Bonding Capacity - First Season ($M)	$1,303.5
2007 Bonding Capacity - Second Season ($M)	$869.0
Long or Near Term Curve?	Long Term
Loss Amplification (Included/Excluded)	Included
Exposure Base	Residential

	(1)	(2)	(3)	(4)		(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Probability of	Probability of Loss	Probability of Loss	Probability of Loss	Assessment				**Probability of Assessment**			
	LHCF	In Excess	In Excess	In Excess	Amount	Year 1	Years 1-2	Years 1-3	Years 1-5	Years 1-10	Years 1-15	Years 1-20
Year	Loss	of Cash	of Bonding Capacity	of Limit	0.0%	91.06%	83.71%	77.17%	66.48%	49.05%	41.32%	36.92%
2007	9.88%	8.94%	0.00%	4.91%	>0.00%	8.94%	16.29%	22.83%	33.52%	50.95%	58.68%	63.08%
2008	9.57%	8.18%	0.00%	4.84%	>=0.50%	8.22%	15.28%	21.49%	31.58%	48.96%	55.30%	60.14%
2009	9.74%	8.01%	0.02%	4.76%	>=1.00%	7.81%	14.54%	20.38%	30.11%	47.24%	51.99%	57.04%
2010	9.67%	7.78%	0.13%	4.78%	>=1.50%	7.26%	13.63%	19.09%	28.62%	43.54%	48.72%	53.92%
2011	9.37%	7.38%	0.30%	4.74%	>=2.00%	6.72%	12.72%	18.02%	27.34%	38.16%	44.16%	49.84%
2012	9.44%	6.88%	0.31%	4.50%	>=2.50%	6.34%	12.10%	17.14%	26.16%	34.58%	40.90%	46.58%
2013	9.27%	6.74%	0.33%	4.50%	>=3.00%	6.09%	11.56%	16.46%	25.04%	31.17%	37.64%	42.90%
2014	9.38%	6.72%	0.43%	4.58%	>=3.50%	5.80%	11.06%	15.75%	20.76%	27.44%	34.28%	38.92%
2015	9.74%	6.74%	0.45%	4.70%	>=4.00%	5.58%	10.52%	14.86%	16.49%	23.56%	30.58%	34.70%
2016	9.95%	6.82%	0.58%	4.91%	>=4.50%	5.15%	5.46%	6.30%	9.01%	17.36%	24.30%	28.31%
2017	9.72%	6.53%	0.64%	4.83%	>=5.00%	0.00%	0.77%	1.95%	4.90%	13.52%	19.50%	23.55%
2018	9.60%	6.42%	0.56%	4.75%	>=5.50%	0.00%	0.66%	1.71%	4.40%	12.20%	17.09%	21.06%
2019	9.48%	4.89%	0.45%	4.78%	>=6.00%	0.00%	0.58%	1.58%	3.98%	10.87%	14.93%	18.76%
2020	9.70%	5.02%	0.53%	4.84%	>=6.50%	0.00%	0.55%	1.40%	3.62%	9.39%	12.84%	16.42%
2021	9.62%	5.00%	0.56%	4.80%	>=7.00%	0.00%	0.49%	1.23%	3.33%	7.82%	11.23%	14.54%
2022	9.54%	4.70%	0.53%	4.80%	>=7.50%	0.00%	0.43%	1.14%	3.09%	6.33%	9.70%	12.59%
2023	9.40%	4.44%	0.43%	4.81%	>=8.00%	0.00%	0.41%	1.04%	2.84%	5.32%	8.47%	10.92%
2024	9.65%	4.68%	0.46%	4.77%	>=8.50%	0.00%	0.37%	0.98%	2.25%	4.19%	7.09%	9.22%
2025	9.86%	4.51%	0.51%	4.93%	>=9.00%	0.00%	0.34%	0.88%	1.58%	3.38%	5.95%	7.75%
2026	9.75%	4.35%	0.47%	4.74%	>=9.50%	0.00%	0.32%	0.56%	0.92%	2.74%	4.93%	6.49%
					>=10.00%	0.00%	0.00%	0.02%	0.44%	2.12%	3.92%	5.32%

Notes:

(1) Results based on 25,000 Years of Simulated Losses for a 20 year period starting in 2007.

(2) Note that the results shown above assume that losses, LHCF retention and the LHCF limit trend forward at the same rate (+4.15%) from 2007 into the future.

Louisiana Hurricane Catstrophe Fund

Probabilties of LHCF Loss, Loss in Excess of LHCF Cash, Loss in Excess of Bonding Capacity and Loss in Excess of Limit

Layer = $1.25 Billion xs $1.25 Billion

Scenario 2 Assumptions

Start Up Capital Contribution ($M)	$100.0
Annual Capital Contribution ($M)	$0.0
2007 Premium ($M)	$98.7
FHCF Initial Limit ($M)	$1,250.0
FHCF Initial Retention ($M)	$1,250.0
2007 Bonding Capacity - First Season ($M)	$1,414.4
2007 Bonding Capacity - Second Season ($M)	$943.0
Long or Near Term Curve?	Long Term
Loss Amplification (Included/Excluded)	Included
Exposure Base	Residential

CHANGE FROM LRA-SF BASE CASE

Assessment Base Becomes Louisianna Citizens Base plus same lines under Surplus Lines (increased assessment base by $185 Million). Impact changes the amount of bonding capacity.

IMPACT

No Material Impact. Small decrease in the size of assessments.

	(1)	(2)	(3)	(4)		(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Probability of LHCF Loss	Probability of Loss In Excess of Cash	Probability of Loss In Excess of Bonding Capacity	Probability of Loss In Excess of Limit	Assessment Amount	Probability of Assessment						
Year						Year 1	Years 1-2	Years 1-3	Years 1-5	Years 1-10	Years 1-15	Years 1-20
					0.0%	91.26%	83.96%	77.19%	66.23%	48.05%	40.27%	36.07%
2007	9.64%	8.74%	0.00%	4.86%	>0.00%	8.74%	16.04%	22.81%	33.77%	51.95%	59.73%	63.93%
2008	9.60%	8.06%	0.00%	4.80%	>=0.50%	7.92%	14.84%	21.22%	31.56%	49.70%	56.06%	60.65%
2009	9.92%	8.31%	0.05%	4.95%	>=1.00%	7.56%	14.08%	20.10%	29.92%	47.65%	52.64%	57.58%
2010	9.56%	7.69%	0.10%	4.66%	>=1.50%	6.99%	13.02%	18.78%	28.31%	41.92%	47.91%	53.44%
2011	9.77%	7.68%	0.15%	4.83%	>=2.00%	6.44%	12.22%	17.80%	27.03%	38.02%	44.14%	49.92%
2012	9.64%	7.22%	0.27%	4.88%	>=2.50%	6.10%	11.56%	16.90%	25.82%	34.23%	40.60%	46.27%
2013	9.82%	7.27%	0.32%	5.03%	>=3.00%	5.73%	11.03%	16.12%	21.26%	28.28%	35.41%	40.56%
2014	9.74%	7.03%	0.37%	4.84%	>=3.50%	5.57%	10.59%	15.28%	16.99%	24.50%	31.67%	36.00%
2015	9.62%	6.71%	0.37%	4.69%	>=4.00%	5.28%	9.90%	10.45%	12.70%	20.59%	27.53%	31.46%
2016	9.72%	6.80%	0.43%	4.82%	>=4.50%	0.00%	0.69%	1.90%	5.01%	14.11%	20.40%	24.38%
2017	9.74%	6.64%	0.40%	4.80%	>=5.00%	0.00%	0.61%	1.65%	4.47%	12.81%	17.72%	21.67%
2018	10.06%	6.56%	0.33%	4.83%	>=5.50%	0.00%	0.56%	1.51%	4.05%	11.42%	15.47%	19.19%
2019	9.62%	4.99%	0.42%	4.80%	>=6.00%	0.00%	0.52%	1.38%	3.65%	9.78%	13.29%	16.84%
2020	9.84%	5.06%	0.38%	4.88%	>=6.50%	0.00%	0.42%	1.20%	3.26%	7.92%	11.26%	14.52%
2021	9.80%	4.97%	0.44%	4.88%	>=7.00%	0.00%	0.38%	1.09%	2.96%	6.48%	9.73%	12.52%
2022	9.44%	4.56%	0.36%	4.50%	>=7.50%	0.00%	0.36%	1.00%	2.66%	4.97%	8.10%	10.48%
2023	9.81%	4.86%	0.43%	4.88%	>=8.00%	0.00%	0.33%	0.89%	1.84%	3.81%	6.63%	8.62%
2024	9.55%	4.63%	0.39%	4.77%	>=8.50%	0.00%	0.30%	0.78%	1.07%	3.02%	5.48%	7.22%
2025	9.76%	4.69%	0.44%	4.96%	>=9.00%	0.00%	0.26%	0.30%	0.58%	2.41%	4.41%	5.92%
2026	9.47%	4.35%	0.38%	4.80%	>=9.50%	0.00%	0.00%	0.06%	0.31%	1.96%	3.59%	4.89%
					>=10.00%	0.00%	0.00%	0.05%	0.26%	1.64%	2.89%	4.05%

Notes:

(1) Results based on 25,000 Years of Simulated Losses for a 20 year period starting in 2007.

(2) Note that the results shown above assume that losses, LHCF retention and the LHCF limit trend forward at the same rate (+4.15%) from 2007 into the future.

Louisiana Hurricane Catstrophe Fund

Probabilties of LHCF Loss, Loss in Excess of LHCF Cash, Loss in Excess of Bonding Capacity and Loss in Excess of Limit

Layer = $1.25 Billion xs $1.25 Billion

Scenario 3 Assumptions	
Start Up Capital Contribution ($M)	$100.0
Annual Capital Contribution ($M)	$0.0
2007 Premium ($M)	$98.7
FHCF Initial Limit ($M)	$1,250.0
FHCF Initial Retention ($M)	$1,250.0
2007 Bonding Capacity - First Season ($M)	$5,456.0
2007 Bonding Capacity - Second Season ($M)	$3,637.3
Long or Near Term Curve?	Long Term
Loss Amplification (Included/Excluded)	Included
Exposure Base	Residential

CHANGE FROM LRA-SF BASE CASE

Assessment Base Becomes All Lines Except Federal Flood, Medical Malpractice, Workers' Compensation, A&H & Surplus Lines (increased assessment base by $6.9 Billion). This increases bonding capacity.

IMPACT

Probability of Loss In Excess of Bonding Capacity is almost Eliminated. Likelihood of sizeable assessments significantly reduced. Assessments at 3% or above unlikely.

	(1)	(2)	(3)	(4)		(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Probability of LHCF Loss	Probability of Loss In Excess of Cash	Probability of Loss In Excess of Bonding Capacity	Probability of Loss In Excess of Limit	Assessment Amount	Probability of Assessment						
Year						Year 1	Years 1-2	Years 1-3	Years 1-5	Years 1-10	Years 1-15	Years 1-20
					0.0%	91.32%	83.85%	77.44%	66.81%	48.37%	40.64%	36.30%
					>0.00%	8.68%	16.15%	22.56%	33.19%	51.63%	59.36%	63.70%
2007	9.53%	8.68%	0.00%	4.70%	>=0.50%	6.32%	12.21%	17.38%	26.42%	37.78%	43.90%	49.61%
2008	9.74%	8.30%	0.00%	4.82%	>=1.00%	5.25%	10.06%	10.55%	12.96%	20.78%	27.71%	31.65%
2009	9.59%	7.90%	0.00%	4.62%	>=1.50%	0.00%	0.53%	1.42%	3.84%	10.32%	13.96%	17.52%
2010	9.60%	7.66%	0.00%	4.66%	>=2.00%	0.00%	0.31%	0.84%	2.32%	4.53%	7.46%	9.65%
2011	9.61%	7.59%	0.00%	4.72%	>=2.50%	0.00%	0.00%	0.06%	0.36%	1.82%	3.21%	4.48%
2012	9.74%	7.09%	0.00%	4.72%	>=3.00%	0.00%	0.00%	0.03%	0.18%	0.70%	1.40%	1.94%
2013	9.65%	7.02%	0.00%	4.71%	>=3.50%	0.00%	0.00%	0.01%	0.02%	0.23%	0.53%	0.80%
2014	10.00%	7.26%	0.00%	4.86%	>=4.00%	0.00%	0.00%	0.00%	0.00%	0.10%	0.22%	0.32%
2015	9.57%	6.84%	0.00%	4.83%	>=4.50%	0.00%	0.00%	0.00%	0.00%	0.03%	0.08%	0.12%
2016	9.36%	6.55%	0.00%	4.73%	>=5.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.02%	0.03%
2017	9.24%	6.31%	0.00%	4.46%	>=5.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.02%
2018	9.54%	6.52%	0.00%	4.83%	>=6.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2019	9.72%	4.72%	0.00%	4.70%	>=6.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2020	9.62%	5.20%	0.00%	4.92%	>=7.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2021	9.78%	4.96%	0.00%	4.94%	>=7.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2022	9.27%	4.48%	0.00%	4.64%	>=8.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2023	9.69%	4.64%	0.00%	4.74%	>=8.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2024	9.73%	4.75%	0.00%	4.86%	>=9.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2025	9.61%	4.32%	0.00%	4.63%	>=9.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2026	9.86%	4.42%	0.00%	4.91%	>=10.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes:

(1) Results based on 25,000 Years of Simulated Losses for a 20 year period starting in 2007.

(2) Note that the results shown above assume that losses, LHCF retention and the LHCF limit trend forward at the same rate (+4.15%) from 2007 into the future.

Louisiana Hurricane Catstrophe Fund

Probabilties of LHCF Loss, Loss in Excess of LHCF Cash, Loss in Excess of Bonding Capacity and Loss in Excess of Limit
Layer = $1.25 Billion xs $1.25 Billion

Scenario 4 Assumptions

Start Up Capital Contribution ($M)	$100.0
Annual Capital Contribution ($M)	$0.0
2007 Premium ($M)	$98.7
FHCF Initial Limit ($M)	$1,250.0
FHCF Initial Retention ($M)	$1,250.0
2007 Bonding Capacity - First Season ($M)	$6,104.1
2007 Bonding Capacity - Second Season ($M)	$4,069.4
Long or Near Term Curve?	Long Term
Loss Amplification (Included/Excluded)	Included
Exposure Base	Residential

CHANGE FROM LRA-SF BASE CASE

Assessment Base Becomes All Lines Except Federal Flood, Medical Malpractice, Workers' Compensation, & A&H (increased assessment base by $8 Billion). Increasing bonding capacity.

IMPACT

Probability of Loss In Excess of Bonding Capacity is almost Eliminated. Likelihood of sizeable assessments significantly reduced. Assessments at 3% or above unlikely.

