

December 2015



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**Financial Report  
and Summary of  
Financial Results**

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CITIZENS PROPERTY INSURANCE CORPORATION  
SUMMARY OF FINANCIAL RESULTS - COMBINED (UNAUDITED)

December 31, 2015

(000's omitted)

	COMBINED			VARIANCE	
	ACTUAL	BUDGET	PRIOR	BUDGET	ANNUAL
Direct written premiums	\$ 1,267,755	\$ 1,668,995	\$ 2,083,869	\$ (401,240)	\$ (816,114)
Ceded written premiums to:					
Depopulation	(180,711)	(62,901)	(454,978)	(117,810)	274,267
FHCF	(226,435)	(289,000)	(345,100)	62,565	118,665
Private reinsurers	(282,610)	(325,000)	(303,857)	42,390	21,247
Net written premiums	577,999	992,094	979,934	(414,095)	(401,935)
Net earned premiums	760,750	926,113	1,377,842	(165,363)	(617,092)
Losses incurred	402,516	315,938	441,155	86,578	(38,639)
LAE incurred	86,538	131,670	198,935	(45,132)	(112,397)
Net underwriting income	(7,092)	143,667	363,151	(150,759)	(370,243)
Net income (loss)	5,702	177,900	351,120	(172,198)	(345,418)
Cash and invested assets	13,149,517		13,678,491		(528,974)
Loss and LAE reserves	732,612		1,032,988		(300,376)
Ending surplus	\$ 7,389,692		\$ 7,384,028		\$ 5,664
<b>Policy Data</b>					
Policies in-force	503,865	689,078	661,161	(185,213)	(157,296)
Policies serviced	625,522	737,918	941,663	(112,396)	(316,141)
<b>Financial Ratios</b>					
Net Loss Ratio	53%	34%	32%	19%	21%
Net LAE Ratio	11%	14%	14%	-3%	-3%
Expense Ratio (based on DWP)	22%	20%	18%	2%	4%
Combined Ratio	86%	68%	64%	18%	22%
Direct Loss Ratio (PLA only)	62%		40%		22%
Direct Loss Ratio (sinkhole)	254%		83%		171%
Direct Loss Ratio (ex-sinkhole)	53%		38%		15%

**CITIZENS PROPERTY INSURANCE CORPORATION**  
**SUMMARY OF FINANCIAL RESULTS - BY ACCOUNT (UNAUDITED)**  
December 31, 2015  
(000's omitted)

	PLA			CLA			COASTAL		
	ACTUAL	BUDGET	PRIOR	ACTUAL	BUDGET	PRIOR	ACTUAL	BUDGET	PRIOR
Direct written premiums	\$ 554,134	\$ 723,380	\$ 917,609	\$ 62,673	\$ 101,244	\$ 163,069	\$ 650,948	\$ 844,371	\$ 1,003,191
Ceded written premiums to:									
Depopulation	(91,793)	(52,226)	(261,514)	(8,723)	(1,908)	(40,235)	(80,195)	(8,767)	(153,229)
FHCF	(64,176)	(71,000)	(93,318)	(14,855)	(26,000)	(35,546)	(147,404)	(192,000)	(216,236)
Private reinsurers	-	-	25	-	-	-	(282,610)	(325,000)	(303,882)
Net written premiums	398,165	600,154	562,802	39,095	73,336	87,288	140,739	318,604	329,844
Net earned premiums	464,560	549,904	772,059	61,721	67,926	129,547	234,469	308,283	476,236
Losses incurred	331,791	236,547	344,094	(12,043)	11,093	22,159	82,768	68,298	74,902
LAE incurred	61,196	95,386	141,948	(1,931)	3,977	8,198	27,273	32,307	48,789
Net underwriting income	(50,297)	79,893	116,266	59,905	29,051	67,239	(16,700)	34,723	179,646
Net income (loss)	(21,491)	122,934	145,893	81,630	55,040	88,287	(54,437)	(74)	116,940
Cash and invested assets	4,095,360		4,530,615	1,932,663		1,945,587	7,121,494		7,202,289
Loss and LAE reserves	496,856		743,997	115,901		146,316	119,855		142,675
Ending surplus	\$ 2,472,909		\$ 2,487,564	\$ 1,641,382		\$ 1,559,434	\$ 3,275,401		\$ 3,337,030
<b>Policy Data</b>									
Policies in-force	299,902	396,836	373,617	3,121	3,822	4,681	200,842	288,420	282,863
Policies serviced	363,686	440,869	571,903	3,779	3,839	6,814	258,057	293,210	362,946
<b>Financial Ratios</b>									
Net Loss Ratio	71%	43%	45%	-20%	16%	17%	35%	22%	16%
Net LAE Ratio	13%	17%	18%	-3%	6%	6%	12%	10%	10%
Expense Ratio (based on DWP)	22%	19%	18%	25%	24%	20%	22%	20%	17%
Combined Ratio	106%	79%	81%	2%	46%	43%	69%	52%	43%