	(1)	(2)	(3)	(4)		(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Probability of LHCF	Probability of Loss In Excess	Probability of Loss In Excess	Probability of Loss In Excess	Assessment				Probability of Assessment			
Year	Loss	of Cash	of Bonding Capacity	of Limit	Amount	Year 1	Years 1-2	Years 1-3	Years 1-5	Years 1-10	Years 1-15	Years 1-20
					0.0%	91.28%	84.15%	77.52%	66.62%	48.34%	40.66%	36.47%
					>0.00%	8.72%	15.85%	22.48%	33.38%	51.66%	59.34%	63.53%
2007	9.62%	8.72%	0.00%	4.80%	>=0.50%	6.24%	11.78%	17.02%	26.30%	37.04%	43.07%	48.52%
2008	9.51%	7.98%	0.00%	4.71%	>=1.00%	4.89%	5.18%	5.94%	8.67%	16.81%	23.32%	27.12%
2009	9.72%	7.98%	0.00%	4.91%	>=1.50%	0.00%	0.53%	1.28%	3.46%	7.90%	11.29%	14.44%
2010	9.77%	7.88%	0.00%	4.84%	>=2.00%	0.00%	0.34%	0.83%	1.07%	2.79%	5.00%	6.82%
2011	9.97%	7.60%	0.00%	4.90%	>=2.50%	0.00%	0.00%	0.03%	0.23%	1.12%	1.89%	2.99%
2012	9.42%	6.97%	0.00%	4.65%	>=3.00%	0.00%	0.00%	0.02%	0.10%	0.33%	0.70%	1.14%
2013	9.40%	6.84%	0.00%	4.70%	>=3.50%	0.00%	0.00%	0.00%	0.00%	0.09%	0.23%	0.39%
2014	9.56%	6.83%	0.00%	4.68%	>=4.00%	0.00%	0.00%	0.00%	0.00%	0.02%	0.08%	0.12%
2015	9.99%	7.05%	0.00%	4.86%	>=4.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.02%	0.04%
2016	9.50%	6.67%	0.00%	4.61%	>=5.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.01%
2017	9.78%	6.74%	0.00%	4.88%	>=5.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2018	9.64%	6.38%	0.00%	4.68%	>=6.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2019	9.43%	4.83%	0.00%	4.70%	>=6.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2020	9.90%	5.07%	0.00%	4.76%	>=7.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2021	9.59%	4.79%	0.00%	4.80%	>=7.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2022	9.86%	4.88%	0.00%	4.81%	>=8.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2023	9.79%	4.62%	0.00%	4.89%	>=8.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2024	9.28%	4.40%	0.00%	4.69%	>=9.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2025	9.67%	4.51%	0.00%	4.81%	>=9.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2026	9.35%	4.22%	0.00%	4.55%	>=10.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes:

(1) Results based on 25,000 Years of Simulated Losses for a 20 year period starting in 2007.

(2) Note that the results shown above assume that losses, LHCF retention and the LHCF limit trend forward at the same rate (+4.15%) from 2007 into the future.

Louisiana Hurricane Catstrophe Fund

Probabilties of LHCF Loss, Loss in Excess of LHCF Cash, Loss in Excess of Bonding Capacity and Loss in Excess of Limit
Layer = $1.25 Billion xs $1.25 Billion

Scenario 5 Assumptions	
Start Up Capital Contribution ($M)	$150.0
Annual Capital Contribution ($M)	$0.0
2007 Premium ($M)	$98.7
FHCF Initial Limit ($M)	$1,250.0
FHCF Initial Retention ($M)	$1,250.0
2007 Bonding Capacity - First Season ($M)	$1,303.5
2007 Bonding Capacity - Second Season ($M)	$869.0
Long or Near Term Curve?	Long Term
Loss Amplification (Included/Excluded)	Included
Exposure Base	Residential

CHANGE FROM LRA-SF BASE CASE

Start Up Capital Contribution is increased by $50 Million to $150 Million.

IMPACT
No Material Impact

	(1)	(2)	(3)	(4)		(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Probability of	Probability of Loss	Probability of Loss	Probability of Loss	Assessment				**Probability of Assessment**			
	LHCF	In Excess	In Excess	In Excess	Amount	Year 1	Years 1-2	Years 1-3	Years 1-5	Years 1-10	Years 1-15	Years 1-20
Year	Loss	of Cash	of Bonding Capacity	of Limit	0.0%	91.76%	84.38%	78.00%	67.56%	49.26%	41.76%	37.32%
2007	9.51%	8.24%	0.00%	4.60%	>0.00%	8.24%	15.62%	22.00%	32.44%	50.74%	58.24%	62.68%
2008	9.72%	8.05%	0.00%	4.85%	>=0.50%	7.67%	14.75%	20.76%	30.75%	48.89%	55.23%	59.87%
2009	9.67%	7.81%	0.04%	4.79%	>=1.00%	7.25%	13.82%	19.42%	29.08%	44.97%	50.55%	55.84%
2010	9.59%	7.56%	0.12%	4.78%	>=1.50%	6.69%	12.94%	18.33%	27.73%	41.36%	47.26%	52.80%
2011	9.50%	7.19%	0.21%	4.80%	>=2.00%	6.15%	12.15%	17.45%	26.57%	37.66%	43.72%	49.42%
2012	9.62%	6.98%	0.32%	4.76%	>=2.50%	5.96%	11.50%	16.57%	25.41%	33.71%	39.97%	45.75%
2013	9.61%	6.98%	0.34%	4.84%	>=3.00%	5.47%	10.88%	15.82%	20.97%	27.85%	35.00%	40.41%
2014	9.51%	6.70%	0.36%	4.57%	>=3.50%	5.33%	10.51%	15.11%	16.85%	24.08%	31.41%	35.90%
2015	9.66%	6.64%	0.45%	4.66%	>=4.00%	5.08%	9.87%	10.41%	12.66%	20.20%	27.29%	31.43%
2016	9.87%	6.68%	0.39%	4.86%	>=4.50%	4.68%	4.93%	5.82%	8.44%	16.31%	22.89%	26.82%
2017	9.74%	6.63%	0.51%	4.85%	>=5.00%	0.00%	0.60%	1.67%	4.64%	12.80%	18.26%	22.33%
2018	9.28%	6.07%	0.42%	4.56%	>=5.50%	0.00%	0.52%	1.47%	4.14%	11.58%	16.03%	19.99%
2019	10.01%	5.18%	0.52%	4.80%	>=6.00%	0.00%	0.47%	1.32%	3.68%	10.13%	13.90%	17.68%
2020	9.82%	4.99%	0.46%	4.89%	>=6.50%	0.00%	0.42%	1.20%	3.36%	8.74%	12.16%	15.67%
2021	9.43%	4.70%	0.47%	4.68%	>=7.00%	0.00%	0.38%	1.10%	3.11%	7.14%	10.53%	13.68%
2022	9.56%	4.63%	0.45%	4.83%	>=7.50%	0.00%	0.35%	1.01%	2.89%	5.70%	8.99%	11.78%
2023	9.96%	4.65%	0.46%	4.76%	>=8.00%	0.00%	0.32%	0.91%	2.42%	4.67%	7.74%	10.09%
2024	9.67%	4.62%	0.60%	4.75%	>=8.50%	0.00%	0.30%	0.82%	1.84%	3.74%	6.50%	8.50%
2025	9.45%	4.18%	0.49%	4.50%	>=9.00%	0.00%	0.29%	0.72%	1.00%	2.83%	5.19%	7.00%
2026	9.68%	4.31%	0.51%	4.79%	>=9.50%	0.00%	0.24%	0.25%	0.58%	2.31%	4.26%	5.84%
					>=10.00%	0.00%	0.00%	0.04%	0.36%	1.90%	3.46%	4.96%

Notes:

(1) Results based on 25,000 Years of Simulated Losses for a 20 year period starting in 2007.

(2) Note that the results shown above assume that losses, LHCF retention and the LHCF limit trend forward at the same rate (+4.15%) from 2007 into the future.

Louisiana Hurricane Catstrophe Fund

Probabilties of LHCF Loss, Loss in Excess of LHCF Cash, Loss in Excess of Bonding Capacity and Loss in Excess of Limit

Layer = $1.25 Billion xs $1.25 Billion

Scenario 6 Assumptions	
Start Up Capital Contribution ($M)	$200.0
Annual Capital Contribution ($M)	$0.0
2007 Premium ($M)	$98.7
FHCF Initial Limit ($M)	$1,250.0
FHCF Initial Retention ($M)	$1,250.0
2007 Bonding Capacity - First Season ($M)	$1,303.5
2007 Bonding Capacity - Second Season ($M)	$869.0
Long or Near Term Curve?	Long Term
Loss Amplification (Included/Excluded)	Included
Exposure Base	Residential

CHANGE FROM LRA-SF BASE CASE

Start Up Capital Contribution is increased by $100 Million to $200 Million.

IMPACT

Marginal Reduction in Probability of Loss In Excess of Cash. At Least a 1% Reduction in the likelihood of any Assessment.

	(1)	(2)	(3)	(4)		(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Probability of	Probability of Loss	Probability of Loss	Probability of Loss	Assessment	Probability of Assessment						
Year	LHCF Loss	In Excess of Cash	In Excess of Bonding Capacity	In Excess of Limit	Amount	Year 1	Years 1-2	Years 1-3	Years 1-5	Years 1-10	Years 1-15	Years 1-20
					0.0%	91.99%	84.95%	78.48%	68.29%	50.15%	44.14%	39.63%
					>0.00%	8.01%	15.05%	21.52%	31.71%	49.85%	55.86%	60.37%
2007	9.61%	8.01%	0.00%	4.80%	>=0.50%	7.53%	14.19%	20.28%	30.08%	47.95%	52.78%	57.46%
2008	9.69%	7.83%	0.00%	4.54%	>=1.00%	7.12%	13.22%	18.95%	28.42%	43.91%	49.23%	54.41%
2009	9.92%	7.90%	0.06%	4.90%	>=1.50%	6.68%	12.48%	18.04%	27.13%	40.30%	45.83%	51.22%
2010	9.22%	7.03%	0.08%	4.43%	>=2.00%	6.24%	11.78%	17.08%	26.00%	34.49%	40.98%	46.77%
2011	9.58%	7.18%	0.16%	4.80%	>=2.50%	6.02%	11.27%	16.41%	24.79%	30.87%	37.57%	43.06%
2012	9.63%	6.98%	0.19%	4.62%	>=3.00%	5.69%	10.70%	15.56%	20.21%	27.02%	34.18%	39.03%
2013	9.74%	7.07%	0.32%	4.90%	>=3.50%	5.46%	10.20%	14.73%	16.35%	23.50%	30.62%	34.89%
2014	9.72%	6.76%	0.42%	4.82%	>=4.00%	5.12%	5.38%	6.29%	8.97%	17.55%	24.76%	28.91%
2015	9.48%	6.46%	0.48%	4.66%	>=4.50%	0.00%	0.74%	1.94%	4.91%	13.94%	20.30%	24.42%
2016	9.87%	6.66%	0.39%	4.77%	>=5.00%	0.00%	0.67%	1.74%	4.45%	12.81%	17.86%	21.93%
2017	9.31%	6.02%	0.43%	4.32%	>=5.50%	0.00%	0.60%	1.57%	4.04%	11.43%	15.66%	19.72%
2018	9.75%	4.81%	0.44%	4.64%	>=6.00%	0.00%	0.54%	1.41%	3.61%	10.14%	13.74%	17.49%
2019	9.54%	4.75%	0.40%	4.68%	>=6.50%	0.00%	0.48%	1.25%	3.32%	8.25%	11.78%	15.23%
2020	9.71%	4.74%	0.40%	4.85%	>=7.00%	0.00%	0.43%	1.13%	3.04%	6.77%	10.18%	13.21%
2021	9.61%	4.77%	0.47%	4.80%	>=7.50%	0.00%	0.39%	1.03%	2.84%	5.48%	8.68%	11.32%
2022	9.51%	4.49%	0.47%	4.68%	>=8.00%	0.00%	0.36%	0.96%	2.28%	4.19%	7.17%	9.39%
2023	9.81%	4.42%	0.42%	4.86%	>=8.50%	0.00%	0.34%	0.88%	1.49%	3.40%	6.01%	7.96%
2024	9.57%	4.52%	0.42%	4.66%	>=9.00%	0.00%	0.29%	0.52%	0.79%	2.64%	4.86%	6.59%
2025	9.59%	4.43%	0.53%	4.68%	>=9.50%	0.00%	0.24%	0.28%	0.50%	2.18%	4.02%	5.53%
2026	9.52%	4.06%	0.44%	4.60%	>=10.00%	0.00%	0.00%	0.06%	0.29%	1.79%	3.19%	4.55%

Notes:

(1) Results based on 25,000 Years of Simulated Losses for a 20 year period starting in 2007.

(2) Note that the results shown above assume that losses, LHCF retention and the LHCF limit trend forward at the same rate (+4.15%) from 2007 into the future.

Louisiana Hurricane Catstrophe Fund
Probabilties of LHCF Loss, Loss in Excess of LHCF Cash, Loss in Excess of Bonding Capacity and Loss in Excess of Limit
Layer = $1.25 Billion xs $1.25 Billion

Scenario 7 Assumptions

Start Up Capital Contribution ($M)	$100.0
Annual Capital Contribution ($M)	$10.0
2007 Premium ($M)	$98.7
FHCF Initial Limit ($M)	$1,250.0
FHCF Initial Retention ($M)	$1,250.0
2007 Bonding Capacity - First Season ($M)	$1,303.5
2007 Bonding Capacity - Second Season ($M)	$869.0
Long or Near Term Curve?	Long Term
Loss Amplification (Included/Excluded)	Included
Exposure Base	Residential Only

CHANGE FROM LRA-SF BASE CASE
Annual Capital Contribution of $10 Million is added

IMPACT
Slight Reduction in Both the Probability of a Loss in Excess of Cash and the Likelihood of Assessments at Varying Amounts.