CITIZENS PROPERTY INSURANCE CORPORATION  
 COMBINED STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND ACCUMULATED SURPLUS - STATUTORY BASIS (UNAUDITED)  
 As of December 31, 2015 and 2014  
 (000's omitted)

	December 31, 2015	December 31, 2014
<b>Admitted assets</b>		
Bonds	\$ 11,484,293	\$ 12,221,894
Cash, cash equivalents and short-term investments	1,665,224	1,456,597
Total cash and invested assets	<u>13,149,517</u>	<u>13,678,491</u>
Investment income due and accrued	74,733	74,222
Premiums receivable, net	89,889	117,842
Reinsurance recoverable on paid losses and LAE	2,607	923
Premiums due from assuming companies	32,436	32,654
Assessments receivable	3,330	5,530
Other admitted assets	10,486	4,586
Total admitted assets	<u><u>13,362,998</u></u>	<u><u>13,914,248</u></u>

CITIZENS PROPERTY INSURANCE CORPORATION  
 COMBINED STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND ACCUMULATED SURPLUS - STATUTORY BASIS (UNAUDITED)

As of December 31, 2015 and 2014

(000's omitted)

	December 31, 2015	December 31, 2014
<b>Liabilities and accumulated surplus</b>		
Liabilities:		
Net loss reserves	\$ 522,740	\$ 738,068
Net loss adjustment expense reserves	209,872	294,920
Retroactive reinsurance ceded	(1,434)	(1,466)
Reinsurance premiums payable	107,247	125,517
Net unearned premiums	513,336	696,086
Unearned assessment income	-	19,326
Taxes and fees payable	2	(1,035)
Commissions payable	5,942	11,620
Provision for reinsurance	11	556
Bonds payable	4,318,932	4,420,636
Interest payable	16,592	22,540
Advance premiums and suspended cash	32,248	48,961
Accounts payable and accrued expenses	29,498	29,106
Escheat liability	39,640	48,207
Other liabilities	178,680	77,178
Total liabilities	<u>5,973,306</u>	<u>6,530,220</u>
Accumulated surplus:		
Restricted	20,951	25,348
Unrestricted	7,368,741	7,358,680
Total accumulated surplus	<u>7,389,692</u>	<u>7,384,028</u>
Total liabilities and accumulated surplus	<u>\$ 13,362,998</u>	<u>\$ 13,914,248</u>

CITIZENS PROPERTY INSURANCE CORPORATION  
 STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND ACCUMULATED SURPLUS - STATUTORY BASIS (UNAUDITED)  
 As of December 31, 2015  
 (000's omitted)

Admitted assets	December 31, 2015		
	PLA	CLA	COASTAL
Bonds	\$ 3,723,250	\$ 1,766,170	\$ 5,994,873
Cash, cash equivalents and short-term investments	372,110	166,493	1,126,621
Total cash and invested assets	4,095,360	1,932,663	7,121,494
Investment income due and accrued	20,847	7,774	46,112
Premiums receivable, net	40,790	3,205	45,894
Reinsurance recoverable on paid losses and LAE	2,709	-	(102)
Premiums due from assuming companies	19,795	1,118	11,523
Assessments receivable	3,104	(20)	246
Other admitted assets	20,285	12,520	(22,319)
Total admitted assets	<u>\$ 4,202,890</u>	<u>\$ 1,957,260</u>	<u>\$ 7,202,848</u>

CITIZENS PROPERTY INSURANCE CORPORATION  
 STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND ACCUMULATED SURPLUS - STATUTORY BASIS (UNAUDITED)

As of December 31, 2015

(000's omitted)

Liabilities and accumulated surplus	December 31, 2015		
	PLA	CLA	COASTAL
Liabilities:			
Net loss reserves	\$ 348,405	\$ 91,649	\$ 82,686
Net loss adjustment expense reserves	148,451	24,252	37,169
Retroactive reinsurance ceded	(1,316)	-	(118)
Reinsurance premiums payable	-	-	107,247
Net unearned premiums	229,459	24,261	259,616
Unearned assessment income	-	-	-
Taxes and fees payable	510	121	(629)
Commissions payable	2,612	589	2,741
Provision for reinsurance	-	-	11
Bonds payable	916,353	162,852	3,239,727
Interest payable	3,617	643	12,332
Advance premiums and suspended cash	12,838	3,041	16,369
Accounts payable and accrued expenses	26,558	535	2,405
Escheat liability	29,005	541	10,094
Other liabilities	13,489	7,394	157,797
<b>Total liabilities</b>	<b>1,729,981</b>	<b>315,878</b>	<b>3,927,447</b>
Accumulated surplus:			
Restricted	-	-	20,951
Unrestricted	2,472,909	1,641,382	3,254,450
<b>Total accumulated surplus</b>	<b>2,472,909</b>	<b>1,641,382</b>	<b>3,275,401</b>
<b>Total liabilities and accumulated surplus</b>	<b>\$ 4,202,890</b>	<b>\$ 1,957,260</b>	<b>\$ 7,202,848</b>



CITIZENS PROPERTY INSURANCE CORPORATION  
 COMBINED STATEMENTS OF INCOME - STATUTORY BASIS (UNAUDITED)  
 For the Year Ended December 31, 2015 and 2014  
 (000's omitted)

	Year Ended December 31,	
	2015	2014
Direct premiums earned	\$ 1,660,283	\$ 2,374,093
Ceded premiums earned	(899,533)	(996,252)
Net premiums earned	760,750	1,377,841
Net losses incurred	402,516	441,155
Net loss adjustment expenses incurred	86,538	198,935
Producer commissions	102,872	169,764
Taxes and assessments	17,396	27,829
Administrative expenses	158,520	177,007
Total underwriting expenses	767,842	1,014,690
Underwriting income (loss)	(7,092)	363,151
Net interest income	141,084	128,535
Net realized gain on sales	19,048	53,501
Interest expense	(160,508)	(180,835)
Net investment income (expense)	(376)	1,201
Line of credit fees and note issuance costs	(5,292)	-
Assessment income	19,326	(19,020)
Other income (expense)	(864)	5,790
Total other income (expense)	13,170	(13,230)
Net income (loss)	\$ 5,702	\$ 351,122

CITIZENS PROPERTY INSURANCE CORPORATION  
 STATEMENTS OF INCOME - STATUTORY BASIS (UNAUDITED)  
 For the Year Ended December 31, 2015  
 (000's omitted)

	Year Ended December 31, 2015		
	PLA	CLA	COASTAL
Direct premiums earned	\$ 733,071	\$ 109,482	\$ 817,730
Ceded premiums earned	(268,511)	(47,761)	(583,261)
Net premiums earned	464,560	61,721	234,469
Net losses incurred	331,791	(12,043)	82,768
Net loss adjustment expenses incurred	61,196	(1,931)	27,273
Producer commissions	39,539	6,805	56,528
Taxes and assessments	8,046	863	8,487
Administrative expenses	74,285	8,122	76,113
Total underwriting expenses	514,857	1,816	251,169
Underwriting income (loss)	(50,297)	59,905	(16,700)
Net interest income	47,935	23,803	69,346
Net realized gain on sales	10,714	3,276	5,058
Interest expense	(30,118)	(5,352)	(125,038)
Net investment income (expense)	28,531	21,727	(50,634)
Line of credit fees and note issuance costs	-	-	(5,292)
Assessment income	-	-	19,326
Other income (expense)	275	(2)	(1,137)
Total other income (expense)	275	(2)	12,897
Net income (loss)	\$ (21,491)	\$ 81,630	\$ (54,437)