	(1)	(2)	(3)	(4)		(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Probability of	Probability of Loss	Probability of Loss	Probability of Loss	Assessment				Probability of Assessment			
	LHCF	In Excess	In Excess	In Excess	Amount	Year 1	Years 1-2	Years 1-3	Years 1-5	Years 1-10	Years 1-15	Years 1-20
Year	Loss	of Cash	of Bonding Capacity	of Limit	0.0%	91.16%	84.20%	77.85%	67.35%	49.70%	43.46%	39.02%
2007	9.71%	8.84%	0.00%	4.78%	>0.00%	8.84%	15.80%	22.15%	32.65%	50.30%	56.54%	60.98%
2008	9.24%	7.80%	0.00%	4.52%	>=0.50%	8.05%	14.79%	20.84%	30.85%	48.29%	53.06%	57.92%
2009	9.44%	7.70%	0.05%	4.82%	>=1.00%	7.67%	13.98%	19.74%	29.44%	44.58%	49.76%	54.81%
2010	9.18%	7.08%	0.09%	4.41%	>=1.50%	7.18%	13.00%	18.47%	27.82%	40.74%	46.25%	51.62%
2011	9.86%	7.46%	0.21%	4.96%	>=2.00%	6.61%	12.18%	17.52%	26.59%	37.03%	42.92%	48.32%
2012	9.73%	7.09%	0.20%	4.71%	>=2.50%	6.30%	11.69%	16.83%	25.52%	33.67%	39.84%	44.91%
2013	9.76%	6.77%	0.30%	4.63%	>=3.00%	6.02%	11.15%	16.18%	21.02%	27.83%	34.81%	39.43%
2014	9.84%	6.83%	0.44%	4.80%	>=3.50%	5.77%	10.68%	15.38%	17.06%	24.20%	31.21%	35.19%
2015	9.32%	6.30%	0.42%	4.45%	>=4.00%	5.49%	10.01%	10.52%	12.62%	20.21%	26.88%	30.56%
2016	9.67%	6.40%	0.52%	4.77%	>=4.50%	5.05%	5.34%	6.15%	8.66%	16.56%	22.25%	26.06%
2017	9.79%	6.48%	0.46%	4.74%	>=5.00%	0.00%	0.71%	1.72%	4.48%	12.77%	17.61%	21.51%
2018	9.61%	4.69%	0.40%	4.75%	>=5.50%	0.00%	0.62%	1.53%	3.98%	11.41%	15.29%	19.10%
2019	9.52%	4.68%	0.39%	4.76%	>=6.00%	0.00%	0.58%	1.39%	3.60%	10.11%	13.44%	17.04%
2020	9.48%	4.39%	0.39%	4.64%	>=6.50%	0.00%	0.52%	1.24%	3.31%	8.40%	11.58%	14.83%
2021	9.54%	4.44%	0.40%	4.66%	>=7.00%	0.00%	0.46%	1.14%	3.02%	6.96%	10.03%	12.90%
2022	9.86%	4.48%	0.42%	4.83%	>=7.50%	0.00%	0.42%	1.05%	2.84%	5.60%	8.62%	10.98%
2023	9.65%	4.24%	0.44%	4.58%	>=8.00%	0.00%	0.39%	0.95%	2.42%	4.47%	7.25%	9.19%
2024	9.43%	3.97%	0.45%	4.58%	>=8.50%	0.00%	0.33%	0.84%	1.87%	3.71%	6.23%	7.90%
2025	9.36%	4.16%	0.40%	4.63%	>=9.00%	0.00%	0.30%	0.75%	1.18%	2.95%	5.14%	6.66%
2026	9.62%	4.10%	0.36%	4.86%	>=9.50%	0.00%	0.25%	0.27%	0.57%	2.29%	4.09%	5.50%
					>=10.00%	0.00%	0.00%	0.05%	0.34%	1.89%	3.28%	4.56%

Notes:
(1) Results based on 25,000 Years of Simulated Losses for a 20 year period starting in 2007.
(2) Note that the results shown above assume that losses, LHCF retention and the LHCF limit trend forward at the same rate (+4.15%) from 2007 into the future.

Louisiana Hurricane Catstrophe Fund

Probabilties of LHCF Loss, Loss in Excess of LHCF Cash, Loss in Excess of Bonding Capacity and Loss in Excess of Limit

Layer = $1.25 Billion xs $3.75 Billion

Scenario 8 Assumptions

Start Up Capital Contribution ($M)	$100.0
Annual Capital Contribution ($M)	$0.0
2007 Premium ($M)	$37.22
FHCF Initial Limit ($M)	$1,250.0
FHCF Initial Retention ($M)	$3,750.0
2007 Bonding Capacity - First Season ($M)	$1,303.5
2007 Bonding Capacity - Second Season ($M)	$869.0
Long or Near Term Curve?	Long Term
Loss Amplification (Included/Excluded)	Included
Exposure Base	Residential Only

CHANGE FROM LRA-SF BASE CASE
Increased Retention to $3.75 Billion

IMPACT

Reduced Probability of LHCF Loss by over 7%. Reduced Probability of Loss In Excess of Cash by 2-7%. Likelihood of Any Assessments decreased by 6% to 25% Depending on the Time Horizon.

	(1)	(2)	(3)	(4)		(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Probability of LHCF Loss	Probability of Loss In Excess of Cash	Probability of Loss In Excess of Bonding Capacity	Probability of Loss In Excess of Limit	Assessment Amount	Probability of Assessment						
Year						Year 1	Years 1-2	Years 1-3	Years 1-5	Years 1-10	Years 1-15	Years 1-20
					0.0%	97.35%	94.68%	92.15%	87.73%	77.40%	68.88%	61.65%
					>0.00%	2.65%	5.32%	7.85%	12.27%	22.60%	31.12%	38.35%
2007	2.76%	2.65%	0.00%	1.74%	>=0.50%	2.55%	5.04%	7.40%	11.62%	21.62%	29.91%	37.03%
2008	2.88%	2.76%	0.03%	1.76%	>=1.00%	2.41%	4.80%	7.06%	11.16%	20.86%	29.02%	36.07%
2009	2.83%	2.67%	0.06%	1.68%	>=1.50%	2.33%	4.64%	6.80%	10.77%	20.12%	28.16%	35.05%
2010	2.61%	2.43%	0.06%	1.58%	>=2.00%	2.25%	4.48%	6.58%	10.44%	19.58%	27.39%	34.06%
2011	2.69%	2.44%	0.04%	1.61%	>=2.50%	2.19%	4.35%	6.40%	10.20%	19.09%	26.60%	33.01%
2012	2.85%	2.61%	0.05%	1.68%	>=3.00%	2.17%	4.29%	6.28%	9.98%	18.45%	25.76%	29.07%
2013	2.80%	2.45%	0.01%	1.73%	>=3.50%	2.10%	4.16%	6.03%	9.50%	17.67%	22.57%	24.10%
2014	2.91%	2.57%	0.02%	1.75%	>=4.00%	2.01%	4.01%	5.79%	9.06%	15.60%	17.12%	19.06%
2015	2.94%	2.51%	0.04%	1.70%	>=4.50%	1.87%	3.74%	5.46%	8.65%	9.61%	11.57%	13.81%
2016	2.74%	2.38%	0.06%	1.65%	>=5.00%	1.84%	3.58%	3.63%	3.88%	5.33%	7.52%	9.98%
2017	2.86%	2.49%	0.06%	1.76%	>=5.50%	0.00%	0.08%	0.21%	0.60%	2.28%	4.58%	7.18%
2018	3.03%	2.60%	0.06%	1.87%	>=6.00%	0.00%	0.07%	0.18%	0.56%	2.14%	4.33%	6.62%
2019	2.56%	2.18%	0.08%	1.66%	>=6.50%	0.00%	0.06%	0.16%	0.51%	2.03%	4.06%	5.95%
2020	2.56%	2.24%	0.08%	1.59%	>=7.00%	0.00%	0.05%	0.14%	0.46%	1.90%	3.76%	5.25%
2021	2.92%	2.48%	0.08%	1.76%	>=7.50%	0.00%	0.04%	0.12%	0.43%	1.79%	3.38%	4.49%
2022	2.69%	2.24%	0.07%	1.59%	>=8.00%	0.00%	0.04%	0.12%	0.42%	1.66%	2.87%	3.57%
2023	2.84%	2.44%	0.05%	1.71%	>=8.50%	0.00%	0.04%	0.12%	0.38%	1.40%	2.24%	2.66%
2024	2.75%	2.35%	0.06%	1.69%	>=9.00%	0.00%	0.04%	0.11%	0.34%	1.07%	1.55%	1.93%
2025	2.72%	2.27%	0.11%	1.67%	>=9.50%	0.00%	0.04%	0.10%	0.31%	0.73%	0.99%	1.34%
2026	2.68%	2.17%	0.08%	1.55%	>=10.00%	0.00%	0.03%	0.09%	0.19%	0.34%	0.65%	0.96%

Notes:

(1) Results based on 25,000 Years of Simulated Losses for a 20 year period starting in 2007.

(2) Note that the results shown above assume that losses, LHCF retention and the LHCF limit trend forward at the same rate (+4.15%) from 2007 into the future.

Louisiana Hurricane Catstrophe Fund

Probabilties of LHCF Loss, Loss in Excess of LHCF Cash, Loss in Excess of Bonding Capacity and Loss in Excess of Limit
Layer = $1.25 Billion xs $1.25 Billion

Scenario 9 Assumptions	
Start Up Capital Contribution ($M)	$100.0
Annual Capital Contribution ($M)	$0.0
2007 Premium ($M)	$98.7
FHCF Initial Limit ($M)	$1,250.0
FHCF Initial Retention ($M)	$1,250.0
2007 Bonding Capacity - First Season ($M)	$1,303.5
2007 Bonding Capacity - Second Season ($M)	$869.0
Long or Near Term Curve?	Near Term
Loss Amplification (Included/Excluded)	Included
Exposure Base	Residential Only

CHANGE FROM LRA-SF BASE CASE
Near Term Loss Model Used (Event probabilities increased).

IMPACT
Increased Probability of LHCF Loss by 2.5%.
Increased Probability of Loss In Excess of Cash by 2.5%
Increased Probability of Loss in Excess of Limit by 1.5%
Likelihod of Assessments Increased Significantly.

	(1)	(2)	(3)	(4)		(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Probability of LHCF Loss	Probability of Loss In Excess of Cash	Probability of Loss In Excess of Bonding Capacity	Probability of Loss In Excess of Limit	Assessment Amount	Probability of Assessment						
Year						Year 1	Years 1-2	Years 1-3	Years 1-5	Years 1-10	Years 1-15	Years 1-20
					0.0%	88.68%	79.38%	71.56%	59.22%	38.89%	30.52%	25.73%
					>0.00%	11.32%	20.62%	28.44%	40.78%	61.11%	69.48%	74.27%
2007	12.64%	11.32%	0.00%	6.44%	>=0.50%	10.50%	19.47%	26.90%	38.81%	59.16%	66.44%	71.65%
2008	12.38%	10.69%	0.00%	6.31%	>=1.00%	10.00%	18.46%	25.49%	36.99%	57.19%	63.43%	68.91%
2009	12.36%	10.23%	0.14%	6.03%	>=1.50%	9.36%	17.28%	24.04%	35.33%	53.42%	60.32%	66.24%
2010	12.25%	9.78%	0.23%	5.97%	>=2.00%	8.80%	16.30%	22.80%	33.74%	47.72%	55.86%	62.44%
2011	12.37%	9.64%	0.48%	5.97%	>=2.50%	8.25%	15.42%	21.77%	32.47%	43.73%	52.41%	59.18%
2012	12.38%	9.71%	0.59%	6.40%	>=3.00%	7.97%	14.89%	20.95%	31.08%	39.88%	49.10%	55.62%
2013	12.62%	9.52%	0.72%	6.23%	>=3.50%	7.69%	14.36%	20.08%	26.28%	35.82%	45.46%	51.55%
2014	12.57%	9.41%	0.93%	6.47%	>=4.00%	7.39%	13.62%	18.98%	21.52%	31.90%	41.58%	47.32%
2015	12.23%	8.93%	1.02%	6.10%	>=4.50%	6.78%	7.26%	8.76%	12.96%	25.33%	35.21%	41.09%
2016	12.20%	8.74%	1.14%	6.05%	>=5.00%	0.00%	1.17%	3.03%	7.85%	20.75%	29.78%	36.03%
2017	12.21%	8.78%	1.20%	6.12%	>=5.50%	0.00%	1.09%	2.76%	7.16%	19.15%	26.78%	33.01%
2018	12.26%	8.74%	1.15%	6.11%	>=6.00%	0.00%	0.96%	2.48%	6.41%	17.46%	24.04%	30.18%
2019	12.43%	7.47%	1.10%	6.34%	>=6.50%	0.00%	0.90%	2.26%	5.86%	15.46%	21.41%	27.19%
2020	12.36%	7.40%	1.26%	6.25%	>=7.00%	0.00%	0.77%	2.01%	5.39%	13.22%	19.00%	24.47%
2021	12.33%	7.30%	1.13%	6.12%	>=7.50%	0.00%	0.68%	1.84%	5.00%	10.98%	16.65%	21.66%
2022	12.45%	7.14%	1.30%	6.32%	>=8.00%	0.00%	0.63%	1.70%	4.52%	9.20%	14.65%	19.08%
2023	12.55%	7.06%	1.14%	6.17%	>=8.50%	0.00%	0.59%	1.61%	3.61%	7.44%	12.63%	16.66%
2024	12.08%	6.79%	1.22%	5.94%	>=9.00%	0.00%	0.54%	1.44%	2.50%	6.34%	10.98%	14.73%
2025	12.06%	6.72%	1.29%	6.10%	>=9.50%	0.00%	0.46%	0.91%	1.53%	5.17%	9.29%	12.68%
2026	12.19%	6.77%	1.40%	6.17%	>=10.00%	0.00%	0.00%	0.14%	0.78%	4.19%	7.65%	10.74%

Notes:

(1) Results based on 25,000 Years of Simulated Losses for a 20 year period starting in 2007.

(2) Note that the results shown above assume that losses, LHCF retention and the LHCF limit trend forward at the same rate (+4.15%) from 2007 into the future.

Louisiana Hurricane Catstrophe Fund

Probabilties of LHCF Loss, Loss in Excess of LHCF Cash, Loss in Excess of Bonding Capacity and Loss in Excess of Limit

Layer = $1.25 Billion xs $1.25 Billion

Scenario 10
Assumptions

Start Up Capital Contribution ($M)	$100.0
Annual Capital Contribution ($M)	$0.0
2007 Premium ($M)	$98.7
FHCF Initial Limit ($M)	$1,250.0
FHCF Initial Retention ($M)	$1,250.0
2007 Bonding Capacity - First Season ($M)	$1,303.5
2007 Bonding Capacity - Second Season ($M)	$869.0
Long or Near Term Curve?	Long Term
Loss Amplification (Included/Excluded)	Excluded
Exposure Base	Residential Only

CHANGE FROM LRA-SF BASE CASE
Loss Amplification Excluded (No Demand Surge)

IMPACT
Decreased Probability of LHCF Loss by 1%.
Decreased Probability of Loss In Excess of Cash by over 1%.
Decreased Probability of Loss in Excess of Limit by over 1%.
Likelihod of Assessments Decreased by 1% or More.

	(1)	(2)	(3)	(4)		(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Probability of LHCF	Probability of Loss In Excess	Probability of Loss In Excess	Probability of Loss In Excess	Assessment Amount				Probability of Assessment			
Year	Loss	of Cash	of Bonding Capacity	of Limit		Year 1	Years 1-2	Years 1-3	Years 1-5	Years 1-10	Years 1-15	Years 1-20
					0.0%	92.58%	85.92%	80.39%	71.40%	54.92%	47.79%	43.99%
					>0.00%	7.42%	14.08%	19.61%	28.60%	45.08%	52.21%	56.01%
2007	8.75%	7.42%	0.00%	3.78%	>=0.50%	6.78%	12.94%	18.24%	26.90%	42.92%	48.76%	52.69%
2008	8.87%	7.30%	0.00%	4.01%	>=1.00%	6.22%	12.13%	17.08%	25.50%	41.04%	45.39%	49.50%
2009	8.78%	6.66%	0.04%	3.96%	>=1.50%	5.95%	11.48%	16.27%	24.17%	37.38%	42.00%	46.26%
2010	8.66%	6.26%	0.07%	3.76%	>=2.00%	5.62%	10.86%	15.27%	22.66%	32.15%	37.48%	42.01%
2011	8.48%	5.94%	0.10%	3.74%	>=2.50%	5.26%	10.06%	14.11%	21.31%	28.51%	34.00%	38.49%
2012	8.65%	6.11%	0.11%	3.93%	>=3.00%	4.75%	9.16%	13.09%	20.08%	24.81%	30.40%	34.53%
2013	8.79%	5.97%	0.19%	3.93%	>=3.50%	4.33%	8.61%	12.49%	16.64%	21.70%	27.19%	30.78%
2014	8.64%	5.48%	0.24%	3.72%	>=4.00%	4.12%	8.31%	12.04%	13.34%	18.53%	23.77%	26.93%
2015	8.77%	5.38%	0.28%	3.85%	>=4.50%	3.96%	4.20%	4.96%	6.96%	13.11%	18.30%	21.07%
2016	8.80%	5.44%	0.32%	4.00%	>=5.00%	0.00%	0.55%	1.41%	3.56%	9.63%	14.10%	16.98%
2017	8.58%	5.43%	0.33%	4.08%	>=5.50%	0.00%	0.49%	1.24%	3.19%	8.70%	12.19%	15.02%
2018	8.83%	5.33%	0.32%	3.95%	>=6.00%	0.00%	0.43%	1.12%	2.86%	7.80%	10.56%	13.14%
2019	8.91%	3.95%	0.33%	3.99%	>=6.50%	0.00%	0.40%	1.02%	2.59%	6.74%	9.06%	11.38%
2020	8.20%	3.60%	0.28%	3.52%	>=7.00%	0.00%	0.35%	0.91%	2.26%	5.47%	7.66%	9.75%
2021	8.71%	3.61%	0.27%	3.80%	>=7.50%	0.00%	0.29%	0.78%	1.94%	4.26%	6.29%	8.04%
2022	8.68%	3.62%	0.20%	3.99%	>=8.00%	0.00%	0.25%	0.64%	1.71%	3.46%	5.35%	6.79%
2023	8.86%	3.49%	0.24%	3.84%	>=8.50%	0.00%	0.21%	0.56%	1.32%	2.63%	4.37%	5.55%
2024	8.56%	3.18%	0.22%	3.68%	>=9.00%	0.00%	0.19%	0.52%	0.94%	2.11%	3.69%	4.69%
2025	8.82%	3.14%	0.20%	3.81%	>=9.50%	0.00%	0.19%	0.38%	0.55%	1.64%	2.96%	3.84%
2026	8.66%	3.24%	0.28%	3.93%	>=10.00%	0.00%	0.00%	0.04%	0.21%	1.21%	2.28%	3.01%

Notes:

(1) Results based on 25,000 Years of Simulated Losses for a 20 year period starting in 2007.

(2) Note that the results shown above assume that losses, LHCF retention and the LHCF limit trend forward at the same rate (+4.15%) from 2007 into the future.

Louisiana Hurricane Catstrophe Fund

Probabilties of LHCF Loss, Loss in Excess of LHCF Cash, Loss in Excess of Bonding Capacity and Loss in Excess of Limit
Layer = $1.25 Billion xs $1.25 Billion

Scenario 11 Assumptions	
Start Up Capital Contribution ($M)	$100.0
Annual Capital Contribution ($M)	$0.0
2007 Premium ($M)	$98.7
FHCF Initial Limit ($M)	$1,250.0
FHCF Initial Retention ($M)	$1,250.0
2007 Bonding Capacity - First Season ($M)	$1,303.5
2007 Bonding Capacity - Second Season ($M)	$869.0
Long or Near Term Curve?	Long Term
Loss Amplification (Included/Excluded)	Excluded
Exposure Base	Residential & Commercial

CHANGE FROM LRA-SF BASE CASE
Residential & Commercial Exposures Covered

IMPACT
Increased Probability of LHCF Loss by 2%.
Increased Probability of Loss In Excess of Cash by 2-3%.
Increased Probability of Loss in Excess of Limit by 3%.
Increased Probability of Loss In Excess of Bonding Capacity
Large Increases in Likely Assessment Amounts.

	(1)	(2)	(3)	(4)		(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Probability of LHCF Loss	Probability of Loss In Excess of Cash	Probability of Loss In Excess of Bonding Capacity	Probability of Loss In Excess of Limit	Assessment Amount	Probability of Assessment						
Year						Year 1	Years 1-2	Years 1-3	Years 1-5	Years 1-10	Years 1-15	Years 1-20
					0.0%	88.64%	79.18%	71.06%	57.44%	35.18%	27.25%	22.42%
					>0.00%	11.36%	20.82%	28.94%	42.56%	64.82%	72.75%	77.58%
2007	12.14%	11.36%	0.00%	8.24%	>=0.50%	10.89%	20.14%	28.13%	41.56%	63.63%	70.34%	75.70%
2008	12.14%	10.88%	0.00%	8.02%	>=1.00%	10.46%	19.51%	27.43%	40.50%	62.32%	67.57%	73.46%
2009	11.78%	10.44%	0.14%	7.85%	>=1.50%	10.29%	19.06%	26.76%	39.63%	58.70%	64.95%	71.27%
2010	11.96%	10.38%	0.36%	7.91%	>=2.00%	10.04%	18.54%	26.11%	38.64%	52.51%	60.54%	67.93%
2011	12.00%	10.37%	0.57%	7.98%	>=2.50%	9.72%	17.89%	25.18%	37.42%	48.75%	57.60%	65.22%
2012	12.27%	10.62%	0.75%	8.20%	>=3.00%	9.28%	17.27%	24.36%	36.37%	44.48%	54.33%	61.41%
2013	11.93%	10.05%	0.98%	7.84%	>=3.50%	9.01%	16.76%	23.64%	30.68%	40.54%	51.07%	57.36%
2014	11.67%	9.76%	1.20%	7.70%	>=4.00%	8.63%	16.21%	22.96%	25.10%	36.48%	47.34%	53.08%
2015	12.31%	10.18%	1.57%	8.24%	>=4.50%	8.45%	8.84%	10.16%	14.58%	29.42%	40.54%	46.59%
2016	12.19%	9.85%	1.58%	8.02%	>=5.00%	0.00%	1.36%	3.35%	8.67%	24.83%	34.54%	41.53%
2017	11.70%	9.32%	1.71%	7.65%	>=5.50%	0.00%	1.24%	3.08%	8.15%	23.36%	31.48%	38.89%
2018	11.99%	9.60%	1.69%	7.87%	>=6.00%	0.00%	1.17%	2.90%	7.70%	21.56%	28.32%	35.95%
2019	12.19%	8.01%	1.52%	8.16%	>=6.50%	0.00%	1.12%	2.75%	7.32%	19.06%	25.58%	33.10%
2020	11.63%	7.92%	1.59%	7.88%	>=7.00%	0.00%	1.06%	2.56%	6.88%	16.17%	23.18%	30.25%
2021	11.90%	8.00%	1.57%	7.88%	>=7.50%	0.00%	0.99%	2.41%	6.45%	13.40%	20.78%	27.37%
2022	12.15%	7.68%	1.63%	7.98%	>=8.00%	0.00%	0.90%	2.25%	6.11%	11.44%	18.69%	24.55%
2023	12.40%	8.07%	1.86%	8.45%	>=8.50%	0.00%	0.84%	2.11%	4.95%	9.34%	16.21%	21.57%
2024	12.10%	7.74%	1.80%	7.99%	>=9.00%	0.00%	0.77%	2.00%	3.42%	8.03%	14.21%	19.17%
2025	11.99%	7.73%	1.82%	7.93%	>=9.50%	0.00%	0.70%	1.29%	1.92%	6.78%	12.06%	16.77%
2026	12.12%	7.75%	2.02%	8.05%	>=10.00%	0.00%	0.00%	0.14%	0.99%	5.77%	10.28%	14.82%

Notes:

(1) Results based on 25,000 Years of Simulated Losses for a 20 year period starting in 2007.

(2) Note that the results shown above assume that losses, LHCF retention and the LHCF limit trend forward at the same rate (+4.15%) from 2007 into the future.

Louisiana Hurricane Catstrophe Fund

Probabilties of LHCF Loss, Loss in Excess of LHCF Cash, Loss in Excess of Bonding Capacity and Loss in Excess of Limit

Layer = $1.25 Billion xs $3.75 Billion

Scenario 12 Assumptions

Start Up Capital Contribution ($M)	$100.0
Annual Capital Contribution ($M)	$0.0
2007 Premium Including a Risk Load ($M)	$98.7
FHCF Initial Limit ($M)	$1,250.0
FHCF Initial Retention ($M)	$3,750.0
2007 Bonding Capacity - First Season ($M)	$1,303.5
2007 Bonding Capacity - Second Season ($M)	$869.0
Long or Near Term Curve?	Long Term
Loss Amplification (Included/Excluded)	Included
Exposure Base	Residential

CHANGE FROM SCENARIO 8 (Same Retention)
Charged Risk Loaded Premium

IMPACT
Reduced Probability of Loss In Excess of Cash Into the Future.
After Year 2 Significant Reduction in Assessment Amounts.

	(1)	(2)	(3)	(4)		(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Probability of LHCF	Probability of Loss In Excess	Probability of Loss In Excess	Probability of Loss In Excess	Assessment Amount	Probability of Assessment					
Year	Loss	of Cash	of Bonding Capacity	of Limit		Year 1	Years 1-2	Years 1-3	Years 1-5	Years 1-10	Years 1-15	Years 1-20
					0.0%	97.57%	95.06%	92.87%	88.76%	80.42%	77.11%	76.08%
					>0.00%	2.43%	4.94%	7.13%	11.24%	19.58%	22.89%	23.92%
2007	2.58%	2.43%	0.00%	1.53%	>=0.50%	2.30%	4.64%	6.75%	10.67%	18.75%	20.76%	21.81%
2008	2.91%	2.59%	0.00%	1.72%	>=1.00%	2.21%	4.51%	6.52%	10.31%	18.09%	18.87%	19.98%
2009	2.77%	2.35%	0.00%	1.60%	>=1.50%	2.06%	4.27%	6.22%	9.96%	16.06%	16.90%	18.04%
2010	2.73%	2.32%	0.02%	1.57%	>=2.00%	2.02%	4.13%	6.06%	9.69%	13.24%	14.29%	15.48%
2011	2.82%	2.26%	0.02%	1.72%	>=2.50%	1.93%	4.00%	5.85%	9.24%	11.45%	12.57%	13.68%
2012	2.76%	2.17%	0.00%	1.67%	>=3.00%	1.88%	3.87%	5.66%	8.92%	9.71%	10.88%	11.70%
2013	2.65%	2.03%	0.01%	1.59%	>=3.50%	1.77%	3.65%	5.30%	6.97%	7.87%	9.10%	9.69%
2014	2.63%	2.04%	0.01%	1.58%	>=4.00%	1.69%	3.49%	5.03%	5.18%	6.16%	7.37%	7.74%
2015	2.68%	1.98%	0.03%	1.55%	>=4.50%	1.59%	1.61%	1.71%	2.00%	3.29%	4.38%	4.63%
2016	2.68%	1.99%	0.02%	1.64%	>=5.00%	0.00%	0.08%	0.22%	0.58%	1.92%	2.73%	3.00%
2017	2.58%	1.84%	0.00%	1.60%	>=5.50%	0.00%	0.07%	0.18%	0.52%	1.75%	2.25%	2.54%
2018	2.76%	1.88%	0.02%	1.69%	>=6.00%	0.00%	0.06%	0.16%	0.47%	1.52%	1.79%	2.06%
2019	2.92%	0.67%	0.02%	1.68%	>=6.50%	0.00%	0.06%	0.15%	0.44%	1.32%	1.50%	1.76%
2020	2.80%	0.69%	0.01%	1.72%	>=7.00%	0.00%	0.05%	0.13%	0.41%	0.95%	1.17%	1.37%
2021	2.74%	0.54%	0.01%	1.60%	>=7.50%	0.00%	0.05%	0.13%	0.38%	0.70%	0.92%	1.07%
2022	2.74%	0.62%	0.00%	1.65%	>=8.00%	0.00%	0.04%	0.12%	0.36%	0.56%	0.76%	0.88%
2023	2.86%	0.60%	0.02%	1.68%	>=8.50%	0.00%	0.04%	0.12%	0.26%	0.34%	0.53%	0.60%
2024	2.61%	0.51%	0.00%	1.57%	>=9.00%	0.00%	0.04%	0.11%	0.16%	0.24%	0.42%	0.46%
2025	2.91%	0.52%	0.01%	1.68%	>=9.50%	0.00%	0.04%	0.07%	0.10%	0.16%	0.31%	0.34%
2026	2.75%	0.50%	0.00%	1.69%	>=10.00%	0.00%	0.00%	0.00%	0.04%	0.10%	0.17%	0.20%

Notes:

(1) Results based on 25,000 Years of Simulated Losses for a 20 year period starting in 2007.

(2) Note that the results shown above assume that losses, LHCF retention and the LHCF limit trend forward at the same rate (+4.15%) from 2007 into the future.