CITIZENS PROPERTY INSURANCE CORPORATION  
 STATEMENTS OF CHANGES IN ACCUMULATED SURPLUS - STATUTORY BASIS (UNAUDITED)  
 (000's omitted)

	COMBINED	PLA	CLA	COASTAL
Balance at January 1, 2014	7,008,208	2,336,313	1,469,432	3,202,463
Net income (loss)	351,122	145,895	88,287	116,940
Change in nonadmitted assets	23,770	4,048	1,714	18,008
Change in provision for reinsurance	1,325	1,310	-	15
Change in overfunded plan asset	(397)	-	-	(397)
Change in accumulated surplus	<u>375,820</u>	<u>151,253</u>	<u>90,001</u>	<u>134,566</u>
Balance at December 31, 2014	7,384,028	2,487,566	1,559,433	3,337,029
Net income (loss)	5,702	(21,491)	81,630	(54,437)
Change in nonadmitted assets	(554)	6,312	319	(7,185)
Change in provision for reinsurance	544	537	-	7
Change in unrealized gains/losses on securities	(5)	(15)	-	10
Change in overfunded plan asset	(23)	-	-	(23)
Change in accumulated surplus	<u>5,664</u>	<u>(14,657)</u>	<u>81,949</u>	<u>(61,628)</u>
Balance at December 31, 2015	7,389,692	2,472,909	1,641,382	3,275,401

CITIZENS PROPERTY INSURANCE CORPORATION  
 COMBINED ADMINISTRATIVE EXPENSE DETAIL (UNAUDITED)  
 For the Year Ended December 31, 2015 and 2014  
 (000's omitted)

	Year Ended December 31,	
	2015	2014
Salaries	\$ 93,421	\$ 81,084
Employee benefits	20,632	18,734
Payroll taxes	6,925	6,216
Contingent staffing	32,876	29,885
Other underwriting fees	6,362	6,675
Other processing fees	516	761
Training	458	495
Recruiting	1,931	1,347
Printing	2,608	4,548
Operating supplies	562	516
Subscriptions and dues	1,238	1,153
Postage	4,178	5,019
Telecommunications	4,371	4,223
Legal	1,583	2,582
Insurance	779	750
Travel and meals	1,543	1,653
Servicing carrier fees	2,859	5,891
Professional services	9,772	7,906
Miscellaneous	6	4
Rent - facilities	8,308	7,501
Rent - office equipment and furniture	777	827
Depreciation	5,171	6,652
Producer expense collections	(766)	(784)
Maintenance and repairs	1,976	1,898
Bank charges	267	289
Software maintenance and licensing	13,445	12,870
Computer hardware and maintenance	3,001	1,277
FMAP expense allocation	(151)	(121)
ULAE expense allocation	(66,128)	(32,844)
Total administrative expenses	\$ 158,520	\$ 177,007

CITIZENS PROPERTY INSURANCE CORPORATION  
ADMINISTRATIVE EXPENSE DETAIL (UNAUDITED)  
For the Year Ended December 31, 2015  
(000's omitted)

	Year Ended December 31, 2015		
	PLA	CLA	COASTAL
Salaries	\$ 43,387	\$ 4,514	\$ 45,520
Employee benefits	9,446	997	10,189
Payroll taxes	3,208	332	3,385
Contingent staffing	23,439	1,105	8,332
Other underwriting fees	3,198	214	2,950
Other processing fees	-	448	68
Training	215	20	223
Recruiting	898	85	948
Printing	1,869	2	737
Operating supplies	268	24	270
Subscriptions and dues	587	53	598
Postage	2,948	9	1,221
Telecommunications	2,080	185	2,106
Legal	802	63	718
Insurance	370	33	376
Travel and meals	710	75	758
Servicing carrier fees	1,703	-	1,156
Professional services	4,662	836	4,274
Miscellaneous	3	-	3
Rent - facilities	3,552	385	4,371
Rent - office equipment and furniture	777	-	-
Depreciation	2,443	226	2,502
Producer expense collections	(360)	(23)	(383)
Maintenance and repairs	938	84	954
Bank charges	164	22	81
Software maintenance and licensing	5,628	645	7,172
Computer hardware and maintenance	1,428	125	1,448
FMAP expense allocation	(91)	(5)	(55)
ULAE expense allocation	(39,987)	(2,332)	(23,809)
Total administrative expenses	<u>\$ 74,285</u>	<u>\$ 8,122</u>	<u>\$ 76,113</u>