Louisiana Hurricane Catastrophe Fund

Exhibit 4

Exposure Trend

Population & Overall Trend Selection

Year	Louisiana Total Population	Year Reference	Percent Change in Population	Annualized Percent Change in Population
1990	4,219,973			
1995	4,358,910	1995-1990	3.29%	0.65%
2000	4,468,976	2000-1995	2.53%	0.50%
2005	4,523,628	2005-2000	1.22%	0.24%
2010	4,612,679	2010-2005	1.97%	0.39%

Selected Population Trend	0.40%

Selected Construction Exposure Trend	3.75%

Total Selected Exposure Trend	4.15%

Exhibit 4

Sheet 2

Louisiana Hurricane Catastrophe Fund

Exposure Trend

Population Projections - Louisiana 1990 - 2010

1990	
Age	Total Population
0 - 4	334,650
5-19	1,032,960
20 - 34	1,028,092
35 - 64	1,355,280
65+	468,991
Total	4,219,973

1995	
Age	Total Population
0 - 4	351,154
5-19	1,032,473
20 - 34	995,548
35 - 64	1,482,425
65+	497,310
Total	4,358,910

2000	
Age	Total Population
0 - 4	317,392
5-19	1,050,637
20 - 34	926,733
35 - 64	1,657,285
65+	516,929
Total	4,468,976

2005	
Age	Total Population
0 - 4	322,444
5-19	963,486
20 - 34	964,230
35 - 64	1,741,887
65+	531,581
Total	4,523,628

2010	
Age	Total Population
0 - 4	328,792
5-19	982,453
20 - 34	983,212
35 - 64	1,776,177
65+	542,046
Total	4,612,679

Louisiana Hurricane Catastrophe Fund

Exhibit 4

Exposure Trend

Boeckh Construction Index Changes for Louisiana

2005 to 2006	Residential Frame			Residential Brick		
City	Mar/Apr 2006	Mar/Apr 2005	Percent Change	Mar/Apr 2006	Mar/Apr 2005	Percent Change
Baton Rouge	1793.3	1703.8	5.3%	1831.3	1754.9	4.4%
Lafayette	1695.4	1600.3	5.9%	1755.6	1679.9	4.5%
Lake Charles	1747.8	1642.9	6.4%	1827.9	1735.0	5.4%
New Orleans	1849.7	1755.3	5.4%	1928.6	1832.5	5.2%
Shreveport	1844.6	1683.5	9.6%	1892.3	1740.5	8.7%
Straight Average	1786.2	1677.2	6.5%	1847.1	1748.6	5.6%
National	2540.8	2406.5	5.6%	2670.5	2544.7	4.9%

2004 to 2005	Residential Frame			Residential Brick		
City	Mar/Apr 2005	Mar/Apr 2004	Percent Change	Mar/Apr 2005	Mar/Apr 2004	Percent Change
Baton Rouge	1703.8	1614.3	5.5%	1754.9	1675.0	4.8%
Lafayette	1600.3	1518.3	5.4%	1679.9	1597.3	5.2%
Lake Charles	1642.9	1560.9	5.3%	1735.0	1655.8	4.8%
New Orleans	1755.3	1657.6	5.9%	1832.5	1743.3	5.1%
Shreveport	1683.5	1614.5	4.3%	1740.5	1662.9	4.7%
Straight Average	1677.2	1593.1	5.3%	1748.6	1666.9	4.9%
National	2406.5	2267.7	6.1%	2544.7	2402.9	5.9%

2003 to 2004	Residential Frame			Residential Brick		
City	Mar/Apr 2004	Mar/Apr 2003	Percent Change	Mar/Apr 2004	Mar/Apr 2003	Percent Change
Baton Rouge	1614.3	1534.7	5.2%	1675.0	1591.6	5.2%
Lafayette	1518.3	1442.9	5.2%	1597.3	1514.7	5.5%
Lake Charles	1560.9	1462.5	6.7%	1655.8	1556.0	6.4%
New Orleans	1657.6	1553.4	6.7%	1743.3	1633.5	6.7%
Shreveport	1614.5	1509.2	7.0%	1662.9	1544.8	7.6%
Straight Average	1593.1	1500.5	6.2%	1666.9	1568.1	6.3%
National	2267.7	2096.3	8.2%	2402.9	2224.2	8.0%

Louisiana Hurricane Catastrophe Fund

Exhibit 4

Exposure Trend

Sheet 4

Boeckh Construction Index Changes for Louisiana

2002 to 2003	Residential Frame			Residential Brick		
City	Mar/Apr 2003	Mar/Apr 2002	Percent Change	Mar/Apr 2003	Mar/Apr 2002	Percent Change
Baton Rouge	1534.7	1514.8	1.3%	1591.6	1577.7	0.9%
Lafayette	1442.9	1429.7	0.9%	1514.7	1504.3	0.7%
Lake Charles	1462.5	1465.8	-0.2%	1556.0	1549.1	0.4%
New Orleans	1553.4	1514.3	2.6%	1633.5	1585.5	3.0%
Shreveport	1509.2	1499.4	0.7%	1544.8	1534.7	0.7%
Straight Average	1500.5	1484.8	1.1%	1568.1	1550.3	1.2%
National	2096.3	2022.8	3.6%	2224.2	2145.7	3.7%

2001 to 2002	Residential Frame			Residential Brick		
City	Mar/Apr 2002	Mar/Apr 2001	Percent Change	Mar/Apr 2002	Mar/Apr 2001	Percent Change
Baton Rouge	1514.8	1475.0	2.7%	1577.7	1536.0	2.7%
Lafayette	1429.7	1383.8	3.3%	1504.3	1445.8	4.0%
Lake Charles	1465.8	1429.7	2.5%	1549.1	1500.9	3.2%
New Orleans	1514.3	1478.5	2.4%	1585.5	1544.3	2.7%
Shreveport	1499.4	1440.2	4.1%	1534.7	1470.6	4.4%
Straight Average	1484.8	1441.4	3.0%	1550.3	1499.5	3.4%
National	2022.8	1968.9	2.7%	2145.7	2083.9	3.0%

2000 to 2001	Residential Frame			Residential Brick		
City	Mar/Apr 2001	Mar/Apr 2000	Percent Change	Mar/Apr 2001	Mar/Apr 2000	Percent Change
Baton Rouge	1475.0	1448.5	1.8%	1536.0	1508.2	1.8%
Lafayette	1383.8	1367.4	1.2%	1445.8	1425.2	1.4%
Lake Charles	1429.7	1426.5	0.2%	1500.9	1490.6	0.7%
New Orleans	1478.5	1445.9	2.3%	1544.3	1516.8	1.8%
Shreveport	1440.2	1410.6	2.1%	1470.6	1433.5	2.6%
Straight Average	1441.4	1419.8	1.5%	1499.5	1474.9	1.7%
National	1968.9	1935.3	1.7%	2083.9	2048.4	1.7%

Louisiana Hurricane Catastrophe Fund

Exhibit 4

Exposure Trend

Sheet 5

Boeckh Construction Index Changes for Louisiana

1999 to 2000	Residential Frame				Residential Brick		
City	Mar/Apr 2000	Mar/Apr 1999	Percent Change		Mar/Apr 2000	Mar/Apr 1999	Percent Change
Baton Rouge	1448.5	1398.8	3.6%		1508.2	1449.1	4.1%
Lafayette	1367.4	1324.8	3.2%		1425.2	1380.4	3.2%
Lake Charles	1426.5	1380.5	3.3%		1490.6	1445.8	3.1%
New Orleans	1445.9	1406.9	2.8%		1516.8	1475.6	2.8%
Shreveport	1410.6	1367.9	3.1%		1433.5	1389.7	3.2%
Straight Average	1419.8	1375.8	3.2%		1474.9	1428.1	3.3%
National	1935.3	1871.7	3.4%		2048.4	1977.0	3.6%

1998 to 1999	Residential Frame				Residential Brick		
City	Mar/Apr 1999	Mar/Apr 1998	Percent Change		Mar/Apr 1999	Mar/Apr 1998	Percent Change
Baton Rouge	1398.8	1375.6	1.7%		1449.1	1421.3	2.0%
Lafayette	1324.8	1295.3	2.3%		1380.4	1346.0	2.6%
Lake Charles	1380.5	1351.0	2.2%		1445.8	1404.5	2.9%
New Orleans	1406.9	1380.8	1.9%		1475.6	1441.3	2.4%
Shreveport	1367.9	1344.8	1.7%		1389.7	1359.3	2.2%
Straight Average	1375.8	1349.5	1.9%		1428.1	1394.5	2.4%
National	1871.7	1836.5	1.9%		1977.0	1934.2	2.2%

1997 to 1998	Residential Frame				Residential Brick		
City	Mar/Apr 1998	Mar/Apr 1997	Percent Change		Mar/Apr 1998	Mar/Apr 1997	Percent Change
Baton Rouge	1375.6	1339.1	2.7%		1421.3	1379.6	3.0%
Lafayette	1295.3	1265.8	2.3%		1346.0	1318.4	2.1%
Lake Charles	1351.0	1318.2	2.5%		1404.5	1377.0	2.0%
New Orleans	1380.8	1367.8	1.0%		1441.3	1427.6	1.0%
Shreveport	1344.8	1308.7	2.8%		1359.3	1318.8	3.1%
Straight Average	1349.5	1319.9	2.2%		1394.5	1364.3	2.2%
National	1836.5	1793.8	2.4%		1934.2	1890.1	2.3%

Louisiana Hurricane Catastrophe Fund

Exhibit 4

Sheet 6

Exposure Trend

Summary of Boeckh Construction Index Changes for Louisiana for 1997 Through 2005
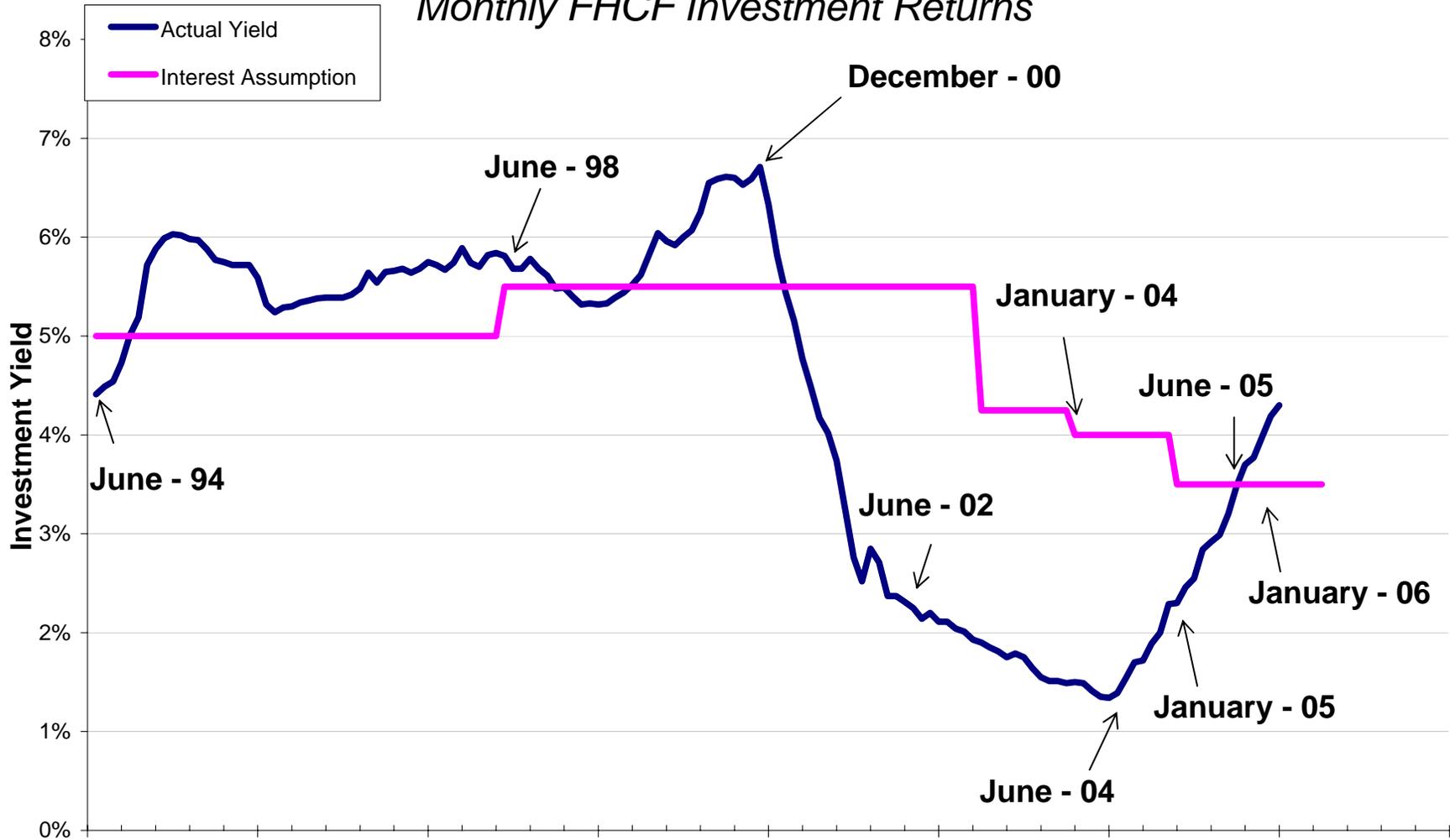
Residential Frame

City	Mar/Apr 06/05	Mar/Apr 05/04	Mar/Apr 04/03	Mar/Apr 03/02	Mar/Apr 02/01	Mar/Apr 01/00	Mar/Apr 00/99	Mar/Apr 99/98	Mar/Apr 98/97	Average
Baton Rouge	5.25%	5.54%	5.19%	1.31%	2.70%	1.83%	3.55%	1.69%	2.73%	3.31%
Lafayette	5.94%	5.40%	5.23%	0.92%	3.32%	1.20%	3.22%	2.28%	2.33%	3.31%
Lake Charles	6.39%	5.25%	6.73%	-0.23%	2.53%	0.22%	3.33%	2.18%	2.49%	3.21%
New Orleans	5.38%	5.89%	6.71%	2.58%	2.42%	2.25%	2.77%	1.89%	0.95%	3.43%
Shreveport	9.57%	4.27%	6.98%	0.65%	4.11%	2.10%	3.12%	1.72%	2.76%	3.92%
Straight Average	6.51%	5.27%	6.17%	1.05%	3.01%	1.52%	3.20%	1.95%	2.25%	3.44%
National	5.58%	6.12%	8.18%	3.63%	2.74%	1.74%	3.40%	1.92%	2.38%	3.76%

Residential Brick

City	Mar/Apr 06/05	Mar/Apr 05/04	Mar/Apr 04/03	Mar/Apr 03/02	Mar/Apr 02/01	Mar/Apr 01/00	Mar/Apr 00/99	Mar/Apr 99/98	Mar/Apr 98/97	Average
Baton Rouge	4.35%	4.77%	5.24%	0.88%	2.71%	1.84%	4.08%	1.96%	3.02%	3.06%
Lafayette	4.51%	5.17%	5.45%	0.69%	4.05%	1.45%	3.25%	2.56%	2.09%	3.09%
Lake Charles	5.35%	4.78%	6.41%	0.45%	3.21%	0.69%	3.10%	2.94%	2.00%	2.95%
New Orleans	5.24%	5.12%	6.72%	3.03%	2.67%	1.81%	2.79%	2.38%	0.96%	3.18%
Shreveport	8.72%	4.67%	7.65%	0.66%	4.36%	2.59%	3.15%	2.24%	3.07%	3.55%
Straight Average	5.64%	4.90%	6.29%	1.14%	3.40%	1.68%	3.27%	2.41%	2.23%	3.17%
National	4.94%	5.90%	8.03%	3.66%	2.97%	1.73%	3.61%	2.21%	2.33%	3.81%

Selected Construction Exposure Trend	3.75%

Exhibit 5

Florida Hurricane Catastrophe Fund
Monthly FHCF Investment Returns

Louisiana Hurricane Catastrophe Fund

Exhibit 6
Sheet 1

Loss Cost and Loss per Risk by Parish - RiskLink Version 6 Hurricane Analysis
Territory Allocations Using 5 Territories
Residential Industry Exposure