CITIZENS PROPERTY INSURANCE CORPORATION  
 RECONCILIATION OF NET POSITION AND NET INCOME - STAT to GAAP (UNAUDITED)

As of December 31, 2015

(000's omitted)

	COMBINED	PLA	CLA	COASTAL
Net income (loss) - STAT basis	\$ 5,702	\$ (21,491)	\$ 81,630	\$ (54,437)
Adjustments:				
Change in allowance for premiums receivable	2,995	1,517	364	1,114
Change in 2012 FIGA assessment receivable	2,133	1,100	49	984
Change in unrealized gain (loss) on investments	(49,568)	(15,593)	(6,216)	(27,759)
Net income (loss) - GAAP basis	\$ (38,738)	\$ (34,467)	\$ 75,827	\$ (80,098)
Accumulated surplus - STAT basis	7,389,692	2,472,909	1,641,382	3,275,401
Adjustments:				
2012 FIGA assessment income change	(3,330)	(3,104)	20	(246)
Unrealized gain (loss) on investments	27,603	1,669	(4,449)	30,383
Non-admitted asset balances	53,010	14,410	45	38,555
Provision for reinsurance	11	-	-	11
Net position - GAAP basis	\$ 7,466,986	\$ 2,485,884	\$ 1,636,998	\$ 3,344,104

CITIZENS PROPERTY INSURANCE CORPORATION  
 ADJUSTED NET POSITION PER 16(K) OF THE PLAN OF OPERATION (UNAUDITED)  
 As of December 31, 2015  
 (000's omitted)

	COMBINED	PLA	CLA	COASTAL
Net position - GAAP basis	\$ 7,466,986	\$ 2,485,884	\$ 1,636,998	\$ 3,344,104
Net assets related to pre-event notes	(267,125)	(32,060)	(5,698)	(229,367)
Restricted cash - FLSO	(20,950)	-	-	(20,950)
Adjusted surplus per 16(K) of the Plan of Operation	<u>\$ 7,178,911</u>	<u>\$ 2,453,824</u>	<u>\$ 1,631,300</u>	<u>\$ 3,093,787</u>

CITIZENS PROPERTY INSURANCE CORPORATION  
 COMBINED STATEMENTS OF INCOME - BUDGET to ACTUAL (UNAUDITED)  
 For the Year Ended December 31, 2015  
 (000's omitted)

	Year Ended December 31, 2015		
	Actual	Budget	Variance
Direct premiums earned	\$ 1,660,283	\$ 1,828,372	\$ (168,089)
Ceded premiums earned	(899,533)	(902,259)	2,726
Net premiums earned	<u>760,750</u>	<u>926,113</u>	<u>(165,363)</u>
Net losses incurred	402,516	315,938	86,578
Net loss adjustment expenses incurred	86,538	131,670	(45,132)
Producer commissions	102,872	137,800	(34,928)
Taxes and assessments	17,396	24,756	(7,360)
Administrative expenses	158,520	172,282	(13,762)
Total underwriting expenses	<u>767,842</u>	<u>782,446</u>	<u>(14,604)</u>
Underwriting income	(7,092)	143,667	(150,759)
Net investment income	160,132	203,900	(43,768)
Interest expense	(160,508)	(172,803)	12,295
Net investment income (expense)	<u>(376)</u>	<u>31,097</u>	<u>(31,473)</u>
Line of credit fees and note issuance costs	(5,292)	(5,433)	141
Assessment income	19,326	23,228	(3,902)
Other income	(864)	(14,659)	13,795
Total other income	<u>13,170</u>	<u>3,136</u>	<u>10,034</u>
Net income (loss)	<u>\$ 5,702</u>	<u>\$ 177,900</u>	<u>\$ (172,198)</u>



CITIZENS PROPERTY INSURANCE CORPORATION  
 STATEMENTS OF INCOME - BUDGET to ACTUAL (UNAUDITED)  
 For the Year Ended December 31, 2015  
 (000's omitted)

	Year Ended December 31, 2015					
	PLA		CLA		COASTAL	
	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET
Direct premiums earned	\$ 733,071	\$ 792,769	\$ 109,482	\$ 130,504	\$ 817,730	\$ 905,099
Ceded premiums earned	(268,511)	(242,865)	(47,761)	(62,578)	(583,261)	(596,816)
Net premiums earned	464,560	549,904	61,721	67,926	234,469	308,283
Net losses incurred	331,791	236,547	(12,043)	11,093	82,768	68,298
Net loss adjustment expenses incurred	61,196	95,386	(1,931)	3,977	27,273	32,307
Producer commissions	39,539	51,684	6,805	11,445	56,528	74,671
Taxes and assessments	8,046	11,259	863	1,652	8,487	11,845
Administrative expenses	74,285	75,135	8,122	10,708	76,113	86,439
Total underwriting expenses	514,857	470,011	1,816	38,875	251,169	273,560
Underwriting income	(50,297)	79,893	59,905	29,051	(16,700)	34,723
Net investment income	58,649	72,954	27,079	30,175	74,404	100,771
Interest expense	(30,118)	(31,361)	(5,352)	(4,389)	(125,038)	(137,053)
Net investment income (expense)	28,531	41,593	21,727	25,786	(50,634)	(36,282)
Line of credit fees and note issuance costs	-	-	-	-	(5,292)	(5,433)
Assessment income	-	-	-	-	19,326	23,228
Other income	275	1,448	(2)	203	(1,137)	(16,310)
Total other income	275	1,448	(2)	203	12,897	1,485
Net income (loss)	\$ (21,491)	\$ 122,934	\$ 81,630	\$ 55,040	\$ (54,437)	\$ (74)

CITIZENS PROPERTY INSURANCE CORPORATION  
 COMBINED ADMINISTRATIVE EXPENSE DETAIL (UNAUDITED)  
 For the Year Ended December 31, 2015  
 (000's omitted)

	Year Ended December 31, 2015		
	ACTUAL	BUDGET	VARIANCE
Salaries	\$ 93,421	\$ 93,331	\$ 90
Employee benefits	20,632	21,964	(1,332)
Payroll taxes	6,925	6,638	287
Contingent staffing	32,876	9,269	23,607
Other underwriting fees	6,362	6,408	(46)
Other processing fees	516	532	(16)
Training	458	930	(472)
Recruiting	1,931	2,829	(898)
Printing	2,608	3,315	(707)
Operating supplies	562	1,030	(468)
Subscriptions and dues	1,238	1,324	(86)
Postage	4,178	3,771	407
Telecommunications	4,371	4,676	(305)
Legal	1,583	2,730	(1,147)
Insurance	779	771	8
Travel and meals	1,543	2,047	(504)
Servicing carrier fees	2,859	3,998	(1,139)
Professional services	9,772	13,357	(3,585)
Miscellaneous	6	38	(32)
Rent - facilities	8,308	7,847	461
Rent - office equipment and furniture	777	829	(52)
Depreciation	5,171	6,305	(1,134)
Producer expense collections	(766)	(845)	79
Maintenance and repairs	1,976	2,399	(423)
Bank charges	267	276	(9)
Software maintenance and licensing	13,445	15,246	(1,801)
Computer hardware and maintenance	3,001	4,912	(1,911)
FMAP expense allocation	(151)	(230)	79
ULAE expense allocation	(66,128)	(43,415)	(22,713)
Total administrative expenses	<u>\$ 158,520</u>	<u>\$ 172,282</u>	<u>\$ (13,762)</u>