Updated March 29, 2007

FIPS Code	Parish	AAL - Gross Loss Net of Deductibles	Population	Exposure	Risks	Gross Loss Cost per $1000 Exposure	Gross Loss Cost per Risk	Loss to LHCF Layer	Layer Loss Cost per $1000 Exposure	Layer Loss Cost per Risk	Ratio: Layer Exposure Distribution	Ratio: Layer Loss to Gross Loss	Territory
22075	PLAQUEMINES PARISH	$17,411,750	26,757	$2,170,727,472	12,223	$8.021	$1,424.507	$3,377,342	$1.556	$276.31	0.61%	19.40%	1
22023	CAMERON PARISH	$6,844,541	9,991	$973,834,502	4,621	$7.028	$1,481.182	$1,092,654	$1.122	$236.45	0.89%	15.96%	1
22109	TERREBONNE PARISH	$34,981,797	104,503	$7,968,809,814	40,033	$4.390	$873.824	$7,363,578	$0.924	$183.94	3.14%	21.05%	1
22057	LAFOURCHE PARISH	$34,543,824	89,974	$8,610,247,309	38,111	$4.012	$906.400	$7,302,267	$0.848	$191.61	5.58%	21.14%	1
22101	ST. MARY PARISH	$15,748,684	53,500	$4,599,999,674	24,132	$3.424	$652.606	$3,413,380	$0.742	$141.45	6.88%	21.67%	1
22087	ST. BERNARD PARISH	$1,842,778	67,229	$582,625,872	3,153	$3.163	$584.452	$371,354	$0.637	$117.78	7.04%	20.15%	1
22113	VERMILION PARISH	$13,270,181	53,807	$4,693,555,443	22,729	$2.827	$583.844	$2,926,429	$0.623	$128.75	8.37%	22.05%	1
22099	ST. MARTIN PARISH	$9,876,842	48,583	$3,855,483,953	19,595	$2.562	$504.049	$2,205,935	$0.572	$112.58	9.46%	22.33%	1
22007	ASSUMPTION PARISH	$4,726,825	23,388	$1,910,760,986	9,504	$2.474	$497.351	$1,024,163	$0.536	$107.76	10.00%	21.67%	1
22045	IBERIA PARISH	$15,197,715	73,266	$6,455,991,056	29,628	$2.354	$512.951	$3,395,462	$0.526	$114.60	11.83%	22.34%	1
22089	ST. CHARLES PARISH	$10,295,346	48,072	$4,433,506,803	20,332	$2.322	$506.362	$2,155,082	$0.486	$105.99	13.08%	20.93%	1
22071	ORLEANS PARISH	$53,013,236	484,674	$24,948,136,081	185,452	$2.125	$285.860	$10,885,952	$0.436	$58.70	20.14%	20.53%	2
22093	ST. JAMES PARISH	$3,569,071	21,216	$1,766,888,430	8,056	$2.020	$443.033	$766,765	$0.434	$95.18	20.64%	21.48%	2
22051	JEFFERSON PARISH	$85,218,731	455,466	$41,273,423,047	235,111	$2.065	$362.462	$17,759,740	$0.430	$75.54	32.31%	20.84%	2
22053	JEFFERSON DAVIS PARISH	$4,068,229	31,435	$2,345,925,744	12,304	$1.734	$330.643	$888,079	$0.379	$72.18	32.98%	21.83%	2
22095	ST. JOHN THE BAPTIST PARISH	$6,549,814	43,044	$3,860,107,412	17,824	$1.697	$367.472	$1,387,579	$0.359	$77.85	34.07%	21.19%	2
22001	ACADIA PARISH	$4,965,549	58,861	$3,914,701,791	23,415	$1.268	$212.067	$1,127,751	$0.288	$48.16	35.18%	22.71%	3
22055	LAFAYETTE PARISH	$21,113,987	190,503	$17,115,200,569	91,832	$1.234	$229.920	$4,915,352	$0.287	$53.53	40.02%	23.28%	3
22019	CALCASIEU PARISH	$22,654,504	183,577	$15,663,794,234	82,060	$1.446	$276.072	$4,437,532	$0.283	$54.08	44.45%	19.59%	3
22047	IBERVILLE PARISH	$3,017,524	33,320	$2,582,794,598	12,245	$1.168	$246.429	$672,367	$0.260	$54.91	45.18%	22.28%	3
22005	ASCENSION PARISH	$6,646,331	76,627	$6,471,256,486	33,054	$1.027	$201.075	$1,465,230	$0.226	$44.33	47.01%	22.05%	3
22103	ST. TAMMANY PARISH	$19,447,507	191,268	$17,321,752,674	73,427	$1.123	$264.855	$3,920,901	$0.226	$53.40	51.91%	20.16%	3
22097	ST. LANDRY PARISH	$4,104,718	87,700	$5,561,355,620	32,565	$0.738	$126.047	$975,875	$0.175	$29.97	53.48%	23.77%	3
22121	WEST BATON ROUGE PARISH	$1,331,199	21,601	$1,782,018,061	8,848	$0.747	$150.452	$302,424	$0.170	$34.18	53.99%	22.72%	3
22077	POINTE COUPEE PARISH	$1,222,763	22,763	$2,088,213,592	9,725	$0.586	$125.734	$286,557	$0.137	$29.47	54.58%	23.44%	3
22003	ALLEN PARISH	$1,077,930	25,440	$1,909,569,021	8,899	$0.564	$121.129	$253,063	$0.133	$28.44	55.12%	23.48%	3
22039	EVANGELINE PARISH	$1,551,945	35,434	$3,064,252,662	14,363	$0.506	$108.052	$361,864	$0.118	$25.19	55.98%	23.32%	4
22105	TANGIPAHOA PARISH	$3,283,709	100,588	$6,812,022,054	41,160	$0.482	$79.779	$715,729	$0.105	$17.39	57.91%	21.80%	4
22063	LIVINGSTON PARISH	$3,577,486	91,814	$7,559,535,164	39,034	$0.473	$91.651	$790,600	$0.105	$20.25	60.05%	22.10%	4
22011	BEAUREGARD PARISH	$1,009,566	32,986	$2,641,957,829	13,876	$0.382	$72.756	$226,828	$0.086	$16.35	60.80%	22.47%	4
22033	EAST BATON ROUGE PARISH	$12,845,459	412,852	$36,407,713,939	204,433	$0.353	$62.835	$2,929,174	$0.080	$14.33	71.09%	22.80%	4
22117	WASHINGTON PARISH	$1,379,415	43,926	$3,422,191,779	18,458	$0.403	$74.733	$270,061	$0.079	$14.63	72.06%	19.58%	4
22125	WEST FELICIANA PARISH	$305,590	15,111	$1,100,433,927	4,534	$0.278	$67.400	$72,618	$0.066	$16.02	72.37%	23.76%	4
22009	AVOYELLES PARISH	$766,829	41,481	$2,995,023,102	17,031	$0.256	$45.026	$185,989	$0.062	$10.92	73.22%	24.25%	4
22091	ST. HELENA PARISH	$276,934	10,525	$1,015,469,904	3,802	$0.273	$72.839	$60,265	$0.059	$15.85	73.51%	21.76%	4
22037	EAST FELICIANA PARISH	$279,415	21,360	$1,213,374,035	6,459	$0.230	$43.260	$64,344	$0.053	$9.96	73.85%	23.03%	4
22115	VERNON PARISH	$394,138	52,531	$3,819,203,469	25,029	$0.103	$15.747	$98,102	$0.026	$3.92	74.93%	24.89%	5
22079	RAPIDES PARISH	$926,067	126,337	$10,934,369,617	58,640	$0.085	$15.792	$229,764	$0.021	$3.92	78.02%	24.81%	5
22025	CATAHOULA PARISH	$51,361	10,920	$794,879,175	4,618	$0.065	$11.122	$12,482	$0.016	$2.70	78.25%	24.30%	5
22029	CONCORDIA PARISH	$107,699	20,247	$1,703,831,765	9,062	$0.063	$11.885	$24,977	$0.015	$2.76	78.73%	23.19%	5
22043	GRANT PARISH	$64,055	18,698	$1,582,172,179	7,841	$0.040	$8.169	$16,092	$0.010	$2.05	79.18%	25.12%	5
22085	SABINE PARISH	$67,303	23,459	$2,024,111,537	13,109	$0.033	$5.134	$16,780	$0.008	$1.28	79.75%	24.93%	5
22069	NATCHITOCHES PARISH	$96,312	39,080	$3,003,391,856	16,848	$0.032	$5.717	$24,782	$0.008	$1.47	80.60%	25.73%	5
22107	TENSAS PARISH	$14,618	6,618	$500,407,632	2,458	$0.029	$5.947	$3,384	$0.007	$1.38	80.74%	23.15%	5
22059	LA SALLE PARISH	$25,665	14,282	$1,109,695,523	5,744	$0.023	$4.468	$6,240	$0.006	$1.09	81.06%	24.31%	5
22041	FRANKLIN PARISH	$22,710	21,263	$1,561,168,317	8,384	$0.015	$2.709	$5,268	$0.003	$0.63	81.50%	23.20%	5
22065	MADISON PARISH	$7,342	13,728	$785,056,536	4,707	$0.009	$1.560	$2,103	$0.003	$0.45	81.72%	28.64%	5
22021	CALDWELL PARISH	$8,044	10,560	$731,159,174	4,488	$0.011	$1.792	$1,769	$0.002	$0.39	81.93%	21.99%	5
22035	EAST CARROLL PARISH	$3,158	9,421	$491,304,379	2,809	$0.006	$1.124	$879	$0.002	$0.31	82.07%	27.84%	5
22083	RICHLAND PARISH	$10,544	20,981	$1,490,962,689	8,312	$0.007	$1.269	$2,404	$0.002	$0.29	82.49%	22.80%	5
22123	WEST CARROLL PARISH	$4,089	12,314	$878,463,062	4,838	$0.005	$0.845	$1,071	$0.001	$0.22	82.74%	26.19%	5
22081	RED RIVER PARISH	$5,083	9,622	$635,119,733	4,024	$0.008	$1.263	$762	$0.001	$0.19	82.92%	14.99%	5
22127	WINN PARISH	$6,458	16,894	$1,207,515,481	6,477	$0.005	$0.997	$1,425	$0.001	$0.22	83.26%	22.07%	5
22031	DE SOTO PARISH	$7,988	25,494	$2,136,154,436	11,715	$0.004	$0.682	$1,677	$0.001	$0.14	83.86%	20.99%	5
22073	OUACHITA PARISH	$27,303	147,250	$12,115,438,042	67,179	$0.002	$0.406	$5,679	$0.000	$0.08	87.29%	20.80%	5
22049	JACKSON PARISH	$2,305	15,397	$1,205,834,990	6,999	$0.002	$0.329	$534	$0.000	$0.08	87.63%	23.15%	5
22067	MOREHOUSE PARISH	$2,454	31,021	$2,387,495,819	12,387	$0.001	$0.198	$754	$0.000	$0.06	88.30%	30.74%	5
22013	BIENVILLE PARISH	$2,238	15,752	$1,375,485,827	6,591	$0.002	$0.339	$381	$0.000	$0.06	88.69%	17.02%	5
22015	BOSSIER PARISH	$12,988	98,310	$8,438,303,396	47,654	$0.002	$0.273	$2,031	$0.000	$0.04	91.08%	15.64%	5
22017	CADDO PARISH	$23,314	252,161	$21,194,474,857	123,074	$0.001	$0.189	$4,049	$0.000	$0.03	97.08%	17.37%	5
22111	UNION PARISH	$1,483	22,803	$1,908,364,656	9,653	$0.001	$0.154	$329	$0.000	$0.03	97.62%	22.17%	5
22061	LINCOLN PARISH	$1,370	42,509	$3,342,003,815	18,835	$0.000	$0.073	$382	$0.000	$0.02	98.56%	27.90%	5
22119	WEBSTER PARISH	$3,258	41,831	$3,746,185,973	19,014	$0.001	$0.171	$344	$0.000	$0.02	99.62%	10.57%	5
22027	CLAIBORNE PARISH	$891	16,851	$1,342,516,271	6,920	$0.001	$0.129	$99	$0.000	$0.01	100.00%	11.08%	5
		$429,917,963	4,468,976	$353,537,924,843	1,939,437								

Louisiana Hurricane Catastrophe Fund

Loss Cost and Loss per Risk by Parish - RiskLink Version 6 Hurricane Analysis
Territory Allocations Using 10 Territories
Residential Industry Exposure

Exhibit 6
Sheet 2

Updated March 29, 2007

FIPS Code	Parish	AAL - Gross Loss Net of Deductibles	Population	Exposure	Risks	Gross Loss Cost per $1000 Exposure	Gross Loss Cost per Risk	Loss to LHCF Layer	Layer Loss Cost per $1000 Exposure	Layer Loss Cost per Risk	Ratio: Layer Exposure Distribution	Ratio: Layer Loss to Gross Loss	Territory
22075	PLAQUEMINES PARISH	$17,411,750	26,757	$2,170,727,472	12,223	$8.021	$1,424.507	$3,377,342	$1.556	$276.31	0.61%	19.40%	1
22023	CAMERON PARISH	$6,844,541	9,991	$973,834,502	4,621	$7.028	$1,481.182	$1,092,654	$1.122	$236.45	0.89%	15.96%	1
22109	TERREBONNE PARISH	$34,981,797	104,503	$7,968,809,814	40,033	$4.390	$873.824	$7,363,578	$0.924	$183.94	3.14%	21.05%	1
22057	LAFOURCHE PARISH	$34,543,824	89,974	$8,610,247,309	38,111	$4.012	$906.400	$7,302,267	$0.848	$191.61	5.58%	21.14%	1
22101	ST. MARY PARISH	$15,748,684	53,500	$4,599,999,674	24,132	$3.424	$652.606	$3,413,380	$0.742	$141.45	6.88%	21.67%	1
22087	ST. BERNARD PARISH	$1,842,778	67,229	$582,625,872	3,153	$3.163	$584.452	$371,354	$0.637	$117.78	7.04%	20.15%	1
22113	VERMILION PARISH	$13,270,181	53,807	$4,693,555,443	22,729	$2.827	$583.844	$2,926,429	$0.623	$128.75	8.37%	22.05%	1
22099	ST. MARTIN PARISH	$9,876,842	48,583	$3,855,483,953	19,595	$2.562	$504.049	$2,205,935	$0.572	$112.58	9.46%	22.33%	2
22007	ASSUMPTION PARISH	$4,726,825	23,388	$1,910,760,986	9,504	$2.474	$497.351	$1,024,163	$0.536	$107.76	10.00%	21.67%	2
22045	IBERIA PARISH	$15,197,715	73,266	$6,455,991,056	29,628	$2.354	$512.951	$3,395,462	$0.526	$114.60	11.83%	22.34%	2
22089	ST. CHARLES PARISH	$10,295,346	48,072	$4,433,506,803	20,332	$2.322	$506.362	$2,155,082	$0.486	$105.99	13.08%	20.93%	2
22071	ORLEANS PARISH	$53,013,236	484,674	$24,948,136,081	185,452	$2.125	$285.860	$10,885,952	$0.436	$58.70	20.14%	20.53%	3
22093	ST. JAMES PARISH	$3,569,071	21,216	$1,766,888,430	8,056	$2.020	$443.033	$766,765	$0.434	$95.18	20.64%	21.48%	3
22051	JEFFERSON PARISH	$85,218,731	455,466	$41,273,423,047	235,111	$2.065	$362.462	$17,759,740	$0.430	$75.54	32.31%	20.84%	3
22053	JEFFERSON DAVIS PARISH	$4,068,229	31,435	$2,345,925,744	12,304	$1.734	$330.643	$888,079	$0.379	$72.18	32.98%	21.83%	4
22095	ST. JOHN THE BAPTIST PARISH	$6,549,814	43,044	$3,860,107,412	17,824	$1.697	$367.472	$1,387,579	$0.359	$77.85	34.07%	21.19%	4
22001	ACADIA PARISH	$4,965,549	58,861	$3,914,701,791	23,415	$1.268	$212.067	$1,127,751	$0.288	$48.16	35.18%	22.71%	5
22055	LAFAYETTE PARISH	$21,113,987	190,503	$17,115,200,569	91,832	$1.234	$229.920	$4,915,352	$0.287	$53.53	40.02%	23.28%	5
22019	CALCASIEU PARISH	$22,654,504	183,577	$15,663,794,234	82,060	$1.446	$276.072	$4,437,532	$0.283	$54.08	44.45%	19.59%	5
22047	IBERVILLE PARISH	$3,017,524	33,320	$2,582,794,598	12,245	$1.168	$246.429	$672,367	$0.260	$54.91	45.18%	22.28%	5
22005	ASCENSION PARISH	$6,646,331	76,627	$6,471,256,486	33,054	$1.027	$201.075	$1,465,230	$0.226	$44.33	47.01%	22.05%	5
22103	ST. TAMMANY PARISH	$19,447,507	191,268	$17,321,752,674	73,427	$1.123	$264.855	$3,920,901	$0.226	$53.40	51.91%	20.16%	5
22097	ST. LANDRY PARISH	$4,104,718	87,700	$5,561,355,620	32,565	$0.738	$126.047	$975,875	$0.175	$29.97	53.48%	23.77%	6
22121	WEST BATON ROUGE PARISH	$1,331,199	21,601	$1,782,018,061	8,848	$0.747	$150.452	$302,424	$0.170	$34.18	53.99%	22.72%	6
22077	POINTE COUPEE PARISH	$1,222,763	22,763	$2,088,213,592	9,725	$0.586	$125.734	$286,557	$0.137	$29.47	54.58%	23.44%	6
22003	ALLEN PARISH	$1,077,930	25,440	$1,909,569,021	8,899	$0.564	$121.129	$253,063	$0.133	$28.44	55.12%	23.48%	6
22039	EVANGELINE PARISH	$1,551,945	35,434	$3,064,252,662	14,363	$0.506	$108.052	$361,864	$0.118	$25.19	55.98%	23.32%	7
22105	TANGIPAHOA PARISH	$3,283,709	100,588	$6,812,022,054	41,160	$0.482	$79.779	$715,729	$0.105	$17.39	57.91%	21.80%	7
22063	LIVINGSTON PARISH	$3,577,486	91,814	$7,559,535,164	39,034	$0.473	$91.651	$790,600	$0.105	$20.25	60.05%	22.10%	7
22011	BEAUREGARD PARISH	$1,009,566	32,986	$2,641,957,829	13,876	$0.382	$72.756	$226,828	$0.086	$16.35	60.80%	22.47%	8
22033	EAST BATON ROUGE PARISH	$12,845,459	412,852	$36,407,713,939	204,433	$0.353	$62.835	$2,929,174	$0.080	$14.33	71.09%	22.80%	8
22117	WASHINGTON PARISH	$1,379,415	43,926	$3,422,191,779	18,458	$0.403	$74.733	$270,061	$0.079	$14.63	72.06%	19.58%	8
22125	WEST FELICIANA PARISH	$305,590	15,111	$1,100,433,927	4,534	$0.278	$67.400	$72,618	$0.066	$16.02	72.37%	23.76%	8
22009	AVOYELLES PARISH	$766,829	41,481	$2,995,023,102	17,031	$0.256	$45.026	$185,989	$0.062	$10.92	73.22%	24.25%	8
22091	ST. HELENA PARISH	$276,934	10,525	$1,015,469,904	3,802	$0.273	$72.839	$60,265	$0.059	$15.85	73.51%	21.76%	8
22037	EAST FELICIANA PARISH	$279,415	21,360	$1,213,374,035	6,459	$0.230	$43.260	$64,344	$0.053	$9.96	73.85%	23.03%	8
22115	VERNON PARISH	$394,138	52,531	$3,819,203,469	25,029	$0.103	$15.747	$98,102	$0.026	$3.92	74.93%	24.89%	9
22079	RAPIDES PARISH	$926,067	126,337	$10,934,369,617	58,640	$0.085	$15.792	$229,764	$0.021	$3.92	78.02%	24.81%	9
22025	CATAHOULA PARISH	$51,361	10,920	$794,879,175	4,618	$0.065	$11.122	$12,482	$0.016	$2.70	78.25%	24.30%	9
22029	CONCORDIA PARISH	$107,699	20,247	$1,703,831,765	9,062	$0.063	$11.885	$24,977	$0.015	$2.76	78.73%	23.19%	9
22043	GRANT PARISH	$64,055	18,698	$1,582,172,179	7,841	$0.040	$8.169	$16,092	$0.010	$2.05	79.18%	25.12%	10
22085	SABINE PARISH	$67,303	23,459	$2,024,111,537	13,109	$0.033	$5.134	$16,780	$0.008	$1.28	79.75%	24.93%	10
22069	NATCHITOCHES PARISH	$96,312	39,080	$3,003,391,856	16,848	$0.032	$5.717	$24,782	$0.008	$1.47	80.60%	25.73%	10
22107	TENSAS PARISH	$14,618	6,618	$500,407,632	2,458	$0.029	$5.947	$3,384	$0.007	$1.38	80.74%	23.15%	10
22059	LA SALLE PARISH	$25,665	14,282	$1,109,695,523	5,744	$0.023	$4.468	$6,240	$0.006	$1.09	81.06%	24.31%	10
22041	FRANKLIN PARISH	$22,710	21,263	$1,561,168,317	8,384	$0.015	$2.709	$5,268	$0.003	$0.63	81.50%	23.20%	10
22065	MADISON PARISH	$7,342	13,728	$785,056,536	4,707	$0.009	$1.560	$2,103	$0.003	$0.45	81.72%	28.64%	10
22021	CALDWELL PARISH	$8,044	10,560	$731,159,174	4,488	$0.011	$1.792	$1,769	$0.002	$0.39	81.93%	21.99%	10
22035	EAST CARROLL PARISH	$3,158	9,421	$491,304,379	2,809	$0.006	$1.124	$879	$0.002	$0.31	82.07%	27.84%	10
22083	RICHLAND PARISH	$10,544	20,981	$1,490,962,689	8,312	$0.007	$1.269	$2,404	$0.002	$0.29	82.49%	22.80%	10
22123	WEST CARROLL PARISH	$4,089	12,314	$878,463,062	4,838	$0.005	$0.845	$1,071	$0.001	$0.22	82.74%	26.19%	10
22081	RED RIVER PARISH	$5,083	9,622	$635,119,733	4,024	$0.008	$1.263	$762	$0.001	$0.19	82.92%	14.99%	10
22127	WINN PARISH	$6,458	16,894	$1,207,515,481	6,477	$0.005	$0.997	$1,425	$0.001	$0.22	83.26%	22.07%	10
22031	DE SOTO PARISH	$7,988	25,494	$2,136,154,436	11,715	$0.004	$0.682	$1,677	$0.001	$0.14	83.86%	20.99%	10
22073	OUACHITA PARISH	$27,303	147,250	$12,115,438,042	67,179	$0.002	$0.406	$5,679	$0.000	$0.08	87.29%	20.80%	10
22049	JACKSON PARISH	$2,305	15,397	$1,205,834,990	6,999	$0.002	$0.329	$534	$0.000	$0.08	87.63%	23.15%	10
22067	MOREHOUSE PARISH	$2,454	31,021	$2,387,495,819	12,387	$0.001	$0.198	$754	$0.000	$0.06	88.30%	30.74%	10
22013	BIENVILLE PARISH	$2,238	15,752	$1,375,485,827	6,591	$0.002	$0.339	$381	$0.000	$0.06	88.69%	17.02%	10
22015	BOSSIER PARISH	$12,988	98,310	$8,438,303,396	47,654	$0.002	$0.273	$2,031	$0.000	$0.04	91.08%	15.64%	10
22017	CADDO PARISH	$23,314	252,161	$21,194,474,857	123,074	$0.001	$0.189	$4,049	$0.000	$0.03	97.08%	17.37%	10
22111	UNION PARISH	$1,483	22,803	$1,908,364,656	9,653	$0.001	$0.154	$329	$0.000	$0.03	97.62%	22.17%	10
22061	LINCOLN PARISH	$1,370	42,509	$3,342,003,815	18,835	$0.000	$0.073	$382	$0.000	$0.02	98.56%	27.90%	10
22119	WEBSTER PARISH	$3,258	41,831	$3,746,185,973	19,014	$0.001	$0.171	$344	$0.000	$0.02	99.62%	10.57%	10
22027	CLAIBORNE PARISH	$891	16,851	$1,342,516,271	6,920	$0.001	$0.129	$99	$0.000	$0.01	100.00%	11.08%	10
		$429,917,963	4,468,976	$353,537,924,843	1,939,437								

Louisiana Hurricane Catastrophe Fund

Exhibit 6
Sheet 3

Loss Cost by Territory
Residential Industry Exposure

Updated March 29, 2007

Table 1 -- Loss Costs for 5 Territories

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Territory	AAL - Gross Loss Net of Deductibles	Population	Exposure	Gross Loss Cost per $1,000 of Exposure	Risk Count	Gross Loss Cost per Risk	Loss to LHCF Layer	Layer Loss Cost per $1000 Exposure	Layer Loss Cost per Risk	Adjustment Factor	LHCF Premium per $1000 Exposure	Territory Relativity {using Layer LC per Exposure}
1	$164,740,285	599,070	$46,255,542,883	$3.56153	224,061	$735.25	$34,627,647	$0.74862	$154.55	1.1263	$0.84315	2.91433
2	$152,419,081	1,035,835	$74,194,480,714	$2.05432	458,747	$332.25	$31,688,115	$0.42710	$69.08	1.1263	$0.48103	1.66266
3	$85,582,011	891,660	$74,410,656,647	$1.15013	376,070	$227.57	$18,357,053	$0.24670	$48.81	1.1263	$0.27785	0.96039
4	$25,276,347	806,077	$66,231,974,394	$0.38163	363,150	$69.60	$5,677,471	$0.08572	$15.63	1.1263	$0.09655	0.33371
5	$1,900,239	1,136,334	$92,445,270,205	$0.02056	517,409	$3.67	$464,543	$0.00503	$0.90	1.1263	$0.00566	0.01956
Overall	$429,917,963	4,468,976	$353,537,924,843	$1.21604	1,939,437	$221.67	$90,814,829	$0.25687	$46.83	1.1263	$0.28931	1.00000

Table 2 -- Loss Costs for 10 Territories

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Territory	AAL - Gross Loss Net of Deductibles	Population	Exposure	Gross Loss Cost per $1,000 of Exposure	Risk Count	Gross Loss Cost per Risk	Loss to LHCF Layer	Layer Loss Cost per $1000 Exposure	Layer Loss Cost per Risk	Adjustment Factor	LHCF Premium per $1000 Exposure	Territory Relativity {using Layer LC per Exposure}
1	$124,643,556	405,761	$29,599,800,085	$4.21096	145,002	$859.60	25,847,005	$0.87322	$178.25	1.1263	$0.98349	3.39939
2	$40,096,729	193,309	$16,655,742,798	$2.40738	79,059	$507.17	8,780,641	$0.52718	$111.06	1.1263	$0.59376	2.05230
3	$141,801,038	961,356	$67,988,447,559	$2.08566	428,619	$330.83	29,412,457	$0.43261	$68.62	1.1263	$0.48724	1.68413
4	$10,618,043	74,479	$6,206,033,156	$1.71092	30,128	$352.43	2,275,658	$0.36668	$75.53	1.1263	$0.41299	1.42749
5	$77,845,402	734,156	$63,069,500,352	$1.23428	316,033	$246.32	16,539,133	$0.26224	$52.33	1.1263	$0.29535	1.02088
6	$7,736,609	157,504	$11,341,156,295	$0.68217	60,037	$128.86	1,817,919	$0.16029	$30.28	1.1263	$0.18054	0.62402
7	$8,413,140	227,836	$17,435,809,879	$0.48252	94,557	$88.97	1,868,193	$0.10715	$19.76	1.1263	$0.12068	0.41712
8	$16,863,207	578,241	$48,796,164,515	$0.34558	268,593	$62.78	3,809,278	$0.07807	$14.18	1.1263	$0.08792	0.30390
9	$1,479,265	210,035	$17,252,284,026	$0.08574	97,349	$15.20	365,326	$0.02118	$3.75	1.1263	$0.02385	0.08244
10	$420,974	926,299	$75,192,986,179	$0.00560	420,060	$1.00	99,217	$0.00132	$0.24	1.1263	$0.00149	0.00514
Overall	$429,917,963	4,468,976	$353,537,924,843	$1.21604	1,939,437	$221.67	$90,814,829	$0.25687	$46.83	1.1263	$0.28931	1.00000

Notes:

(1), (2), (3), (5), (7) Summarized data from Exhibits 1 or 2

(4) = (1) / [(3) / $1,000]

(6) = (1) / (5)

(8) = (7) / [(3) / $1,000]

(9) = (7) / (5)

(10) Factor accounts for operating expenses, mitigation funding, post model adjustments, conversion of losses to a 90% coverage level.

(11) = (8) x (10)

(12) = (11) / (11) Total

Louisiana Hurricane Catastrophe Fund

Exhibit 6
Sheet 4

Loss Cost by Territory
Residential Industry Exposure

Revised Relativities for 5 Territories									
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Territory	Exposure	LHCF Premium per $1000 Exposure	Unadjusted Total LHCF Premium	Adjusted LHCF Premium per $1000 Exposure	Adjusted Off Balance Total LHCF Premium	Adjusted On Balance Total LHCF Premium	Revised LHCF Premium per $1000 Exposure	Revised Territory Relativity {using Layer LC per Exposure}	Original Territory Relativity {using Layer LC per Exposure}
1	$46,255,542,883	$0.84315	39,000,574	$0.84315	39,000,574	38,609,618	$0.83470	2.88511	2.91433
2	$74,194,480,714	$0.48103	35,689,826	$0.48103	35,689,826	35,332,058	$0.47621	1.64600	1.66266
3	$74,410,656,647	$0.27785	20,675,259	$0.27785	20,675,259	20,468,003	$0.27507	0.95076	0.96039
4	$66,231,974,394	$0.09655	6,394,446	$0.09655	6,394,446	6,330,346	$0.09558	0.33036	0.33371
5	$92,445,270,205	$0.00566	523,207	$0.01686	1,558,913	1,543,286	$0.01669	0.05770	0.01956
Overall	$353,537,924,843	$0.28931	102,283,312		103,319,018	102,283,312	$0.28931	1.00000	1.00000

Notes:
(1), (2) From Exhibit 6, Sheet 3
(3) = (1) x (2) / $1,000
(4) Terr's 1-4: = (2); Terr 5 = Column (2) Terr 1 / 50
(5) = (1) x (4) / $1,000

(6) = (5) x [(3) Total / (5) Total]
(7) = [(6) / (1)] x $1,000
(8) = (7) / (7) Total
(9) From Exhibit 6, Sheet 3

Basis for Revising Territory Relativities

Ratemaking often involves a balance between credible loss based rates for a group and the potential for subsidization across groups.

We have superimposed a relationship between the lowest rated Territory and the highest rated Territory as it does not seem reasonable that the highest rated Territory costs 150 times the lowest rated Territory.

The Territory 5 relativity has been adjusted to be 50 times less that of the Territory 1 relativity. This has the effect of tripling the Territory 5 rate and decreasing the remaining Territory rates by 1%. To put this adjustment in perspective a $100,000 home would have the following premiums pre and post adjustment:

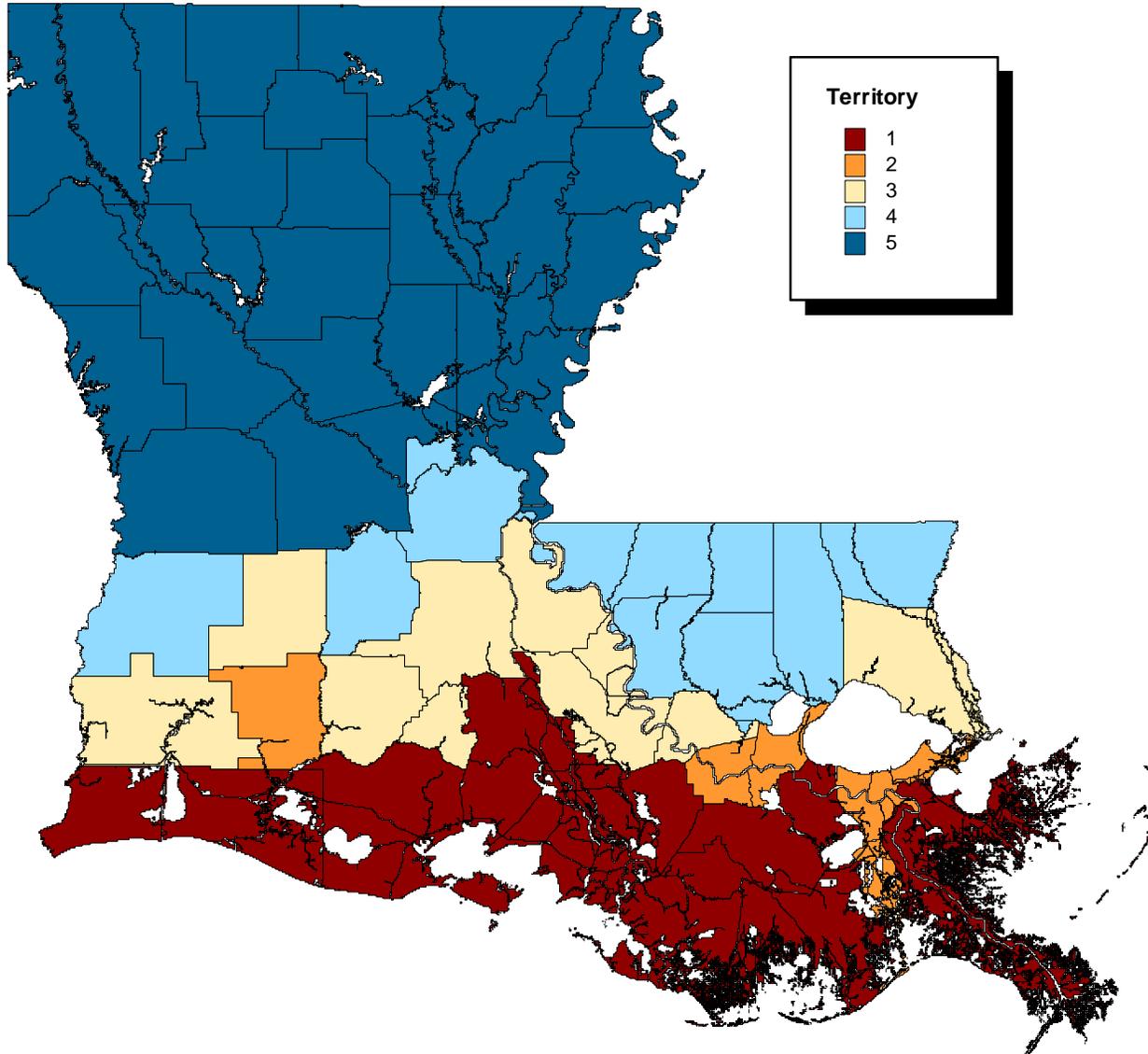| Territory	Pre Adjustment	Post Adjustment	$ Difference	% Difference
1	$84.32	$83.47	$0.85	-1.0%
2	$48.10	$47.62	-$0.48	-1.0%
3	$27.79	$27.51	-$0.28	-1.0%
4	$9.65	$9.56	-$0.10	-1.0%
5	$0.57	$1.67	$1.10	195.0%
Overall	$28.93	$28.93	$0.00	0.0%

Louisiana Hurricane Catastrophe Fund

Mapping of Parishes to Territories
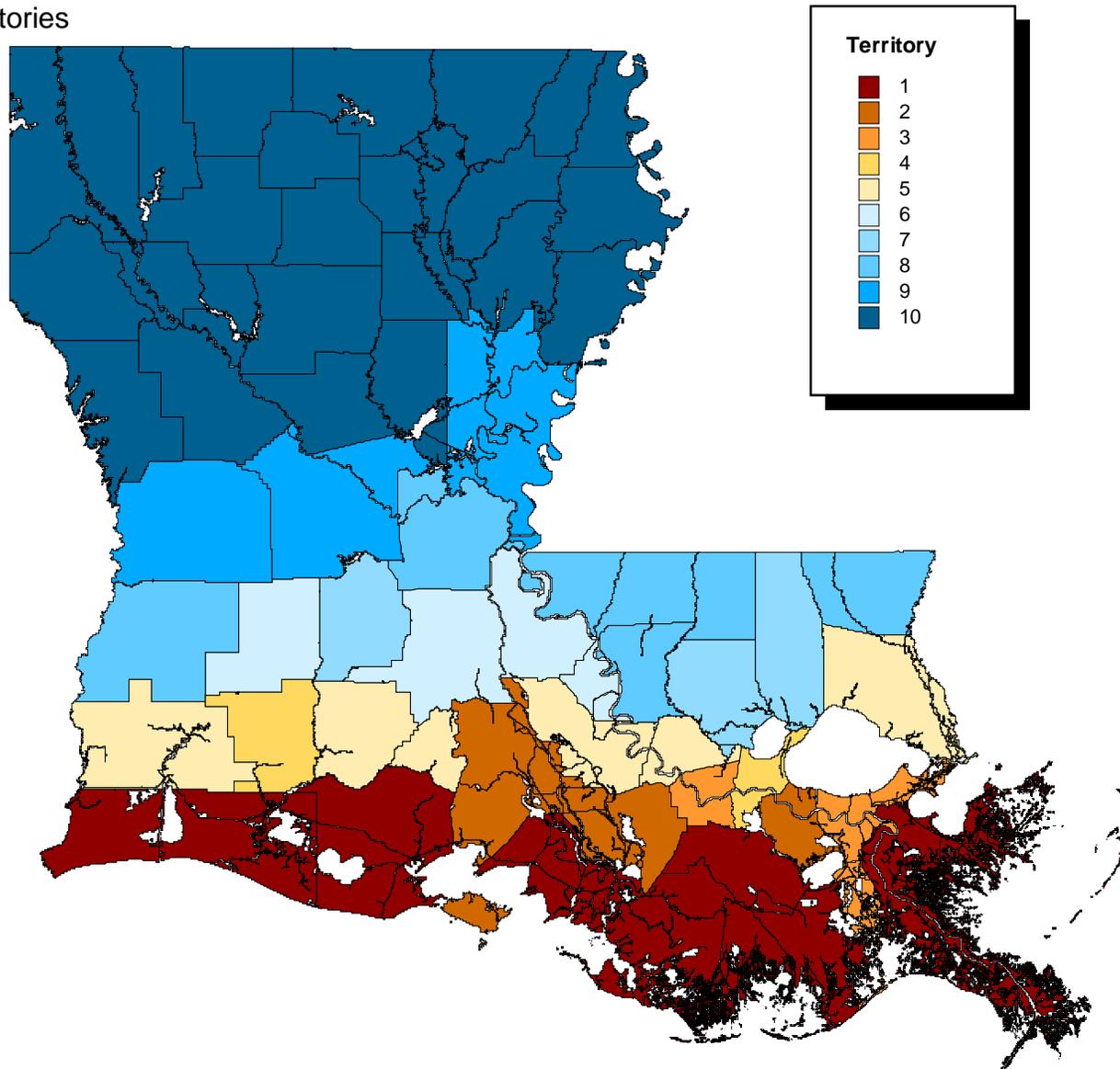
Assuming 5 Territories

Exhibit 6
Sheet 5

Territory

1
2
3
4
5

Louisiana Hurricane Catastrophe Fund

Mapping of Parishes to Territories

Assuming 10 Territories

Exhibit 6
Sheet 6

Territory

	1
	2
	3
	4
	5
	6
	7
	8
	9
	10

Louisiana Hurricane Catastrophe Fund

Exhibit 7

Residential PML Curves

RMS Version 6.0 Industry Database

Residential Exposures				
Model	Long Term	**Long Term**	Near Term	Near Term
Loss Amplification	No	**Yes**	No	Yes
		LRA-SF BASE CASE		
Average Annual Loss	$356,588,488	$429,911,787	$467,197,736	$565,306,737
Standard Deviation	$1,142,518,512	$1,426,440,052	$1,363,769,489	$1,687,656,255

Return Time	Prob of Exceedance	Percentile	Gross Loss Occurrence PMLs			
1,000	0.001000	99.90	$13,458,847,531	$17,347,296,457	$15,527,903,468	$19,879,629,917
900	0.001111	99.89	$12,969,080,727	$16,670,515,625	$14,974,197,629	$19,143,053,677
800	0.001250	99.88	$12,441,304,027	$15,940,933,816	$14,369,039,253	$18,331,349,656
700	0.001429	99.86	$11,868,698,983	$15,150,999,571	$13,703,664,515	$17,433,240,240
600	0.001667	99.83	$11,241,345,447	$14,289,725,412	$12,966,274,428	$16,435,617,349
500	0.002000	99.80	$10,543,730,372	$13,339,407,523	$12,139,592,692	$15,320,756,018
400	0.002500	99.75	$9,749,396,907	$12,268,749,090	$11,195,638,763	$14,058,533,707
300	0.003333	99.67	$8,807,665,229	$11,016,207,965	$10,083,048,565	$12,588,250,090
250	0.004000	99.60	$8,250,472,600	$10,283,494,779	$9,432,862,966	$11,737,465,289
200	0.005000	99.50	$7,602,326,115	$9,438,307,316	$8,687,371,375	$10,769,500,474
150	0.006667	99.33	$6,810,681,024	$8,414,889,926	$7,794,609,897	$9,620,797,094
100	0.010000	99.00	$5,758,168,899	$7,066,080,795	$6,635,724,516	$8,144,493,455
50	0.020000	98.00	$4,085,233,016	$4,947,233,727	$4,829,592,208	$5,866,065,207
35	0.028571	97.14	$3,283,001,785	$3,946,400,102	$3,961,846,464	$4,780,685,595
25	0.040000	96.00	$2,568,690,679	$3,067,171,751	$3,182,240,575	$3,814,299,345
20	0.050000	95.00	$2,120,267,144	$2,521,707,824	$2,689,594,343	$3,209,633,333
10	0.100000	90.00	$873,770,282	$1,029,762,608	$1,301,517,449	$1,536,335,552
5	0.200000	80.00	$109,845,930	$130,164,065	$271,440,784	$318,920,907

Louisiana Hurricane Catastrophe Fund

Exhibit 7

Residential & Commercial PML Curves

RMS Version 6.0 Industry Database

Residential and Commercial Exposures				
Model Loss Amplification	Long Term No	Long Term Yes	Near Term No	Near Term Yes
Average Annual Loss	$586,414,465	$709,023,209	$767,940,121	$933,116,034
Standard Deviation	$2,010,257,897	$2,486,123,438	$2,342,930,842	$2,926,064,191

Return Time	Prob of Exceedance	Percentile	Gross Loss Occurrence PMLs			
1,000	0.001000	99.90	$24,192,880,413	$31,332,599,457	$27,977,496,921	$35,937,078,764
900	0.001111	99.89	$23,244,303,013	$30,043,452,109	$26,895,373,827	$34,531,022,465
800	0.001250	99.88	$22,225,193,912	$28,650,948,024	$25,715,017,496	$32,985,054,706
700	0.001429	99.86	$21,124,344,003	$27,140,856,227	$24,420,378,045	$31,273,757,712
600	0.001667	99.83	$19,925,611,400	$25,494,514,622	$22,991,634,322	$29,366,974,693
500	0.002000	99.80	$18,603,456,058	$23,683,655,841	$21,402,265,420	$27,229,237,617
400	0.002500	99.75	$17,113,252,553	$21,657,933,552	$19,610,760,483	$24,814,283,590
300	0.003333	99.67	$15,367,493,887	$19,313,988,089	$17,537,222,047	$22,037,650,405
250	0.004000	99.60	$14,344,459,971	$17,956,587,727	$16,343,857,212	$20,455,826,779
200	0.005000	99.50	$13,162,517,074	$16,403,065,508	$14,989,604,588	$18,676,801,668
150	0.006667	99.33	$11,728,843,601	$14,538,191,754	$13,383,199,834	$16,588,757,173
100	0.010000	99.00	$9,835,977,510	$12,103,150,461	$11,314,658,705	$13,933,358,886
50	0.020000	98.00	$6,855,012,359	$8,320,923,350	$8,112,948,463	$9,877,967,899
35	0.028571	97.14	$5,442,497,256	$6,557,067,242	$6,586,468,509	$7,965,291,905
25	0.040000	96.00	$4,199,747,524	$5,025,548,443	$5,226,849,869	$6,278,289,404
20	0.050000	95.00	$3,429,901,715	$4,087,599,896	$4,375,938,614	$5,232,866,096
10	0.100000	90.00	$1,354,104,178	$1,599,319,733	$2,037,401,209	$2,409,397,478
5	0.200000	80.00	$155,188,063	$184,563,100	$397,025,748	$467,815,246